

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 23-485

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): 12/22/23 Filing Description: Amendments to the Eris SOFR Swap Futures and MAC Swap Futures Contracts to Provide Clarification Regarding Recalibration Process in Connection with Fixed 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: See filing.

Rule Numbers: See filing.

December 22, 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 the Eris SOFR Swap Futures and MAC SOFR Swap Futures Contracts to Provide Clarification Regarding Recalibration Process in Connection with Fixed Rates. CBOT Submission No. 23-485

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 62101.A.7. and Rule 63101.A.12. (“Fixed Rate”) of the Eris SOFR Swap Futures contracts and the Eris SOFR Futures contracts, respectively, as noted in Table 1. below, respectively, (collectively the “Contracts”) effective on January 10, 2024 (collectively, the “Rule Amendments”).

Table 1.

Contract Title	Commodity Code	Rulebook Chapter
1-Year Eris SOFR Swap Futures	YIA	62
2-Year Eris SOFR Swap Futures	YIT	62
3-Year Eris SOFR Swap Futures	YIC	62
4-Year Eris SOFR Swap Futures	YID	62
5-Year Eris SOFR Swap Futures	YIW	62
7-Year Eris SOFR Swap Futures	YIB	62
10-Year Eris SOFR Swap Futures	YIY	62
12-Year Eris SOFR Swap Futures	YII	62
15-Year Eris SOFR Swap Futures	YIL	62
20-Year Eris SOFR Swap Futures	YIO	62
30-Year Eris SOFR Swap Futures	YIE	62
2-Year MAC SOFR Swap Futures	T1S	63

5-Year MAC SOFR Swap Futures	F1S	63
7-Year MAC SOFR Swap Futures	S1S	63
10-Year MAC SOFR Swap Futures	N1S	63
20-Year MAC SOFR Swap Futures	E1S	63
30-Year MAC SOFR Swap Futures	B1S	63

Background

Following publication, the Exchange administers two (2) evaluation checkpoints in connection with Market Agreed Coupon (“MAC”) rates of the Contracts. The first evaluation occurs approximately three (3) months after the initial publication, while the second takes place approximately five (5) months after the initial publication. During each review, every MAC rate is assessed for its alignment with the prevailing market level of par fixed rates on the corresponding forward-starting interest rate swap. According to the [CME Process for Publishing MAC Rates](#), in the course of regular assessments, if a MAC rate in a cohort deviates by 100 basis points or more from the market values of par fixed rates for the corresponding forward-starting interest rate swap for a duration of two (2) weeks or more, updated values will be calculated and disseminated for all MAC rates in that cohort.

Proposal

The Exchange is implementing the Rule Amendments to provide market participants with enhanced certainty regarding the MAC rates in connection with the Contracts. The Rule Amendments are designed to clearly outline the process that the Exchange follows when the applicable MAC rates are recalibrated. Such coupon rate amendments shall only apply to the particular contract month with no open interest. The Exchange shall immediately notify the market of such MAC rate change.

Appendix A below provides the Rule Amendments in blackline format.

The Exchange reviewed the designated contract 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:

Availability of General Information: The Exchange shall disseminate a Special Executive Report (“SER”) regarding the Rule Amendments. The SER will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 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 this 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 (312) 466-7478 or CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A Amendments to CBOT Rulebook Chapters 62 and 63 (blackline format)

Appendix A

CBOT Rulebook

Chapter 62 Eris SOFR Swap Futures

(additions underscored)

62101. CONTRACT SPECIFICATIONS

62101.A Contract Structure

\$100,000 (U.S. dollar) notional principal whose value is based upon the difference between a stream of annual fixed interest payments and a stream of annual floating interest payments based on a daily compounded Secure Overnight Financing Rate (SOFR) fixing. The contract structure is subject to the following contract elections:

1. **Long Futures Position Holder:** Fixed Rate Receiver, Floating Rate Payer
2. **Short Futures Position Holder:** Fixed Rate Payer, Floating Rate Receiver
3. **Underlying Swap Tenors:** 1-Year, 2-Year, 3-Year, 4-Year, 5-Year, 7-Year, 10-Year, 12-Year, 15-Year, 20-Year, 30-Year
4. **Currency:** US Dollars
5. **Notional Amount:** \$100,000
6. **Effective Dates:** Quarterly IMM Dates (3rd Wednesday of each March, June, September, December)
7. **Fixed Rate:** Futures contract fixed interest rate set by the Exchange at an integer multiple of 25 basis points (i.e., one quarter of one percent) per annum when such futures contract month is initially listed for trading. The Exchange shall utilize the Market Agreed Coupon (MAC) standardized rate which is calculated and administered by the Exchange as noted [HERE](#). Should the relevant MAC rate be recalibrated, the Exchange may amend the fixed rate according to market convention, provided that no position holder is adversely impacted by such amendment.

[Remainder of Rule unchanged.]

Chapter 63

MAC SOFR Swap Futures

(additions underscored)

63101. CONTRACT SPECIFICATIONS

63101.A. Contract Grade

The contract grade for delivery on expiring futures made under these Rules shall be an Interest Rate Swap Contract ("IRS Contract" per CME Rule 90002.J.) that is accepted for clearing by the Clearing House (CME Rulebook Chapters 8F, 8G, 900, and 901) and that is subject to the following Contract Elections (CME Rule 90002.F.):

1. Fixed Rate Payer: Subject to CBOT Rules 63104., an account required to deliver on a short position in such expiring futures contract shall be the Fixed Rate Payer to the Clearing House. Where such account is required to accept delivery on a long position in such expiring futures contract, the Clearing House shall be the Fixed Rate Payer to such account.
2. Floating Rate Payer: Subject to CBOT Rules 63104., an account required to accept delivery on a long position in such expiring futures contract shall be the Floating Rate Payer to the Clearing House. Where such account is required to deliver on a short position in such expiring futures contract, the Clearing House shall be the Floating Rate Payer to such account.

3. IRS Effective Date: Third (3rd) Wednesday of futures contract delivery month (CBOT Rules 63102. and 63103.A.).
4. Currency: US dollars (CME Rule 90102.B.).
5. Notional Amount: \$100,000.
6. Business Day(s): New York
7. Business Day Convention: Modified Following.
8. Termination Date: Anniversary of the IRS Effective Date as determined by the contract tenor. (CBOT Rule 63101.A.3.).
9. Initial Payment Amount: See CBOT Rule 63101.B.
10. Initial Amount Payer: See CBOT Rule 63101.B.
11. Fixed Rate Payment Dates: Annually from IRS Effective Date (CBOT Rule 63101.A.3.) subject to CBOT Rules 63101.A.6. and 63101.A.7.
12. Fixed Rate: Futures contract fixed interest rate set by the Exchange at an integer multiple of 25 basis points (ie, one quarter of one percent) per annum when such futures contract month is initially listed for trading. **The Exchange shall utilize the Market Agreed Coupon (MAC) standardized rate which is calculated and administered by the Exchange as noted [HERE](#). Should the relevant MAC rate be recalibrated, the Exchange may amend the fixed rate according to market convention, provided that no position holder is adversely impacted by such amendment.**
13. Fixed Rate Day Count: Actual/360.
14. Floating Rate Payment Dates: Annually from IRS Effective Date (CBOT Rule 63101.A.3.) subject to CBOT Rules 63101.A.6. and 63101.A.7.
15. Floating Rate Option: USD-SOFR-COMPOUND (CME Rule 90102.E.1.).
16. Designated Maturity: Overnight
17. Floating Rate Day Count: Actual/360.
18. Spread: None.
19. Compounding: Daily.

[Remainder of Rule unchanged.]