

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

**Registered Entity Identifier Code (optional):** 19-343

**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):** 09/24/19 **Filing Description:** Increase to Spot Month Position Limits for Expiring 2-Year and Ultra 10-Year U.S. Treasury Note Futures Contracts

**SPECIFY FILING TYPE**

**Please note only ONE choice allowed per Submission.**

**Organization Rules and Rule Amendments**

- |                          |                                     |            |
|--------------------------|-------------------------------------|------------|
| <input type="checkbox"/> | Certification                       | § 40.6(a)  |
| <input type="checkbox"/> | Approval                            | § 40.5(a)  |
| <input type="checkbox"/> | Notification                        | § 40.6(d)  |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change         | § 40.10(h) |

**Rule Numbers:**

**New Product**

**Please note only ONE product per Submission.**

- |                          |                                       |            |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification                         | § 40.2(a)  |
| <input type="checkbox"/> | Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> | Approval                              | § 40.3(a)  |
| <input type="checkbox"/> | Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission                       | § 39.5     |

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

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

**Official Name(s) of Product(s) Affected:** See filing.

**Rule Numbers:** See filing.

September 24, 2019

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
 Office of the Secretariat  
 Commodity Futures Trading Commission  
 Three Lafayette Centre  
 1155 21st Street, N.W.  
 Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Increase of Spot Month Position Limits for the Short-Term U.S. Treasury Note Futures (2-Year) and the 10-Year U.S. Treasury Note Futures Contracts. CBOT Submission No. 19-343**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to CBOT Chapter 5 Position Limits, Position Accountability and Reportable Level Table to increase the spot-month limit for Short-Term U.S. Treasury Note Futures (2-Year) and the 10-Year U.S. Treasury Note Futures contracts, commencing with the March 2020 contract month and beyond.

<b>Contract Title</b>	<b>Rulebook Chapter</b>	<b>Commodity Code</b>	<b>Spot-Month Limit (in Net Futures Equivalents) (Up to and including the December 2019 Contract Month and Beyond)</b>	<b>Spot-Month Limit (in Net Futures Equivalents) (Commencing with the March 2020 Contract Month and Beyond)</b>
Short-Term U.S. Treasury Note Futures (2-Year)	21	ZT / 26	25,000	35,000
10-Year U.S. Treasury Note Futures	26	TN	90,000	100,000

The Position Limit, Position Accountability and Reportable Level Table and Header Notes located in the Interpretations and Special Notices Section of Chapter 5 of the CME Rulebook (the “Table”) will be amended to reflect the increased spot month position limits of the Contract. (See Exhibit A effective October 9, 2019, Exhibit B effective, December 31, 2019, and Exhibit C effective January 6, 2019: Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook with additions underscored and bolded and deletions overstruck (collectively, the “Rule Amendments”) attached under separate cover.

Advanced market notification with application to March 2020 futures delivery months allows the marketplace a full expiration cycle (three months' time) to consider the changes prior to implementation. This amount of advance notification will minimize any potential concerns to trading in futures delivery months with existing open interest.

The position limits for expiring CBOT 3-Year U.S. Treasury Note Futures, Medium-Term U.S. Treasury Note Futures (5-Year), Long-Term U.S. Treasury Note Futures (10-Year), U.S. Treasury Bond Futures, and Long-Term U.S. Treasury Bond Futures (Ultra-Bond) will remain at current levels – i.e., 35,000, 85,000, 70,000, 30,000, and 80,000 contracts, respectively – reflecting the Exchange's assessment that these limits are appropriate to the characteristics and supply of contract-grade Treasury notes and bonds that are eligible for delivery into these futures contracts.

For any given Treasury futures contract, the Exchange establishes and periodically reevaluates the corresponding position limit in light of both market conditions and the structure of the basket of deliverable-grade securities for such contract. Among the factors taken into consideration are (a) the size distribution and supply of such deliverable-grade issues, (b) the proximity of market yields on deliverable grade issues to the 6% notional yield that the Exchange uses to set conversion factors for standardization of contract delivery invoice prices, and (c) the distribution of durations among Treasury issues eligible for delivery into the contract.

CBOT first implemented position limits in expiring Treasury futures in June 2005 in an effort to mitigate congested deliveries that might arise as a result of structural imbalances between the futures and cash markets. As in earlier instances, the aim of the present reexamination and revision is to ensure that the position limits comport with both market conditions and scale of deliverable supply.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("Act") and identified that amendments may have some bearing on the following Core Principles.

- Contracts Not Readily Subject to Manipulation: The Rule Amendments are designed to set position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities. As such, the proposed rule will eliminate the potential for congested deliveries of cash securities during delivery periods and thus obviate the chance of manipulation by market participants.
- Prevention of Market Disruption: The Rule Amendments, which set position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will provide the Exchange's market surveillance, compliance, and enforcement functions with an important metric for preventing market disruptions, price distortions, and delivery disruptions during delivery periods.
- Position Limitations or Accountability: The Rule Amendments, which set position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will reduce the potential threat of market manipulation or delivery congestion during trading in the delivery month.
- Protection of Market Participants: The Rule Amendments, which set position limits in expiring Treasury futures at levels that are consistent with existing and expected deliverable supplies of cash Treasury securities, will protect market participants from abusive trading practices by any party that seeks to benefit from unfair and inequitable trading practices.

- Availability of General Information: The information contained herein will be disseminated to the marketplace via Market Surveillance Notice (“MSN”). The MSN will also be posted on the CME Group website. The Exchange will publish information on the contracts’ specifications on its website, together with daily trading volume, open interest, and price information

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby 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-filings.html>.

Should you have any questions concerning the above, please contact me at (212) 299-2200 or via e-mail at [CMEGSubmisisonInquiry@cmegroup.com](mailto:CMEGSubmisisonInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments:

Exhibit A – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover) (effective – October 9, 2019)

Exhibit B – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover) (effective December 31, 2019)

Exhibit C – Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover) (effective January 6, 2020)

**Exhibit A**

**CBOT Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

Position Limit, Position Accountability and Reportable Level Table  
(attached under separate cover)  
(effective October 9, 2019)

**Exhibit B**

**CBOT Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

Position Limit, Position Accountability and Reportable Level Table  
(attached under separate cover)  
(effective December 31, 2019)

**Exhibit C**

**CBOT Rulebook  
Chapter 5  
("Trading Qualifications and Practices")**

Position Limit, Position Accountability and Reportable Level Table  
(attached under separate cover)  
(effective January 6, 2020)