



Special Executive Report

DATE: February 14, 2024
SER#: 9335
SUBJECT: **CME and CBOT Adjusted Interest Rate Total Return Futures Contracts-
Impact of U.S. Securities Settlement Cycle From T+2 to T+1
Commencing on Tuesday, May 28, 2024**

The Securities Industry Association (“SIFMA”), the Investment Company Institute (“ICI”), and The Depository Trust & Clearing Corporation (“DTCC”) have [announced](#) that they are collaborating on efforts to accelerate the U.S. securities settlement cycle from T+2 to T+1. By way of background, the Securities Exchange Commission (“SEC”) adopted final requirements for a Tuesday, May 28, 2024, implementation date for the move to T+1 settlement for transactions in U.S. cash equities, corporate debt, and unit investments trusts (the “T+1 Settlement”).

In connection therewith, Chicago Mercantile Exchange Inc. (“CME”) and The Board of Trade of the City of Chicago, Inc. (“CBOT”) (collectively, the “Exchanges”) are advising market participants regarding the impact the T+1 Settlement will have on the U.S. stock index-based CME and CBOT Adjusted Interest Rate Total Return Futures contracts as noted in Table 1. below (collectively, the “CME and CBOT AIR TRF Contracts”).

Table 1.

Contract Title*	Rulebook Chapter	CME Globex and CME ClearPort Code
Adjusted Interest Rate S&P 500 Total Return Index Futures	CME 357B	ASR
Adjusted Interest Rate Russell 1000 Total Return Index Futures	CME 372	ARR
Adjusted Interest Rate Russell 2000 Total Return Index Futures	CME 373	A2R
Adjusted Interest Rate Nasdaq-100 Total Return Index Futures	CME 374	AQR
Adjusted Interest Rate Dow Jones Industrial Average Total Return Index Futures	CBOT 33	ADR

***Note: Only CME and CBOT U.S. stock index-based futures contracts are impacted. That is, there is NO impact to the CME Adjusted Interest Rate FTSE 100 Total Return Declared Divided Index Futures contract.**

Specifically, the T+1 Settlement will impact the calculation of the Accrued Financing and Financing Spread Adjustment in the CME and CBOT AIR TRF Contracts based on U.S. stock indexes, including those of S&P 500, NASDAQ-100, Dow Jones Industrial Average, Russell-1000 and Russell-2000 total return indexes.

CME and CBOT AIR TRF Contracts:

Impact on the Accrued Financing Term in the pricing formula, AF_t

Prior to the trade date of Tuesday, May 28, 2024, the calculation of Accrued Financing will not be impacted. On trade date Tuesday, May 28, 2024, the spot market settlement day will be Wednesday, May 29, 2024,

which is identical to the settlement day corresponding to trades consummated on the previous trading day, Friday, May 24, 2024. Therefore, the Daily Financing Period for Tuesday, May 28, 2024 will be zero (0).

Please note that Monday, May 27, 2024 is Memorial Day, a U.S. federal holiday. Therefore, the U.S. equity stock markets will be closed on Monday, May 27, 2024. As such, Monday, May 27, 2024 will not be a trade date for the CME and CBOT AIR TRF Contracts.

On and subsequent to Wednesday, May 29, 2024, the spot market settlement day will be based on the new T+1 Settlement for the purpose of Daily Financing Period and Accrued Financing Term determination.

Impact on the Financing Spread Adjustment Term in the pricing formula, FSA_t

Prior to trade date Tuesday, May 28, 2024, the settlement calculation shall remain unchanged. Commencing on trade date Tuesday, May 28, 2024, the settlement day corresponding to **both** the final settlement day of the CME and CBOT AIR TRF Contracts and the trade date will be determined using the new T+1 Settlement.

Additional information regarding this matter may be viewed [HERE](#).

Inquiries regarding the aforementioned may be directed to:

Joe Hickey, Equity Products	+1 (212) 299 2108	Joseph.Hickey@cmegroup.com
Richard Co, Equity Products	+1 (312) 930 3227	Richard.Co@cmegroup.com
Paul Woolman, Equity Products	+44 20 3379 3312	Paul.Woolman@cmegroup.com
Vijay Sumon, Research & Product Development	+44 20 7029 9069	Vijay.Sumon@cmegroup.com
Jeffrey Rosenthal, Clearing & Post Trade Services	+1 (312) 930 3186	Jeffrey.Rosenthal@cmegroup.com