

SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): **23-156**

Organization: **The Board of Trade of the City of Chicago, Inc. ("CBOT")**

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): **03/29/23** Filing Description: **Amendments to Rule 75104.C. ("Clearing Member Reporting Obligations Prior to Delivery") and Rule 75104.D. ("Notification of DTCC FICC MBS/D Clearing Members in Delivery") of the 30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures Contracts (2.0%, 2.5%, 3.0%, 3.5%, 4.0%, 4.5%, 5.0%, 5.5%, 6.0%, and 6.5% Coupon Rates)**

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers:

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected: **30-Year Uniform Mortgage-Backed Security (UMBS) To-Be-Announced (TBA) Futures Contracts (2.0%, 2.5%, 3.0%, 3.5%, 4.0%, 4.5%, 5.0%, 5.5%, 6.0%, and 6.5% Coupon Rates)**

Rule Numbers: **CBOT Rulebook Chapter 75**

March 29, 2023

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
 Office of the Secretariat
 Commodity Futures Trading Commission
 3 Lafayette Center
 1155 21st Street NW
 Washington, DC 20581

Re: CFTC Regulation 40.6(a) Certification. Amendments to Rule 75104.C. (“Clearing Member Reporting Obligations Prior to Delivery”) and Rule 75104.D. (“Notification of DTCC FICC MBS D Clearing Members in Delivery”) of the 30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures Contracts (2.0%, 2.5%, 3.0%, 3.5%, 4.0%, 4.5%, 5.0%, 5.5%, 6.0%, and 6.5% Coupon Rates). CBOT Submission No. 23-156

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) certifies to the Commodity Futures Trading Commission (“CFTC” or “Commission”) amendments to Rule 75104.C. (“Clearing Member Reporting Obligations Prior to Delivery”) and Rule 75104.D. (“Notification of DTCC FICC MBS D Clearing Members in Delivery”) of the 30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures contracts (2.0%, 2.5%, 3.0%, 3.5%, 4.0%, 4.5%, 5.0%, 5.5%, 6.0%, and 6.5% Coupon Rates) (the “Contracts”) effective on trade date Thursday, April 13, 2023.

Contract Title	CME Globex and CME ClearPort Code	Rulebook Chapter
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 2.0% Coupon	20U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 2.5% Coupon	25U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 3.0% Coupon	30U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 3.5% Coupon	35U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 4.0% Coupon	40U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 4.5% Coupon	45U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures – 5.0% Coupon	50U	75

30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures - 5.5% Coupon	55U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures – 6.0% Coupon	60U	75
30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures – 6.5% Coupon	65U	75

Specifically, CBOT will amend Rule 75104.D. (“Notification of DTCC FICC MBS D Clearing Members in Delivery”) to delete language specifying that the CME Clearing House will allocate Notices of Intentions to Clearing Members with open positions on a pro rata basis.

By way of background, CBOT recently implemented several amendments to the Contracts commencing with the May 2023 contract month and beyond via CBOT Submission No. [23-050](#) dated January 20, 2023. At that time, the Exchange (among other things) commenced permitting physical delivery for all positions, not just those in ten (10) contract increments. The amendments to Rule 75104.D. are designed to streamline the delivery process in light of this recent change. The elimination of the delivery method with the potential for cash-settlement and ten (10) contract restriction prompted a review of counterparty assignments in general. The Exchange determined that assignments on a pro rata basis were no longer necessary or optimal. All other requirements of the CME Clearing House to provide delivery notices to futures commission merchants (“FCMs”) shall remain unchanged. This change will not impact the economic value of the Contracts.

Additionally at this time, CBOT will amend Rule 75104.C. (“Clearing Member Reporting Obligations Prior to Delivery”) to add language clarifying that Clearing Members are required to report to the Clearing House an accurate inventory of accounts long or short interest in an expiring futures contract each of the three (3) trading days preceding but not including the Last Trading Day (collectively, the “Rule Amendments”).

Appendix A below provides amendments to Rule 75104.C. and Rule 75104.D. in blackline format.

The Exchange reviewed the designated contracts market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following Core Principles:

- **Contract Not Readily Subject to Manipulation:** The Contracts shall remain not readily susceptible to manipulation as a result of the Rule Amendments. The Rule Amendments are simply intended to enhance the delivery process.
- **Availability of General Information:** The Exchange will publish information on the Rule Amendments on its website. A Special Executive Report (“SER”) to market participants will be disseminated and posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulations 40.6(a), the Exchange certifies that the Rule Amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to the proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at <http://www.cmegroup.com/market-regulation/rule-fillings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A: Amendments to CBOT Rulebook Chapter 75 (blackline format)

Appendix A CBOT Rulebook

(additions underscoring; deletions ~~struck through~~)

Chapter 75 30-Year Uniform Mortgage-Backed Securities (UMBS) To-Be-Announced (TBA) Futures

75104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

75104.C. Clearing Member Reporting Obligations Prior to Delivery

Each Clearing Member that carries accounts holding long or short interest in an expiring futures contract shall report to the Clearing House, on each of the last three (3) days of trading prior to the Last Trading Day in such expiring futures, an accurate inventory of such long and short interest, in such manner and at such times as the Clearing House may prescribe, provided that such inventory must include, for each account holding long or short interest:

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets the requirements set forth in CBOT Rule 75104.A.

75104.D. Notification of DTCC FICC MBSD Clearing Members in Delivery

Intention Day

Not later than 2:00 p.m. on the last day of trading, long and short Clearing Members must submit to the Clearing House intentions for delivery on a form prescribed by the Clearing House. The notice of intention for delivery shall include quantity and EPN Pool ID and any other information as may be required by the Exchange.

The Clearing House shall allocate Notices of Intention to Clearing Members ~~on a pro-rata basis~~ with open long futures positions as TBA Buyer, and open short positions as TBA Seller.

The Clearing House shall provide delivery notices to Clearing Members after 3:00 p.m. on the last trading day in an expiring futures contract (CBOT Rule 75102.F.), the Clearing House shall notify each MBSD clearing member carrying one or more MBSD Accounts that are required to make or accept delivery in fulfillment of such expiring futures, as designated pursuant to CBOT Rule 75104.C. For each such MBSD clearing member, such Clearing House notification shall include:

1. identification of MBSD Accounts, carried by such MBSD clearing member, that are required to accept delivery on long futures positions; the size of each such long futures position; and the identity of the MBSD clearing member(s) carrying the account(s) in which each such long futures position is held; and /or
2. identification of MBSD Accounts, carried by such MBSD clearing member, that are required to make delivery on short futures positions; the size of each such short futures position; and the identity of the MBSD clearing member(s) carrying the account(s) in which each such short futures position is held.

[Remainder of Rule unchanged.]