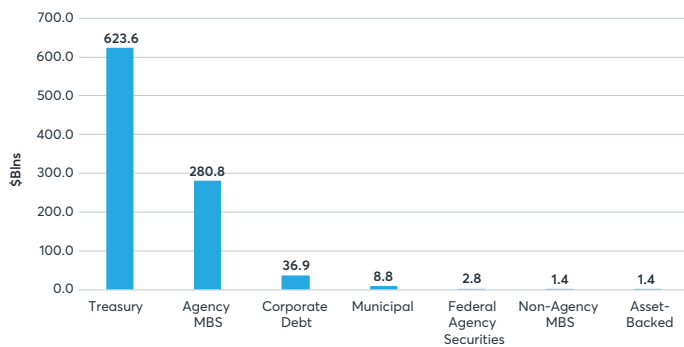


# 30-Year UMBS TBA Futures

Hedge U.S. mortgage risk with the capital efficiency of an exchange-traded, centrally cleared, and globally accessible liquidity pool.

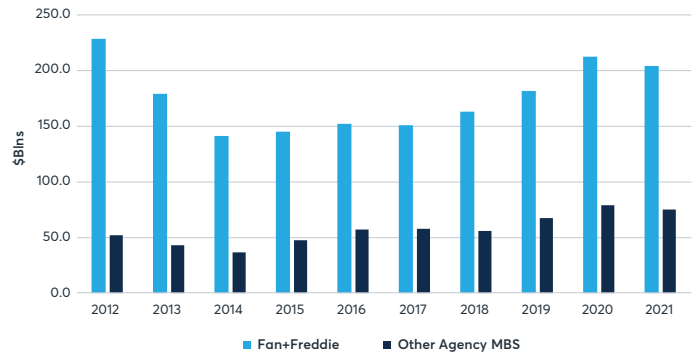
Agency MBS products account for 30% of fixed income volume and Fannie and Freddie TBAs account for over 70% of agency MBS.

Daily Volumes of UMBS TBAs and All Other Agency MBS Markets, 2012-2021



Sources: Federal Reserve Bank of New York, FINRA TRACE, Municipal Securities Realmaking Board

Daily Volumes of UMBS TBAs and All Other Agency MBS Markets, 2012-2021



Sources: FINRA TRACE, NY Fed

## TBA futures at a glance

Physically delivered monthly futures on 30-Year Uniform Mortgage-Backed Securities (UMBS) TBAs are fulfilled by delivery of TBAs cleared by FICC’s Mortgage-Backed Securities Division, a subsidiary of DTCC.

- The futures represent 30-year residential mortgages pooled into UMBS products backed by Fannie Mae and Freddie Mac.
- For each delivery month, futures are listed for delivery on specified active mortgage coupon rates, currently these are 2.0%, 2.5%, 3%, 3.5%, 4%, 4.5%, and 5%.
  - Futures on 5.5% and 6% mortgage coupon rates coming December 12, 2022\*

\*Pending regulatory review

## Key features

### TRANSPARENT PRICE DISCOVERY

Source liquidity and price discovery via an equal access, transparent order book.

### EFFICIENT TBA EXPOSURE

Gain exposure to the TBA market with the efficiency, 24-hour trading, and safety of a standardized futures contract.

### NEW SPREADING OPPORTUNITIES

Inter-commodity spreads vs. Treasury futures offer new spreading opportunities while assisting with liquidity development.

### MARGIN EFFICIENCIES

Multilateral netting and up to 50% margin offsets vs. Treasury futures.

## Contract specifications

PRODUCT NAME	30-YEAR UMBS TBA FUTURES
DELIVERABLE GRADE ISSUERS	Fannie Mae and Freddie Mac
DELIVERABLE MORTGAGE TERM	30-Year
DELIVERABLE GRADE COUPONS	For a given Delivery Month, futures are listed by the Exchange for delivery of each of a small number of specified active (current production) mortgage coupon rates (e.g., 2.0%, 2.5%, 3.0%, 3.5%, 4.0%, 4.5%, 5.0%). Each Coupon Rate will be listed as separate product with a unique product code.
DELIVERABLE GRADE AND SIZE	\$100K face value of MBS D-cleared 30-year UMBS TBA at a given coupon rate. Deliveries must be made in 10 contract increments with combined deliveries of \$1 million face value of MBS D-cleared 30-year UMBS TBA at a given coupon rate. Non-deliverable positions of less than 10 contracts will be cash-settled at expiration.
QUALIFICATION FOR PHYSICAL DELIVERY	10 contract increments
PRICE	Par is on basis of 100 points. Each point = \$1,000 per contract.
MINIMUM PRICE INCREMENT	1/4 of 1/32nd of one point (\$7.8125 per contract). 1/8 of 1/32nd for intra-market calendar spreads (\$3.90625 per calendar spread), with block trades eligible for 1/16th of 1/32nd
LISTED DELIVERY MONTHS	Nearest three calendar months at any given time
LAST TRADING DAY (LTD)	For a given Delivery Month, 3 Exchange business days before SIFMA TBA Notification Day. Expiring contract ceases trading at 2pm Chicago time (CT).
DELIVERY DAY	Business day following Last Trading Day
SETTLEMENT/DELIVERY	Assignment of an expiring MBS D-cleared TBA for the contract-grade mortgage coupon rate. After termination of trading, CME Clearing assigns 10 open long futures positions as buyer, and 10 open short positions as seller, of contract-grade TBA.  By 5:00 p.m. Chicago time on LTD, CME Clearing notifies clearing member firms carrying open positions in expiring futures of accounts holding long positions in expiring contracts who are assigned to become TBA buyers from accounts holding short positions in expiring contracts. CME Clearing makes delivery assignments directly to accounts of expiring long and short positions matched during futures delivery process.
BLOCK MINIMUM	RTH-100; ETH-50; ATH-25; Reporting Window RTH/ETH/ATH - 15 minutes

To learn more, visit [cmegroup.com/tba](https://cmegroup.com/tba)

[cmegroup.com](https://cmegroup.com)

Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments and, because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for either a futures or swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because traders cannot expect to profit on every trade.

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