

**FMX Futures Exchange, L.P.**

**Rule 40.2 Contract Certification—2-Year U.S. Treasury Note Futures**

**Submission #2025-04**

February 28, 2025

FMX Futures Exchange, L.P. (“FMX” or the “Exchange”) hereby certifies its listing of the 2-Year U.S. Treasury note (“UST 2YR”) Futures Contract (the “Contract”). This submission is being made in accordance with Section 5c(c)(1) of the Commodity Exchange Act, as amended, 7 U.S.C. §1 et seq. (“Act”) and Commodity Futures Trading Commission (the “CFTC” or the “Commission”) Rule 40.2:

1. The specifications for the Contract, which will be an FMX Division Contract (as defined in the Rules Governing the FMX Division and CX Division of FMX Futures Exchange, L.P. (the “Rulebook”<sup>1</sup>)) and will be traded on the “FMX Division” (which is the division of the Exchange that provides for trade intermediation), are attached as Attachment A and the new sections of the Rulebook setting forth the relevant terms and conditions for the Contract are attached as Attachment B.
2. The intended listing date will be March 31, 2025.
3. Attached, please find a certification that: (a) the Contract complies with the Act and the Commission’s regulations thereunder; and (b) concurrent with this submission, FMX posted on its website: (i) a notice of pending certification of the Contract with the Commission; and (ii) a copy of this submission.
4. A concise explanation and analysis of the product and its compliance with the applicable provisions of the Act follows below.

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<sup>1</sup> See <https://www.fmxfutures.com/rules-notice/regulatory-notice/>. Capitalized terms used herein that are not defined herein shall have the meanings given to such terms in the Rulebook, and references to “FMX Rules” or “Rules”, unless otherwise identified, refer to rules in the Rulebook.

## EXPLANATION AND ANALYSIS OF THE CONTRACT'S COMPLIANCE WITH APPLICABLE CORE PRINCIPLES AND COMMISSION REGULATIONS

### SECTION 1—DESCRIPTION OF UST 2YR FUTURES

The United States Department of Treasury (“U.S. Treasury”) securities market is a cornerstone of the global financial system, serving as a benchmark for interest rates, a safe haven for investors seeking stable returns, and a key reference point for various other financial instruments. The size of the market highlights the U.S. Treasury’s role in providing a risk-free asset that anchors financial markets, influences monetary policy decisions, and plays a pivotal role in shaping global financial stability.

The Contract provides for physical delivery of U.S. Treasury securities via the Federal Reserve book-entry wire-transfer system. Each Contract has a deliverable grade that consists of U.S. Treasury notes that have an original term to maturity of not more than 5 years and 3 months and a remaining term to maturity of at least 1 year and 9 months from the first day of the Futures delivery month and not more than 2 years from the last day of the Futures delivery month.

The U.S. Treasury currently holds monthly auctions of two-year notes, three-year notes, and five-year notes that meet the original term to maturity standard above.<sup>2</sup> Furthermore, given the monthly issuance cycle, the remaining term to maturity standard allows as many as four different securities to be delivered for each original issue term. Taken together, this means that the Contract has a basket of 12 deliverable securities during the delivery month including the 4 most recent issued 2-year notes, 4 seasoned 3-year notes, and 4 seasoned 5-year notes.

The delivery invoice amount equals the Futures Settlement Price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered note (\$1 par value) to yield 6 percent as shown in the following formula:

$$Factor = \frac{1}{1.03^{Months\ To\ Coupon}} * \left( \frac{Coupon}{2} + PV(3\%,\ Coupons\ Remaining,\ Coupon,\ 1.0000) \right) - \left( \frac{Coupon}{2} \right) * \left( 1 - \frac{Months\ To\ Coupon}{6} \right)$$

Where:

- PV is the present value calculation for a note discounted at a 3% semi-annual rate with future value of 1.0000.
- Coupon is the annual coupon rate on the note.
- Coupons Remaining is the number of remaining coupons to be received from the first day of the delivery month to the earlier of the call or maturity date.
- Months To Coupon is the number of whole months, rounded down, from the first day of the delivery month to the earliest of the next coupon, call, or maturity date.
- Factor is rounded to the 4th decimal place.

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<sup>2</sup> See the current tentative auction schedule at: <https://home.treasury.gov/system/files/221/Tentative-Auction-Schedule.pdf>.

A summary of conversion factors for coupons from zero to 12% is listed in Appendix A.

Specifications for FMX's Contract are materially similar to UST 2YR futures contracts traded on other designated contract markets ("DCMs"). Deliveries against expiring contracts are book-entry transfers between accounts of Clearing Members at qualified banks in accordance with 31 C.F.R. Part 306, General Regulations Governing U.S. Securities, Subpart O, Book-Entry Procedure, and 31 C.F.R. Part 357, Regulations Governing Book-Entry of Treasury Bonds, Notes and Bills Held in Legacy Treasury Direct.

In accordance with the Contract Rules that appear in Attachment B, LCH Limited, the Exchange's clearinghouse, assigns long delivery positions to short positions that are being delivered against, which are then satisfied directly between Clearing Members. The Short Clearing Member provides invoice details for the securities it will deliver, and the Long Clearing Member provides delivery instructions (e.g., name, address, U.S. Federal Reserve wire-transfer system details and contact details) for the bank to which the Treasury securities will be delivered. LCH Limited facilitates the administration of this process but does not take or receive any U.S. Treasury securities.

## **SECTION 2—COMPLIANCE WITH CORE PRINCIPLES**

In accordance with Commission Rule 40.2(a) and Core Principle 1 (Core Principles defined below), the following analysis demonstrates the compliance of Contract's terms and conditions with the following Core Principles applicable to DCMs (the "Core Principles"):<sup>3</sup>

### **CORE PRINCIPLE 2—COMPLIANCE WITH RULES**

As relevant to the certification of futures contracts, Core Principle 2 requires the DCM to establish, monitor, and enforce compliance with its own rules, including the terms and conditions of any contracts to be traded on the DCM.<sup>4</sup> Core Principle 2 also requires that DCMs have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the Exchange.<sup>5</sup> In addition, Core Principle 2 requires a DCM to have rules that give it the authority to obtain any information necessary to perform required functions in its capacity as such.<sup>6</sup> This includes, among other requirements, that the Exchange have the capacity to enforce effectively its rules, including resources to supervise its market, and the capacity to analyze data to determine whether a violation has occurred, maintenance of compliance staff and resources, deployment of an automated trade surveillance system, real time market monitoring and the authority to investigate instances of possible violations.<sup>7</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 2 because it has adopted and implemented the Rulebook (as defined above),<sup>8</sup> which addresses these requirements. For this purpose, FMX notes that Chapter XIII of the Rulebook contains specific provisions that have been designed and are intended to ensure compliance with Core Principle 2. Those provisions include:

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<sup>3</sup> 17 C.F.R. pt. 38 App. B.

<sup>4</sup> See 7 U.S.C. § 7(d)(2), 17 C.F.R. § 38.150(a)(2).

<sup>5</sup> See 17 C.F.R. § 38.150.

<sup>6</sup> See 17 C.F.R. § 38.150(c).

<sup>7</sup> See 17 C.F.R. § § 38.153, 38.155, 38.156, 38.157 and 38.156.

<sup>8</sup> See <https://www.fmxfutures.com/rules-notices/regulatory-notices/>.

- Prohibitions against fraudulent acts, fictitious transactions, market demoralization, price manipulation, misstatements, and disruptive trading practices such as front running, wash trading, and cross trades; and
- Requirements for monitoring and surveillance by FMX’s Compliance Department, which has the authority to exercise its investigatory and enforcement powers where potential rule violations are identified.

FMX employs a system of trading and market supervision that ensures the requirements in Chapter XIII of its Rulebook are monitored and enforced effectively, in accordance with Core Principle 2. FMX’s trading and market supervision include both its automated systems to review trading in the Contract on the Exchange, as well as the services provided by National Futures Association (“NFA”), FMX’s regulatory services provider. In addition, FMX conducts real-time market monitoring that is supported by a licensed automated market surveillance system as well as by relevant personnel assigned to provide surveillance support.

Trading in the Contract will also be subject to monitoring and surveillance by the FMX Compliance Department, which has the authority to conduct investigations and initiate disciplinary proceedings where possible violations of rules or manipulation of a contract on the Exchange have been identified.

FMX trade practice rules and surveillance are not commodity or contract specific; accordingly, the contracts listed on the FMX Division, including the Contract, are subject to all relevant Exchange rules.

### **CORE PRINCIPLE 3—CONTRACTS NOT READILY SUSCEPTIBLE TO MANIPULATION**

Core Principle 3 and Commission Rule 38.200 provide that a DCM shall not list for trading contracts that are readily susceptible to manipulation.<sup>9</sup> FMX’s compliance with Core Principle 3 is evidenced by a demonstration of the factors included in Appendix C to Part 38 of the CFTC Regulations (“Appendix C”).

The Contract specifications in Section 1 (above) and Contract rules in Attachment B of this document provide information required by Appendix C, Section (b)(2). The deliverable supply analysis required by Appendix C, Section (b)(1) follows.

The U.S. Treasury securities market is one of the largest and most liquid debt markets in the world. The size of the outstanding U.S. Treasury securities reflects the scale of the government’s borrowing needs and its role in funding various programs and obligations. The cash market for U.S. Treasury securities exhibits a high degree of liquidity and is characterized by tight bid-ask spreads.

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<sup>9</sup> 7 U.S.C. § 7(d)(3), 17 C.F.R. § 38.200.

As noted above, the Contract has a deliverable basket of 12 securities based on the U.S. Treasury's current auction schedule. By way of example, if the Exchange had listed a December 2024 contract, the following securities would have been deliverable:<sup>10</sup>

Coupon	Maturity	Original Issue	Remaining Term (Years)	Issued Amount (\$ billions)	Federal Reserve Holding %	Net Supply (\$ billions)
4.25%	12/31/2026	2-Year	2	\$69	29%	\$49
4.25%	11/30/2026	2-Year	1 11/12	\$69	29%	\$49
4.13%	10/31/2026	2-Year	1 10/12	\$69	29%	\$49
3.50%	9/30/2026	2-Year	1 9/12	\$69	29%	\$49
4.38%	12/15/2026	3-Year	2	\$50	40%	\$30
4.63%	11/15/2026	3-Year	1 11/12	\$48	42%	\$28
4.63%	10/15/2026	3-Year	1 10/12	\$46	44%	\$26
4.63%	9/15/2026	3-Year	1 9/12	\$44	46%	\$24
1.25%	12/31/2026	5-Year	2	\$57	35%	\$37
1.25%	11/30/2026	5-Year	1 11/12	\$59	34%	\$39
1.13%	10/31/2026	5-Year	1 10/12	\$61	33%	\$41
0.88%	9/30/2026	5-Year	1 9/12	\$61	33%	\$41
<b>Totals</b>				<b>\$702</b>		<b>\$462</b>

As can be seen in the table above, the total supply of securities deliverable into the Contract was \$702 billion for the December contract. Currently, the Federal Reserve Bank holds approximately \$240 billion of these securities as part of its open market operations. Therefore, the available supply of securities deliverable into the Contract for December 2024 was approximately \$462 billion, which is equivalent to 2,310,000 contracts.

Specifications for FMX's Contract are materially similar to UST 2YR futures contracts traded on other DCMs. The following table reflects recent contract deliveries on another DCM (December 2024):<sup>11</sup>

Delivery Date	Coupon	Maturity	Contracts Delivered
12/02/24	0.875%	9/30/2026	36,036
12/03/24	0.875%	9/30/2026	6,588
12/04/24	0.875%	9/30/2026	5,245
12/05/24	0.875%	9/30/2026	778
12/06/24	0.875%	9/30/2026	326
12/09/24	0.875%	9/30/2026	256
12/11/24	0.875%	9/30/2026	641
12/12/24	0.875%	9/30/2026	1,094
12/13/24	0.875%	9/30/2026	665
12/17/24	0.875%	9/30/2026	50

<sup>10</sup> Data, results and announcements relating to recent Treasury auctions are available from the Treasury Department at: <https://www.treasurydirect.gov/auctions/announcements-data-results>. Additional data are from the New York Federal Reserve at: <https://www.newyorkfed.org/markets/soma-holdings>, and further calculations are based on the Contract specifications.

<sup>11</sup> Data used in this table is available at: <https://www.cmegroup.com/market-data/reports/CUSIPS-delivered-for-financial-contracts.xls>.

12/18/24	0.875%	9/30/2026	50
12/19/24	0.875%	9/30/2026	78
12/20/24	0.875%	9/30/2026	3
12/23/24	3.500%	9/30/2026	32
12/24/24	0.875%	9/30/2026	1
12/27/24	4.625%	9/15/2026	9
		<b>Total</b>	<b>51,852</b>

A total of 51,852 contracts were delivered during the delivery period which extends to and includes the third Business Day after the delivery month. This amount of notes represented approximately 2.2% of the available supply. The greatest one-day delivery of a single security occurred on December 2, with 36,036 contracts of the 7/8 of September 2026 note being delivered, which represented approximately 18% of that security's available supply. In light of the similarity among contract designs, FMX anticipates observing similar patterns in deliveries on the Contract.

Looking ahead, FMX market surveillance staff will monitor U.S. Treasury practices and auction activity for any impact on economically deliverable supplies. FMX notes that the current recent monthly issuances of deliverable U.S. Treasury notes is expected to continue. If this current pattern of issuance continues, the Contract will continue to have a deliverable basket of cash securities in excess of \$700 billion.

Recent auction patterns indicate that future auctions of U.S. Treasury notes deliverable into the Contract will remain near or above current levels.

To facilitate market surveillance FMX will implement the position limits and accountability levels in fulfillment of Core Principle 5 as described below.

The magnitude of deliverable UST 2YR securities, combined with FMX's accountability levels and position limits, indicate that attempted market manipulation or misdirection would be quickly detected.

In summary, FMX believes that deliverable supplies of U.S. Treasury notes that meet the delivery specifications for the Contract will be adequate.

#### **CORE PRINCIPLE 4—PREVENTION OF MARKET DISRUPTION**

Core Principle 4 requires a DCM to have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the cash-settlement process by implementing market surveillance, compliance, and enforcement practices and procedures. Those practices and procedures must include real-time monitoring of trading, as well as comprehensive and accurate trade reconstructions.<sup>12</sup>

FMX meets Core Principle 4 through its systems for market surveillance discussed with respect to Core Principle 2. As discussed above, FMX maintains a program for trade practice surveillance through which it conducts real-time monitoring and maintains an automated system to reconstruct trades. As also discussed above, FMX is assisted in this effort by NFA, its regulatory services provider, and through the use of certain automated surveillance tools. FMX also surveils the

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<sup>12</sup> 7 U.S.C. § 7(d)(4), 17 C.F.R. § 38.250.

market activity of individual market participants for potential non-bona fide or manipulative trading.

In addition to the current market surveillance activities, FMX will share information with the Commission specific to trading of the Contract as appropriate, including relevant market commentary, large or aggressive orders relative to market conditions more routinely observed, and activity noted during periods around the Final Settlement time of each contract.

#### **CORE PRINCIPLE 5—POSITION LIMITS OR POSITION ACCOUNTABILITY**

Core Principle 5 provides that a DCM must adopt, as is necessary and appropriate, position limits or position accountability levels for speculative trading.<sup>13</sup> To facilitate market surveillance regarding Core Principle 3, FMX is proposing the following Position Accountability Level of 7,500 contracts and spot month Position Limit of 40,000 contracts for the Contract. FMX acknowledges that the reporting level for the Contract will be 1,000 contracts in accordance with CFTC Regulation 15.03(b).

#### **CORE PRINCIPLE 7—AVAILABILITY OF GENERAL INFORMATION**

Core Principle 7 requires a DCM to make available to market authorities, market participants, and the public accurate information concerning: (a) the terms and conditions of the contracts of the contract market; and (b) the rules, regulations, and mechanisms for executing transactions on or through the DCM's facilities. Core Principle 7 also requires a DCM to make available the rules and specifications describing the operation of its electronic matching platform or trade execution facility.<sup>14</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 7 because the terms and conditions of the Contract will be available on the FMX website at <https://www.fmxfutures.com/products/ust-futures-contracts/>. FMX will also make the Contract's Final Settlement Price available to Participants and publicly available on its website.

#### **CORE PRINCIPLE 8—DAILY PUBLICATION OF TRADING INFORMATION**

Core Principle 8 requires a DCM to make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on its market.<sup>15</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 8 because it will publish trading volumes, open interest levels, and price information for the Contract daily on its website at <https://www.fmxfutures.com/trading-protocols/daily-trade-report/>. FMX will also make such data available to news media.

#### **CORE PRINCIPLE 9—EXECUTION OF TRANSACTIONS**

Core Principle 9 requires a DCM to provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in its centralized market.<sup>16</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 9 because the Contract will be traded on the central limit order book of FMX's trading

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<sup>13</sup> 7 U.S.C. § 7(d)(5)(A), 17 C.F.R. § 38.300.

<sup>14</sup> 7 U.S.C. § 7(d)(7), 17 C.F.R. § 38.400.

<sup>15</sup> 7 U.S.C. § 7(d)(8), 17 C.F.R. § 38.450.

<sup>16</sup> 7 U.S.C. § 7(d)(9), 17 C.F.R. § 38.500.

system using price/time priority. FMX's order book provides for competitive and open execution of transactions.

#### **CORE PRINCIPLE 10—TRADE INFORMATION**

Core Principle 10 requires a DCM to maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables it to use the information: (a) to assist in the prevention of customer and market abuses; and (b) to provide evidence of any violations of the rules of the contract market.<sup>17</sup>

FMX Rule X-13 "Transaction Records" states, "All regulatory records as defined in CFTC Regulation 1.31 relating to transactions on the Exchange shall be maintained by the Exchange in accordance with the CFTC's requirements for data creation and storage. Records shall be maintained for at least five years from the time the record was created or for such longer period required by CFTC Regulations and shall be sufficient to provide a complete audit trail."

All requisite trade information will be included in the audit trail and will suffice for the FMX Compliance Department to monitor for market abuse.

#### **CORE PRINCIPLE 11—FINANCIAL INTEGRITY OF TRANSACTIONS**

Core Principle 11 requires a DCM to adopt rules and procedures for ensuring the financial integrity of transactions entered into on or through the DCM's contract market, including the clearance and settlement of the transactions with a derivatives clearing organization. Core Principle 11 also requires a DCM to have rules to ensure the financial integrity of any intermediary (e.g., each futures commission merchant or introducing broker) and the protection of customer funds.<sup>18</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 11 because FMX has arranged for the clearing of transactions by LCH Limited, which is registered with the Commission as a DCO and is subject to the relevant CFTC Regulations for clearing futures contracts.

Finally, FMX participates in the Joint Audit Committee which monitors FCMs, has procedures in place to monitor the financial integrity of intermediaries, and surveils the financial capacity of all Participants, subject to the oversight of the Regulatory Oversight Committee.

#### **CORE PRINCIPLE 12—PROTECTION OF MARKETS AND MARKET PARTICIPANTS**

Core Principle 12 requires a DCM to establish and enforce rules: (a) to protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and (b) to promote fair and equitable trading on the contract market.<sup>19</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 12 because it has adopted and enforces Chapter XIII of its Rules, which set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These rules will apply to transactions in the Contract.

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<sup>17</sup> 7 U.S.C. § 7(d)(10), 17 C.F.R. § 38.550.

<sup>18</sup> 7 U.S.C. § 7(d)(11), 17 C.F.R. § 38.600.

<sup>19</sup> 7 U.S.C. § 7(d)(12), 17 C.F.R. § 38.650.



### **CORE PRINCIPLE 13—DISCIPLINARY PROCEDURES**

Core Principle 13 requires a DCM to establish and enforce disciplinary procedures that authorize it to discipline, suspend, or expel members or market participants that violate its rules, or similar methods for performing the same functions, including delegation of the functions to third parties.<sup>20</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 13 because it has adopted and enforces Chapter XIV of the Rules. FMX Rulebook Chapter XIV provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the Contract will be subject to these provisions. The Exchange's Compliance Department has the authority to exercise its powers of enforcement, in the event that rule violations in the Contract are identified.

### **CORE PRINCIPLE 14—DISPUTE RESOLUTION**

Core Principle 14 requires a DCM to establish and enforce rules regarding, and to provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.<sup>21</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 14 because disputes in respect of these Futures will be subject to the arbitration provisions set forth in FMX Rulebook Chapter XV, which requires that, except as otherwise provided in the Rules of the Exchange, Participants, Direct Access Customers and Responsible Trading Agents must arbitrate all controversies arising in connection with their Exchange business between or among themselves.

### **CORE PRINCIPLE 19—ANTITRUST CONSIDERATIONS**

Core Principle 19 provides that a designated contract market shall not adopt any rule or take any action that results in an unreasonable restraint of trade or imposes any material anticompetitive burden on trading on the contract market, "unless necessary or appropriate to achieve the purpose of the Act."<sup>22</sup>

FMX believes that the certification, listing, and trading of the Contract are consistent with Core Principle 19 because the Contract's terms and conditions do not act as a restraint of trade or impose a competitive burden. The Contract will be available on equal terms to all market participants, and FMX must provide fair, nondiscriminatory access to market participants consistent with Core Principle 2.<sup>23</sup>

Nothing in the terms and conditions or trading rules would act as a restraint of trade or impose a competitive burden. The listing of UST 2YR contracts by an additional DCM has the opposite effect on the market. It provides market participants with a choice of trading venues, increasing competition and potentially reducing costs to market participants. The existence of a second market listing these contracts can also increase the resilience of the market as a whole, thereby reducing systemic risk. FMX will enhance resiliency by offering an additional execution and clearing venue for these Futures Contracts. Having an alternative venue is important in the event

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<sup>20</sup> 7 U.S.C. § 7(d)(13), 17 C.F.R. § 38.700.

<sup>21</sup> 7 U.S.C. § 7(d)(14), 17 C.F.R. § 38.750.

<sup>22</sup> 7 U.S.C. § 7(d)(19), 17 C.F.R. § 38.1000.

<sup>23</sup> See 17 C.F.R. § 38.151(b)(1).

of a business disruption to the sole incumbent, as well as potentially benefiting market participants through improved execution opportunities and tighter bid/ask spreads offered by trading on FMX.

CERTIFICATIONS PURSUANT TO SECTION 5c OF THE COMMODITY EXCHANGE ACT, 7 U.S.C. §7A-2 AND COMMODITY FUTURES TRADING COMMISSION RULE 40.2, 17 C.F.R. §40.2

I hereby certify that: 1) the 2-Year U.S. Treasury Note Futures Contract complies with the Commodity Exchange Act, 7 U.S.C. §1 *et seq.* and Commodity Futures Trading Commission's regulations thereunder; and 2) concurrent with this submission, FMX Futures Exchange, L.P. posted on its website: a notice of pending certification of the Contract with the Commission and a copy of this submission.

*Rhianna Ross*

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By: Rhianna Ross

Title: Chief Compliance Officer

Date: February 28, 2025

**ATTACHMENT A**

**FMX UST 2YR Contract**

<b>Parameter</b>	<b>Description</b>		
<b>Contract Underlying</b>	\$200,000 face value at maturity U.S. Treasury Note		
<b>Type of Contract</b>	Physically-settled Futures Contracts with Daily Variation Margin Payment		
<b>Central Counterparty</b>	LCH Limited		
<b>Trading Hours</b>	Sunday to Friday 9:00 PM - 5:00 PM (ET) daily		
<b>Quotation Display &amp; Value</b>	Points and fractions of points with par on the basis of 100 points, 1 point = \$2,000		
<b>Minimum Tick Size</b>	<b>Trade Type</b>	<b>Tick Size</b>	<b>Tick Value</b>
	Outright and calendar spread	1/8 of 1/32 <sup>nd</sup> of a point (0.00390625)	\$7.8125
<b>Accountability Level</b>	7,500 contracts (any one month or all months combined)		
<b>Position Limit</b>	40,000 contracts (spot month only)		
<b>First Intention Day</b>	Second Business Day prior to the first calendar day of the delivery month.		
<b>Last Intention Day</b>	First Business Day of the next following calendar month after contract's named delivery month.		
<b>Settlement Style</b>	Physical settlement. Delivery of a note selected from the basket of approved deliverable U.S. Treasury notes.		
<b>Deliverable Note Standards</b>	U.S. Treasury notes that have an original term to maturity of not more than 5 years and 3 months and a remaining term to maturity of at least 1 year and 9 months from the first day of the Futures delivery month and not more than 2 years from the last day of the Futures delivery month. The delivery invoice amount equals the Futures Settlement Price times a conversion factor, plus accrued interest. The conversion factor is the price of the delivered note (\$1 par value) to yield 6 percent.		
<b>Listed Contracts</b>	The three nearest quarterly months of the March, June, September and December cycle.		
<b>Daily Settlement Price (DSP)</b>	The DSP is determined at 3:00 PM ET.		
<b>Final Settlement Price (FSP)</b>	The FSP will be calculated on the Last Trading Day at 1:01 PM ET and disseminated shortly afterwards.		
<b>Delivery Period</b>	First Business Day of the Contract's delivery month extending to and including the third Business Day of month following the Contract's delivery month.		
<b>Last Trading Day</b>	The last Business Day of the delivery month. On the Last Trading Day, trading in the front delivery month will cease at 1:01 PM ET.		

## **ATTACHMENT B**

### **FMX FUTURES EXCHANGE, L.P. PART A – RULES OF THE FMX DIVISION**

#### **CHAPTER I – DEFINITIONS; INTERPRETATION; AMENDMENTS**

The following terms shall be added or amended, as appropriate, in the appropriate alphabetical order in Chapter I-1 (Defined Terms):

##### **Delivery Day**

The “Delivery Day” is the ensuing third Business Day after the Intention Day, on which transfers are made between the relevant Short Clearing Member and Long Clearing Member through the Exchange in accordance with Chapter V.

##### **First Delivery Day**

The term has the meaning set forth in the relevant section (depending on the type of Contract) of Chapter V.

##### **First Intention Day**

The term has the meaning set forth in the relevant section (depending on the type of Contract) of Chapter V.

##### **First Notice Day**

The term has the meaning set forth in the relevant section (depending on the type of Contract) of Chapter V.

##### **Intention Day**

The “Intention Day” is the day a Short Clearing Member notifies the Exchange that they intend to deliver in accordance with Chapter V.

##### **Last Delivery Day**

The term has the meaning set forth in the relevant section (depending on the type of Contract) of Chapter V.

##### **Last Intention Day**

The term has the meaning set forth in the relevant section (depending on the type of Contract) of Chapter V.

**Last Notice Day**

The term has the meaning set forth in the relevant section (depending on the type of Contract) of Chapter V.

**Long Clearing Member**

The term “Long Clearing Member” means a Clearing Member carrying an account or accounts with long positions in the relevant delivery month.

**Notice Day**

The “Notice Day” is the ensuing second Business Day after the Intention Day, on which the relevant Long Clearing Member is notified that they will be receiving a delivery in accordance with Chapter V.

**Short Clearing Member**

The term “Short Clearing Member” means the Clearing Member making delivery in accordance with the relevant provision of Chapter V.

## CHAPTER V – FMX DIVISION CONTRACTS

### Chapter V Contract Rules

[...]

#### V-2 2-Year U.S. Treasury Note Futures

(a) Scope and underlying

This Rule V-2 governs the trading in 2-Year U.S. Treasury note Futures Contracts. U.S. Treasury notes delivered in fulfillment of this Contract must have fixed principal amounts (*i.e.*, not adjusted for inflation), pay semi-annual coupons in an amount fixed at the time of original issuance, and have been issued by the U.S. Treasury with an original term to maturity of not more than five years and three months and a remaining term to maturity of no less than one year and nine months and not more than two years.

(i) Contracts in the expiring Contract month open after trading has ceased in that month shall be settled by delivery of U.S. Treasury notes by the Clearing Member with the short position to the Clearing Member with a long position in accordance with the delivery process provisions contained in Rule V-2A.

(ii) When calculating term to maturity for purposes of delivery, the beginning of the term is the first day of the delivery month, and the term extends to the final maturity date rounded down to the nearest month or year.

(b) Trading unit

The trading unit in the Contract is \$200,000 face value of 2-year U.S. Treasury notes with identical coupon and maturity date.

(c) Prices

Contracts are priced in terms of 100 points and 32<sup>nd</sup>s of a point, where one-point equals \$2,000. The minimum price fluctuation for Contracts traded pursuant to this Rule is one-eighth of one 32<sup>nd</sup> (\$7.8125).

(d) Daily price limit

The daily price limit shall be one point. In accordance with Rule XI-4 the Exchange may adjust the price limit under extraordinary market conditions.

(e) Contract months traded

The Exchange shall list at least the next three Contract months in the March quarterly cycle at all times.

(f) Hours for trading

Trading in the Contract shall be conducted on each Trading Day from 9:00 p.m. New York City time on the calendar day prior to the Trading Day until 5:00 p.m. New York City time except on the Last Trading Day when trading in the expiring Contract shall cease no later than 1:01 p.m. The Exchange may extend or limit the hours for trading after proper notification to the CFTC and posting the change on its website.

(g) Block Trades

Reserved.

(h) Last Trading Day

The Last Trading Day in an expiring Contract shall be the last Business Day of the Contract month. All Contracts in the expiring month open after trading has ceased must be physically delivered on or before the third Business Day after the Last Trading Day of the Contract month.

(i) Position Accountability

In accordance with Rule XI-3 the Position Accountability level for 2-year U.S. Treasury note Futures is 7,500 contracts in any one month or all months combined.

(j) Position Limit

In accordance with Rule XI-3 the spot month Position Limit for 2-year U.S. Treasury note Futures is 40,000 contracts. The spot month Position Limit is effective on the close of trading ten (10) Business Days prior to the Last Trading Day in the expiring Contract month.

## **V-2A Deliveries on 2-year U.S. Treasury Note Futures**

Notwithstanding any provision to the contrary in this Chapter V, deliveries against 2-year U.S. Treasury note Futures Contracts may occur on any Business Day of the expiring Contract month as well as on the three next Business Days after the Last Trading Day of the Contract month. The Short Clearing Member elects the delivery date by notifying LCH Limited of its intention to deliver. All deliveries are assigned by LCH Limited to Long Clearing Members. All deliveries are concluded through book-entry transfer of securities.

(a) Delivery unit

The 2-year U.S. Treasury note delivered against a Contract shall be of a single issue. Such 2-year U.S. Treasury note shall have been issued with an original term to maturity of no more than five years and three months and shall have no less than one year and nine months and no more than two years remaining term to maturity at the time of delivery. A Short Clearing Member delivering more than one Contract may deliver different issues of 2-year U.S. Treasury notes provided that each Contract unit must be the same issue.

(b) Notifications



(i) Delivery is a three-day process that begins with Intention Day, followed by Notice Day, then followed by the Delivery Day.

(ii) The second Business Day prior to the first Business Day of the Contract month is the “First Intention Day” for deliveries on 2-year U.S. Treasury note Futures Contracts. The following Business Day is “First Notice Day”. The “First Delivery Day” is the first Business Day of the contract delivery month.

(iii) The “Last Intention Day” is the first Business Day of the next following calendar month. “Last Notice Day” and “Last Delivery Day” are the ensuing second and third Business Days, respectively.

(iv) Beginning on the First Notice Day and continuing on each Business Day for the rest of the expiring Contract month, each Clearing Member holding open long positions in the expiring Contract shall inform LCH Limited of the date each open Contract position was established.

(v) A Short Clearing Member may inform LCH Limited of its intention to deliver 2-year U.S. Treasury notes until 7:00 PM Eastern time on any Intention Day. When notifying LCH Limited of its intention to deliver, the Short Clearing Member shall provide all necessary information in the form required by LCH Limited, which will assign intended deliveries to Clearing Members with long open positions.

(vi) The following Business Day, the Notice Day, all Short Clearing Members that intend to deliver must, by 3:00 PM Eastern time or 4:00 PM if the Last Notice Day, provide invoices for the U.S. Treasury notes being delivered. LCH Limited will provide such invoices to the Long Clearing Members assigned deliveries. By 5:00 PM Eastern time on this day, all assigned Long Clearing Members must provide the matched Short Clearing Member a banking notification that includes banking information and such other information as LCH Limited may require to complete timely deliveries against payments for 2-Year U.S. Treasury note Futures.

(c) Invoices

(i) The Short Clearing Member shall prepare an invoice for the converted price of the note to be delivered plus accrued interest payable on that note. The converted price is the daily Settlement Price on the Intention Day, except that when the Intention Day occurs on or after the Last Trading Day the converted price is based on the Final Settlement Price for the expiring Contract month. The conversion factor is the price at which a fixed-rate note that has the specific coupon and remaining term to maturity would yield 6%.

(ii) The invoice shall include the note’s CUSIP number, maturity date, coupon rate and all additional information required by LCH Limited.

(iii) For each lot of one or more Contracts to be delivered by the Short Clearing Member, the invoiced amount shall be rounded to the nearest cent with half cents rounded up to the nearest cent.

(d) Delivery

(i) Delivery shall occur by no later than 2:00 PM Eastern time on the Delivery Day by transfer of book entry securities by the Short Clearing Member to the account of the Long Clearing Member and payment of the invoiced amount by the Long Clearing Member to the Short Clearing Member.

(ii) By 8:30 AM Eastern time on the Delivery Day, the Long Clearing Member shall have made sufficient funds to satisfy the invoice amount available to its bank, directed its bank to accept the deliverable U.S. Treasury notes into its account, and instructed the bank to transfer federal funds to the Short Clearing Member's bank account.

(iii) If the Long Clearing Member disputes any of the terms of the Short Clearing Member's invoice, the Long Clearing Member must inform the Short Clearing Member promptly. Any dispute over invoiced amounts must be settled by 10:30 AM Eastern time on the Delivery Day.

(iv) By 11:00 AM Eastern time on Delivery Day, the Short Clearing Member shall have deposited the deliverable notes in its account at its bank and have instructed its bank to transfer the 2-year U.S. Treasury notes to the Long Clearing Member's bank account. Once the deliverable notes are received in the Long Clearing Member's account, the Long Clearing Member's bank shall transfer the invoiced amount to the Short Clearing Member's account at its bank.

**V-2B Delivery Banks for 2-Year U.S. Treasury Note Futures**

Banks used by Clearing Members to make and take deliveries on 2-year U.S. Treasury note Futures Contracts and to make or receive payments for deliveries in accordance with these Rules shall be commercial banks that have greater than \$100 million in capital and are members of the Federal Reserve System. For purposes of this Rule, capital includes capital, surplus and undivided earnings.

Appendix A  
Conversion Factors

<b>Years to Maturity</b>	<b>2</b>	<b>1-11/12</b>	<b>1-10/12</b>	<b>1-9/12</b>
<b>Cash Coupons</b>				
0.000%	0.8885	0.8929	0.8973	0.9017
0.125%	0.8908	0.8951	0.8994	0.9038
0.250%	0.8931	0.8973	0.9016	0.9058
0.375%	0.8955	0.8996	0.9037	0.9079
0.500%	0.8978	0.9018	0.9058	0.9099
0.625%	0.9001	0.9040	0.9080	0.9119
0.750%	0.9024	0.9063	0.9101	0.9140
0.875%	0.9047	0.9085	0.9122	0.9160
1.000%	0.9071	0.9107	0.9144	0.9181
1.125%	0.9094	0.9129	0.9165	0.9201
1.250%	0.9117	0.9152	0.9187	0.9222
1.375%	0.9140	0.9174	0.9208	0.9242
1.500%	0.9164	0.9196	0.9229	0.9263
1.625%	0.9187	0.9219	0.9251	0.9283
1.750%	0.9210	0.9241	0.9272	0.9303
1.875%	0.9233	0.9263	0.9294	0.9324
2.000%	0.9257	0.9286	0.9315	0.9344
2.125%	0.9280	0.9308	0.9336	0.9365
2.250%	0.9303	0.9330	0.9358	0.9385
2.375%	0.9326	0.9353	0.9379	0.9406
2.500%	0.9350	0.9375	0.9400	0.9426
2.625%	0.9373	0.9397	0.9422	0.9447
2.750%	0.9396	0.9419	0.9443	0.9467
2.875%	0.9419	0.9442	0.9465	0.9488
3.000%	0.9442	0.9464	0.9486	0.9508
3.125%	0.9466	0.9486	0.9507	0.9528
3.250%	0.9489	0.9509	0.9529	0.9549
3.375%	0.9512	0.9531	0.9550	0.9569
3.500%	0.9535	0.9553	0.9571	0.9590
3.625%	0.9559	0.9576	0.9593	0.9610
3.750%	0.9582	0.9598	0.9614	0.9631
3.875%	0.9605	0.9620	0.9636	0.9651
4.000%	0.9628	0.9643	0.9657	0.9672
4.125%	0.9652	0.9665	0.9678	0.9692
4.250%	0.9675	0.9687	0.9700	0.9713
4.375%	0.9698	0.9709	0.9721	0.9733
4.500%	0.9721	0.9732	0.9742	0.9753
4.625%	0.9744	0.9754	0.9764	0.9774

4.750%	0.9768	0.9776	0.9785	0.9794
4.875%	0.9791	0.9799	0.9807	0.9815
5.000%	0.9814	0.9821	0.9828	0.9835
5.125%	0.9837	0.9843	0.9849	0.9856
5.250%	0.9861	0.9866	0.9871	0.9876
5.375%	0.9884	0.9888	0.9892	0.9897
5.500%	0.9907	0.9910	0.9914	0.9917
5.625%	0.9930	0.9932	0.9935	0.9938
5.750%	0.9954	0.9955	0.9956	0.9958
5.875%	0.9977	0.9977	0.9978	0.9978
6.000%	1.0000	0.9999	0.9999	0.9999
6.125%	1.0023	1.0022	1.0020	1.0019
6.250%	1.0046	1.0044	1.0042	1.0040
6.375%	1.0070	1.0066	1.0063	1.0060
6.500%	1.0093	1.0089	1.0085	1.0081
6.625%	1.0116	1.0111	1.0106	1.0101
6.750%	1.0139	1.0133	1.0127	1.0122
6.875%	1.0163	1.0156	1.0149	1.0142
7.000%	1.0186	1.0178	1.0170	1.0163
7.125%	1.0209	1.0200	1.0191	1.0183
7.250%	1.0232	1.0222	1.0213	1.0203
7.375%	1.0256	1.0245	1.0234	1.0224
7.500%	1.0279	1.0267	1.0256	1.0244
7.625%	1.0302	1.0289	1.0277	1.0265
7.750%	1.0325	1.0312	1.0298	1.0285
7.875%	1.0348	1.0334	1.0320	1.0306
8.000%	1.0372	1.0356	1.0341	1.0326
8.125%	1.0395	1.0379	1.0362	1.0347
8.250%	1.0418	1.0401	1.0384	1.0367
8.375%	1.0441	1.0423	1.0405	1.0387
8.500%	1.0465	1.0445	1.0427	1.0408
8.625%	1.0488	1.0468	1.0448	1.0428
8.750%	1.0511	1.0490	1.0469	1.0449
8.875%	1.0534	1.0512	1.0491	1.0469
9.000%	1.0558	1.0535	1.0512	1.0490
9.125%	1.0581	1.0557	1.0533	1.0510
9.250%	1.0604	1.0579	1.0555	1.0531
9.375%	1.0627	1.0602	1.0576	1.0551
9.500%	1.0650	1.0624	1.0598	1.0572
9.625%	1.0674	1.0646	1.0619	1.0592
9.750%	1.0697	1.0669	1.0640	1.0612
9.875%	1.0720	1.0691	1.0662	1.0633
10.000%	1.0743	1.0713	1.0683	1.0653
10.125%	1.0767	1.0735	1.0705	1.0674

10.250%	1.0790	1.0758	1.0726	1.0694
10.375%	1.0813	1.0780	1.0747	1.0715
10.500%	1.0836	1.0802	1.0769	1.0735
10.625%	1.0860	1.0825	1.0790	1.0756
10.750%	1.0883	1.0847	1.0811	1.0776
10.875%	1.0906	1.0869	1.0833	1.0797
11.000%	1.0929	1.0892	1.0854	1.0817
11.125%	1.0953	1.0914	1.0876	1.0837
11.250%	1.0976	1.0936	1.0897	1.0858
11.375%	1.0999	1.0958	1.0918	1.0878
11.500%	1.1022	1.0981	1.0940	1.0899
11.625%	1.1045	1.1003	1.0961	1.0919
11.750%	1.1069	1.1025	1.0982	1.0940
11.875%	1.1092	1.1048	1.1004	1.0960
12.000%	1.1115	1.1070	1.1025	1.0981