

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-369 (2 of 2)

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): September 10, 2015 Filing Description: Initial Listing of 7-Year US Dollar Interest Rate Swap Futures and 20-Year US Dollar Interest Rate Swap 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 checked="" 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     |

Official Product Name: See filing.

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

- |                          |   |                      |
|--------------------------|---|----------------------|
| <input 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:

Rule Numbers:

September 10, 2015

**VIA ELECTRONIC PORTAL**

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

**Re: CFTC Regulation 40.2(a) Notification Regarding the Initial Listing of 7-Year US Dollar Interest Rate Swap Futures and 20-Year US Dollar Interest Rate Swap Futures Contracts. CBOT Submission No. 15-369 (2 of 2)**

Dear Mr. Kirkpatrick:

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") hereby notifies the Commodity Futures Trading Commission ("CFTC") that it is self-certifying terms and conditions for 7-Year US Dollar Interest Rate Swap Futures ("7-Year USD IRS") and 20-Year US Dollar Interest Rate Swap Futures ("20-Year USD IRS"), to be listed for trading on the CME Globex electronic trading platform and for submission for clearing on CME ClearPort on Sunday, September 27, 2015 for first trade date of Monday, September 28, 2015. In what follows:

Section 1 summarizes contract terms and conditions.

Section 2 discusses the physical delivery process for expiring contracts.

Section 3 concerns the applicable standards for block trading.

Section 4 addresses compliance with pertinent core principles for designated contract markets as set forth in the Commodity Exchange Act ("Act" or "CEA").

Appendix A presents CBOT Rulebook chapters for 7-Year US Dollar Interest Rate Swap futures and 20-Year USD IRS futures.

Appendix B details enabling amendments to CBOT Rulebook Chapter 5, the Globex Non-Reviewable Trading Ranges Table, pursuant to CBOT Rule 588.H., and the Special Price Fluctuation Limits Table, pursuant to CBOT Rule 589.

Appendix C (attached under separate cover) details amendments to Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook.

## Section 1 -- Contract Specifications: 7-Year US Dollar Interest Rate Swap Futures and 20-Year US Dollar Interest Rate Swap Futures

<b>Trading Unit</b>	An interest rate swap (IRS), cleared by CME Clearing, with notional principal equal to \$100,000 and tenor equal to Reference Tenor, that exchanges semiannual fixed interest payments at a rate per annum equal to Contract Fixed Rate for quarterly floating interest rate payments based on the 3-month London interbank offered rate.	
<b>Reference Tenors</b>	7-Year or 20-Year	
<b>Delivery Months</b>	March Quarterly cycle (March, June, September, December)	
<b>Contract Fixed Rate</b>	Set by the Exchange when a futures contract is listed for trading, as a rate per annum with 30/360 day count fraction, at an integer multiple of 25 basis points per annum.	
<b>Price Basis</b>	Prices are made in terms of price points: 100 points plus net present value (NPV) of IRS that meets Delivery Standard, where NPV is present value of IRS fixed-rate payments minus present value of IRS floating-rate payments as of 3 <sup>rd</sup> Wednesday of Delivery Month. Par is on the basis of 100 points.	
<b>Contract Size</b>	\$1,000 per point (\$100,000 per contract)	
<b>Minimum Price Increment</b>	<i>Reference Tenor</i>	<i>Minimum Price Increment</i>
	20-Year	1/32 <sup>nd</sup> point (\$31.25 per contract)
	7-Year	½ of 1/32 <sup>nd</sup> point (\$15.625 per contract)
<b>Last Trading Day</b>	2 <sup>nd</sup> London business day before 3 <sup>rd</sup> Wednesday of futures Delivery Month	
<b>Delivery Day</b>	3 <sup>rd</sup> Wednesday of Delivery Month	
<b>Delivery Standard</b>	IRS cleared by CME Clearing House, with the following elections --	
	<i>Fixed Rate Payer</i>	Short futures position holder making delivery
	<i>Floating Rate Payer</i>	Long futures position holder taking delivery
	<i>IRS Effective Date</i>	3 <sup>rd</sup> Wednesday of Delivery Month = Futures Delivery Day
	<i>Currency</i>	USD
	<i>Notional Amount</i>	Futures Contract Size = \$1,000 per point (\$100,000 per futures contract)
	<i>Business Day(s)</i>	New York and London
	<i>Business Day Convention</i>	Modified Following
	<i>Termination Date</i>	Anniversary of IRS Effective Date at futures Reference Tenor
	<i>Fixed Rate Payment Dates</i>	Semiannually, from IRS Effective Date
	<i>Fixed Rate</i>	Contract Fixed Rate
	<i>Fixed Rate Day Count</i>	30/360
	<i>Floating Rate Paymt Dates</i>	Quarterly, from IRS Effective Date
	<i>Floating Rate Option</i>	USD-LIBOR-BBA
	<i>Designated Maturity</i>	3 Month
	<i>Spread</i>	None
	<i>Floating Rate Day Count</i>	Actual/360
	<i>Compounding</i>	None
<b>Delivery Method</b>	Physical delivery of IRS that meets Delivery Standard. Clearing Acceptance Date and Clearing Effective Date = First CME Clearing Business Day preceding 3 <sup>rd</sup> Wednesday of Delivery Month.	
	Delivery invoice price = IRS Initial Payment Amount, as determined by contract final settlement price, P:	
	If $100 < P$ , then IRS Floating Rate Payer pays, and IRS Fixed Rate Payer receives, $\$1,000 \times (P - 100)$ per contract, rounded to nearest penny.	
	If $P \leq 100$ , then IRS Fixed Rate Payer pays, and IRS Floating Rate Payer receives, $\$1,000 \times (100 - P)$ per contract, rounded to nearest penny.	

<b>Delivery Eligibility</b>	To participate in physical delivery, a futures position holder must be an Eligible Contract Participant (17 CFR 1.3(m) and CME Rule 90005.C.) and must be registered with CME by a CME IRS Clearing Member as an IRS Participant (CME Rules 90005.A. and 90005.B.).		
<b>Position Accountability</b>	5,000+ contracts		
<b>Reportable Positions</b>	1+ contracts		
<b>Block Trade Minimum Size Thresholds and Reporting Requirements</b>	20-Year	500 contracts	
	7-Year	1,250 contracts	
<b>Trading Hours and Venue</b>	CME Globex: 5pm to 4pm Chicago Time (CT), Sun-Fri. Block trades may be submitted for clearing via CME ClearPort: 5pm to 4pm CT, Sun-Fri		
	Trading in expiring futures terminates at 2pm CT on Last Trading Day.		
	USD Interest Rate Swap futures will trade on, and according to the rules of, CBOT.		
<b>Globex Trade Matching Algorithm</b>	K: Split FIFO/Pro-Rata, with 100% FIFO Allocation.		
<b>Ticker Symbols</b>		<b>Initial Contract Fixed Rate</b>	<b>Secondary Contract Fixed Rate</b>
	<b>20-Year</b>	E1U	E2U
	<b>7-Year</b>	S1U	S2U

## Section 2 -- The Physical Delivery Process

### Delivery Standard

For a futures contract for a given delivery month, the fixed rate for the interest rate swap that serves as the contract's deliverable grade is fixed by the Exchange when the futures contract is initially listed for trading. This fixed rate remains constant at this value throughout the life of the futures contract, from initial listing through termination of trading.

Each such deliverable-grade interest rate swap exchanges semiannual interest payments at the respective fixed rate set by the Exchange, for quarterly floating interest rate payments based on the 3-month London interbank offered rate as reflected in 3-month ICE LIBOR. At delivery the futures buyer becomes the floating-rate payer (fixed-rate receiver) in the interest rate swap, and the futures seller becomes the fixed-rate payer (floating-rate receiver).

### Contract price

As with the Exchange's extant listings of US Dollar Interest Rate Swap futures, the new futures products certified herein will be quoted in points and fractions of points, with par equal to 100 points. For a futures contract for a given delivery month, price is quoted as 100 plus the net present value (NPV) of the futures contract's deliverable-grade interest rate swap as of the futures delivery day (ie, 3<sup>rd</sup> Wednesday of futures contract delivery month). NPV is the present value of the delivered interest rate swap's fixed-rate payments minus the present value of its floating rate payments.

**20-Year USD IRS:** Minimum price increment is 1/32<sup>nd</sup> of one point. Eg, 98-08 (98 and 8/32<sup>nds</sup> or 98.25), 98-09 (98 and 9/32<sup>nds</sup> or 98.28125), 98-10 (98 and 10/32<sup>nds</sup> or 98.3125).

**7-Year USD IRS:** Minimum price increment is ½ of 1/32<sup>nd</sup> of one point. Eg, 98-080 (98 and 8/32<sup>nds</sup> or 98.25), 98-085 (98 and 8.5/32<sup>nds</sup> or 98.265625), 98-090 (98 and 9/32<sup>nds</sup> or 98.28125).

If the futures contract is priced at or very close to 100, then market participants effectively view the contract's deliverable-grade interest rate swap as a par swap, in the sense that the present discounted value of the swap's fixed-rate interest payments is equal to the present discounted value of the swap's floating-interest payments. If futures price is at a discount from par, eg, 98-16 (98 and 16/32nds, or 98.50), then market participants view the contract fixed rate as below par. Conversely, if the futures contract is priced at a premium, eg, 102-18 (102 and 18/32nds, or 102.5625), then market participants regard the contract fixed rate as above par.

### **Delivery Invoice Price**

...takes the form of an initial payment upon delivery of the contract-grade interest rate swap, where the payment amount is determined by the difference between the futures contract final settlement price and par.

*Example:* Suppose 20-Year USD IRS futures expire at a final settlement price of 107-200 (or 107.625 points). In effect, market participants reckon the present value of fixed-rate payments that the contract's deliverable-grade interest rate swap will make over the coming 20 years exceeds the expected present value of the swap's floating-rate payments by an amount with present-discounted value equal to \$7,625 for every \$100,000 of swap notional principal --

$$\$7,625 = (\$1,000 \text{ per price point}) \times (107.625 \text{ points minus } 100 \text{ points})$$

Two business days later, on the 3<sup>rd</sup> Wednesday of the futures delivery month, each long position holder in the expired futures pays a delivery invoice amount of \$7,625 per contract to become the floating-rate payer (fixed-rate receiver) on a new 20-year interest rate swap in the amount of \$100,000 notional per contract. Each short position holder in the expired futures receives an Initial Payment Amount of \$7,625 as the fixed-rate payer (floating-rate receiver).

### **Restrictions on Making or Taking Physical Delivery**

Participation in the physical delivery process is limited to market participants who meet two criteria. First, each must be an Eligible Contract Participant ("ECP") as that term is defined in Section 1a of the Act. Second, an account that is assigned to deliver or to accept delivery on an expiring futures contract must be registered with the Exchange as an IRS Participant, by a duly recognized CME IRS Clearing Member. Only CME IRS Clearing Members may carry accounts to delivery.

### **Schedule for Physical Delivery on Expiring Contracts**

Termination of trading in an expiring 7-Year USD IRS futures contract or 20-Year USD IRS futures contract occurs at 2pm Chicago time typically on the Monday before the 3<sup>rd</sup> ("IMM") Wednesday of the contract delivery month. To establish intent to take a futures contract position to delivery, a market participant has only to hold the position through termination of trading in the contract.

The following day – typically Tuesday before IMM Wednesday -- the Clearing House accepts for clearing the interest rate swaps that are to be delivered. Specifically, the Clearing House becomes the fixed rate payer to (and the floating rate receiver from) each long contract holder taking delivery. Simultaneously, the Clearing House becomes the floating rate payer to (and the fixed rate receiver from) each short contract holder making delivery.

The day thereafter – typically IMM Wednesday – is the delivery day for the expiring contract. It is also the effective date for the interest rate swaps that have been delivered or accepted in delivery. It is also the point at which any initial payments entailed in delivery on the expired futures contract must be made to, or accepted from, the Clearing House.

### **Integrity of the Delivery Process**

Several features of the physical delivery process warrant remark. First, at no point is there an event that would be considered an execution of an interest rate swap transaction. The buyers and sellers of any interest rate swaps delivered in fulfillment of an expiring futures contract never face each other as interest rate swap transactors. They deal with each other only as buyers and sellers of futures.

Second, unlike physical delivery process for other CBOT futures contract listings, such as Treasury Note or Bond futures or grain futures, there is no need for the Clearing House to assign a clearing member carrying short interest to make delivery to a clearing member carrying long interest. For an expiring US Dollar Interest Rate Swap futures contract, the Clearing House interposes itself directly as the central counterparty in the delivery – the buyer to the seller, and the seller to the buyer – at the point that the contract-grade interest rate swap is delivered.

Third, the contractual terms of interest rate swaps delivered in fulfillment of an expiring futures contract are determined by activities governed by rules and regulations that apply to listing, trading, or settlement of futures. For example, the fixed rate of the interest rate swap that made in delivery is determined by the futures contract fixed rate, which is set by the Exchange as one of the terms of the futures contract. Similarly, any initial payment due upon delivery of the interest rate swap is determined by the futures contract final settlement price, which in turn is determined via centralized and competitive trading of the futures contract in the CBOT designated contract market.

Fourth, an expiring futures contract is at all times margined and guaranteed by CME Clearing as a futures contract, ie, a Base Guaranty Fund Product subject to the Clearing House financial safeguards provided by the General Guaranty Fund (CBOT Rule 802.A.). By contrast, the interest rate swap delivered in fulfillment of the futures contract is margined and guaranteed by CME Clearing as an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund (CME Rule 8G07.).

## **Section 3 – Block Trading Standards**

Block trade thresholds for outright transactions in 7-Year USD IRS futures and 20-Year USD IRS futures (displayed in Exhibits 1 and 2) will comport with the scale of OTC IRS transactions that are generally accepted as being abnormally large,<sup>1</sup> and with block trade thresholds applicable to USD IRS futures products currently listed for trading. Similarly, block trade thresholds for intra-commodity calendar spreads will accord with those that apply to extant USD IRS futures. That is, an intra-commodity spread or combination in a given USD IRS futures product may be executed as a block trade, provided that the sum of the quantities of the legs of such spread or combination is at least as large as the minimum size threshold for an outright block trade in such futures product.

### **Exhibit 1 -- USD Interest Rate Swap Futures: Minimum Size Thresholds for Block Trades**

Futures Contract Reference Tenor	Minimum Block Trade Threshold
<i>Outrights</i>	<i>Number of Contracts per Block Trade</i>
20-Year	500
7-Year	1,250
<i>Calendar Spreads</i>	<i>Number of Spreads per Block Trade</i>
20-Year	500 (eg, 250 contracts per leg)

<sup>1</sup> Specifically, the notional amounts represented by all outright minimum block trade thresholds lie between the 75<sup>th</sup> and 90<sup>th</sup> percentiles of empirical distributions of IRS transaction sizes, sorted by IRS tenor, that Commodity Futures Trading Commission presents in "Table 2—Notional Amounts of Interest Rate Swap Data Set Organized by Product type, Currency, Floating Index, and Tenor", Federal Register, Vol 77, No 51, pg 15470, Thursday, 15 March 2012.

7-Year	1,250 (eg, 625 contracts per leg)
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Inter-commodity futures spreads or combinations, excluding those composed only of USD IRS futures, may be executed as block trades, provided that each leg of the spread or combination meets the minimum threshold requirement for the respective underlying futures contract. For instance, the minimum block trade thresholds for 10-Year Treasury Note futures during regular trading hours and 7-Year USD IRS futures are, respectively, 5,000 contracts and 1,250 contracts. An inter-commodity spread between these two futures can be executed as a block trade, therefore, only if the quantity of the 10-Year Treasury Note futures leg is at least 5,000 contracts and the quantity of the 7-Year USD IRS futures leg is at least 1,250 contracts. For inter-commodity futures spreads or combinations composed only of USD IRS futures, such spreads or combinations may be executed as block trades provided that the sum of the legs meets the largest minimum size threshold among the component contracts. For example, the minimum block trade thresholds for 2-Year USD IRS futures and 7-Year USD IRS futures are, respectively, 3,000 and 1,250 contracts. Thus, an inter-commodity spread between these two futures products may be executed as a block trade only if the sum of the quantities of the legs is at least 3,000 contracts.

**Exhibit 2 -- Amendments to Section 4., Block-Eligible Products, CME Group RA1510-5**  
(Additions are shown in **bold underline** font.)

CBOT Products	Futures	Options
...	...	...
2-Year DSF	3,000 contracts	Not available
5-Year DSF	1,500 contracts	Not available
7-Year DSF	<b>1,250 contracts</b>	Not available
10-Year DSF	1,000 contracts	Not available
20-Year DSF	<b>500 contracts</b>	Not available
30-Year DSF	500 contracts	Not available
...	...	...

## Section 4 -- Compliance with Core Principles

The Exchange has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Act and has identified that the new product terms and conditions certified herein may bear upon the following Core Principles:

### **Core Principle 2 – Compliance with Rules**

Trading in the contracts certified herein shall be subject to CBOT Rulebook Chapter 4, which includes prohibitions against fraudulent, noncompetitive, unfair, and abusive practices. Additionally, trading in these contracts shall be subject to the Exchange’s trade practice rules, the majority of which are contained in Chapter 5 and Chapter 8 of the Rulebook. Trading activity in these contracts shall be subject to monitoring and surveillance by the Exchange’s Market Regulation Department, which has the authority to exercise its investigatory and enforcement power where potential rule violations are identified.

### **Core Principle 3 – Contracts Not Readily Subject to Manipulation**

CME Clearing has the capability, in principle, to interpose itself as the counterparty in as many contract-grade interest rate swaps as may be needed to fulfill delivery on expiring USD IRS futures contracts as may be taken to delivery. Because there is no physical limitation upon the available supply of an expiring futures contract’s deliverable commodity, there is no basis on which a would-be wrongdoer would be able to manipulate or squeeze or congest a futures contract final settlement, or attempt to do so.

#### ***Core Principle 4 – Prevention of Market Disruption***

Trading in contracts certified herein shall be subject to CBOT Rulebook Chapters 4 and 7, which include prohibitions on manipulation, price distortion, and disruption to the expiration and assignment process. As with any new product listed for trading on a CME Group designated contract market, trading activity in the contracts certified herein shall be subject to monitoring and surveillance by the Exchange's Market Regulation Department.

#### ***Core Principle 5 – Position Limits or Accountability***

Position accountability thresholds for these futures contracts shall be set at 5,000 contracts, similar to those that apply to extant CBOT Interest Rate Swap futures. In view of the requirement that a futures position holder must be an Eligible Contract Participant and a duly registered CME IRS Participant in order to participate in physical delivery on expiring contracts, USD IRS futures shall be subject to a 1-contract reportable position threshold.

#### ***Core Principle 7 – Availability of General Information***

The Exchange shall disseminate a Special Executive Report ("SER") that sets forth information in regard to specifications, terms, and conditions of the new futures products certified herein. In addition to such SER, daily trading volume, open interest, and price information for such futures contracts shall be published on the Exchange's website.

#### ***Core Principle 8 – Daily Publication of Trading Information***

The Exchange shall publish contract trading volumes, open interest levels, and price information daily on its website and through quote vendors.

#### ***Core Principle 9 – Execution of Transactions***

Contracts certified herein shall be listed for trading on CME Globex, which provides for efficient, competitive, and open execution of transactions. Additionally, CME Globex affords the benefits of reliability and global connectivity.

#### ***Core Principle 10 – Trade Information***

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

#### ***Core Principle 11 – Financial Integrity of Transactions***

Contracts certified herein shall be cleared by CME Clearing, which is registered with the Commission as a derivatives clearing organization, and which is subject to all CFTC regulations related thereto.

#### ***Core Principle 12 – Protection of Markets and Market Participants***

CBOT Rulebook Chapters 4 and 5 set forth multiple strictures that preclude intermediaries from disadvantaging their customers. These Rules apply to trading in all of the Exchange's competitive trading venues and will apply to transactions in the contracts certified herein.

#### ***Core Principle 13 – Disciplinary Procedures***

CBOT Rulebook Chapter 4 provides for the Exchange to discipline, suspend, or expel members or market participants who violate the rules of the Exchange. Trading in the new futures products certified herein shall be subject to these provisions. The Exchange's Market Regulation Department has the authority to exercise its powers of enforcement, in the event that rule violations in these products are identified.

#### ***Core Principle 14 – Dispute Resolution***

Disputes in respect of any new futures product certified herein shall be subject to the arbitration provisions set forth in CBOT Rulebook Chapter 6, which allow all nonmembers to submit to arbitration claims for financial loss resulting from transactions on the Exchange. Pursuant to these provisions, any member named as a respondent in any such claim submitted by a nonmember is required to participate



in arbitration proceedings. Additionally, the Exchange requires members to resolve via arbitration all disputes concerning transactions on the Exchange.

The Exchange certifies that the new futures products certified herein comply with the Act including all regulations thereunder. 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 (212) 299-2200 or [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A CBOT Rulebook Chapters 59 and 60  
Appendix B Amendments to CBOT Rulebook Chapter 5  
Appendix C Amendments to Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CBOT Rulebook (attached under separate cover)

# **Appendix A**

## **CBOT Rulebook Chapters 59 and 60**

### **Chapter 59**

#### **7-Year US Dollar Interest Rate Swap Futures**

#### **59100. SCOPE OF CHAPTER**

This chapter is limited in application to trading of 7-Year US Dollar Interest Rate Swap (“USD IRS”) futures. The procedures for trading, clearing, delivery, and settlement, and any other matters not specifically covered herein, shall be governed by the general rules of the Exchange (“Rules”).

Capitalized terms in this Chapter that are not otherwise defined in this Chapter shall have the meanings given to such terms in the other Chapters of the Rules. Capitalized terms in this Chapter that are not otherwise defined in either this Chapter or the other Chapters of the Rules shall have the meanings set forth in the ISDA Definitions (Chicago Mercantile Exchange (“CME”) Rule 90002.N.).

All times referenced in this chapter are Chicago times and are subject to change by the Exchange.

#### **59101. CONTRACT SPECIFICATIONS**

##### **59101.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 59104., 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 59104., 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 59102. and 59103.A.).  |
| 4. Currency:                  | US dollars (CME Rule 90102.B.).   |
| 5. Notional Amount:           | \$100,000.  |
| 6. Business Day(s):           | New York and London.  |
| 7. Business Day Convention:   | Modified Following.   |
| 8. Termination Date:          | Seventh (7th) anniversary of IRS Effective Date. (CBOT Rule 59101.A.3.).  |
| 9. Initial Payment Amount:    | See CBOT Rule 59101.B.  |
| 10. Initial Amount Payer:     | See CBOT Rule 59101.B.  |
| 11. Fixed Rate Payment Dates: | Semiannually from IRS Effective Date (CBOT Rule 59101.A.3.) subject to CBOT Rules 59101.A.6. and 59101.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 is initially listed for trading (CBOT Rule 59102.).  |
| 13. Fixed Rate Day Count:     | 30/360.   |

- |                                  |  |
|----------------------------------|--|
| 14. Floating Rate Payment Dates: | Quarterly from IRS Effective Date (CBOT Rule 59101.A.3.) subject to CBOT Rules 59101.A.6. and 59101.A.7. |
| 15. Floating Rate Option:        | USD-LIBOR-BBA (CME Rule 90102.E.1.).   |
| 16. Designated Maturity:         | Three (3) months.  |
| 17. Floating Rate Day Count:     | Actual/360.  |
| 18. Spread:                      | None.  |
| 19. Compounding:                 | None.  |

### **59101.B. Physical Delivery**

Each individual futures contract lot that is delivered shall be an IRS Contract (CME Rule 90002.J.) that meets Contract Grade (CBOT Rule 59101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract (CBOT Rules 59104.), the IRS Initial Payment Amount (CBOT Rule 59101.A.9.) due upon delivery (CBOT Rule 59103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 59101.A.10.), shall be determined as follows:

Define  $P$  as the Final Settlement Price (CBOT Rule 812.) of an expiring futures contract, as determined by the Exchange at such contract's Termination of Trading (CBOT Rule 59102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (Rule 59102.C.).

1. If  $P$  is greater than 100 points, then the long IRS Clearing Member taking delivery shall pay to the Clearing House, and the short IRS Clearing Member making delivery shall receive from the Clearing House, an Initial Payment Amount equal to:

$(\$1,000 \text{ per point}) \times (P \text{ points minus } 100 \text{ points}) \text{ per contract.}$

2. Else, if  $P$  is less than or equal to 100 points, then the short IRS Clearing Member making delivery shall pay to the Clearing House, and the long IRS Clearing Member taking delivery shall receive from the Clearing House, an Initial Payment Amount equal to:

$(\$1,000 \text{ per point}) \times (100 \text{ points minus } P \text{ points}) \text{ per contract.}$

3. For each individual contract lot that is delivered, such Initial Payment Amount shall be rounded to the nearest cent, with half-cents rounded up to the nearest cent.

*Example:* For a hypothetical expiring futures contract, assume the final settlement price  $P$  is 100-205 (ie, 100 and 20.5/32nds or 100.640625 points). On the third Wednesday of the contract Delivery Month the holder of a long futures position taking delivery (the Floating Rate Payer in the delivered IRS Contract) shall pay to the Clearing House an Initial Payment Amount of \$640.63 per contract, equal to  $(\$1,000 \text{ per point}) \times (100.640625 \text{ points minus } 100 \text{ points})$ , or \$640.625 (CBOT Rule 59101.B.1.) rounded up to the nearest penny (CBOT Rule 59101.B.3.). Conversely, the holder of a short futures position making delivery (the Fixed Rate Payer in the delivered IRS Contract) shall receive from the Clearing House an Initial Payment Amount of \$640.63 per contract.

### **59102. TRADING SPECIFICATIONS**

The number of contract delivery months open for trading at a given time shall be determined by the Exchange. Without limitation to the foregoing, the Exchange customarily shall list for trading futures contracts for delivery in at least each of the two nearest months in the March-June-September-December quarterly cycle.

For a given futures contract for a given delivery month, the Exchange shall determine the value of the Fixed Rate that shall standardize the Contract Grade for such futures contract (CBOT Rule 59101.A.12.). The Exchange also shall determine whether, and when, to list for trading any additional futures

contract(s) for such delivery month that are standardized to Fixed Rate value(s) different to the Fixed Rate value of such futures contract.

#### **59102.A. Trading Schedule**

The hours of trading shall be determined by the Exchange. On the last day of trading in an expiring contract (CBOT Rule 59102.F.), the close of the expiring contract shall begin at 1:59 p.m., and trading shall be permitted thereafter for a period not to exceed one minute.

#### **59102.B. Trading Unit**

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 59101.A.) having notional amount of one hundred thousand US dollars (\$100,000) or multiples thereof.

#### **59102.C. Price Increments**

Par shall be on the basis of 100 points, with each point equal to \$1,000 per contract. The minimum price fluctuation shall be one-half of one thirty-second ( $1/2$  of  $1/32$ nd) of one point (equal to \$15.625 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one-quarter of one thirty-second ( $1/4$  of  $1/32$ nd) of one point (equal to \$7.8125 per contract). Contracts shall not be made on any other price basis.

#### **59102.D. Special Price Fluctuation Limits**

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

#### **59102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### **59102.F. Termination of Trading**

Trading in an expiring futures contract shall terminate no later than 2:00 p.m. (CBOT Rule 59102.A.) on the second London business day before the third Wednesday of the contract delivery month.

### **59103. DATE OF DELIVERY**

Subject to CBOT Rules 59104., delivery on an expiring futures contract shall be made by a short IRS Clearing Member, and shall be taken by a long IRS Clearing Member, on the third Wednesday of the futures delivery month (CBOT Rule 59102.).

#### **59103.A. IRS Effective Date**

Such Date of Delivery shall be the Effective Date (CBOT Rule 59101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

#### **59103.B. Acceptance Date and Clearing Effective Date**

The first Clearing Business Day (CME Rule 90002.D.) preceding such Date of Delivery shall be the Acceptance Date (CME Rule 90002.B.) and the Clearing Effective Date (CME Rule 90002.E.) of the IRS Contract to be delivered or accepted for delivery in fulfillment of such expiring futures contract.

## **59104. DELIVERIES ON EXPIRING FUTURES CONTRACTS**

### **59104.A. Requirements for Participation in Delivery**

For an account carried by a clearing member to make or accept delivery on an expiring futures contract, the holder of such account is required to be:

1. an Eligible Contract Participant, as that term is defined in Section 1a(18) of the Commodity Exchange Act (7 USC §1a(18) and 17 CFR 1.3(m)), and
2. either an IRS Clearing Member (CME Rule 90005.A.) or an IRS Participant registered with CME by an IRS Clearing Member (CME Rule 8F009. and CME Rule 90005.B.).

Subject to these requirements and to CBOT Rules 59104.B. and 59104.C., upon Termination of Trading in such expiring futures (CBOT Rule 59102.F.), the holder of each such account that holds a long interest in such futures contract shall be required to accept delivery from the Clearing House of IRS Contracts that meet Contract Grade (CBOT Rule 59101.A.), and the holder of each such account that holds a short interest in such futures contract shall be required to make delivery to the Clearing House of IRS Contracts that meet Contract Grade.

### **59104.B. IRS Product Account Registration**

Any IRS Contract delivered or accepted for delivery in fulfillment of an expiring futures contract must be identified with an IRS Product account number that identifies the holder of such IRS Product account, and that specifies whether such IRS Product account is either (1) a proprietary account of an IRS Clearing Member or (2) held by a customer registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.).

### **59104.C. Clearing Member Obligations in Delivery**

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, as of the termination of trading in an expiring futures contract (CBOT Rule 59102.F.), each clearing member that carries accounts holding long or short interest in such expiring futures contract shall:

1. ensure that the requirements set forth in CBOT Rule 59104.A. are met.
2. in accord with the requirements set forth in CBOT Rule 59104.B., ensure that the holder of each such account has designated (a) the IRS Product account(s) in which the holder shall make or accept any deliveries on expiring futures contracts and (b) the IRS Clearing Member(s) carrying such IRS Product account(s).
3. ensure that any IRS Clearing Member carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 59104.C.2. has been notified of such designation.
4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 59104.C.2. that such IRS Clearing Member shall guarantee and assume complete responsibility for the performance of all delivery requirements in respect of such expiring futures (CBOT Rule 59104.E.).

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 59104.C. so as to procure that delivery shall be made by all such accounts holding short interest and shall be accepted by all such accounts holding long interest.

### **59104.D. Clearing Member Reporting Obligations Prior to Delivery**

Each clearing member that carries accounts holding long or short interest in an expiring futures contract shall report to the Clearing House, on each of the last 5 days of trading in such expiring futures, an accurate inventory of such long and short interest, in such manner and at such times as the Clearing

House may prescribe, provided that such inventory must include, for each account holding long or short interest:

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets, or does not meet, the requirements set forth in CBOT Rule 59104.A.;
3. where such account meets the requirements set forth in CBOT Rule 59104.A., (a) the IRS Product account number, and the IRS Product account origin (house or customer), and the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 59104.C.2., and (b) confirmation that such IRS Clearing Member has been notified as required by CBOT Rule 59104.C.3., and has made such acknowledgements as are required by CBOT Rule 59104.C.4.

#### **59104.E. Notification of IRS Clearing Members in Delivery**

Following the termination of trading in an expiring futures contract (CBOT Rule 59102.F.), the Clearing House shall notify each IRS Clearing Member carrying one or more IRS Product accounts that are required to make or accept delivery in fulfillment of such expiring futures, as designated pursuant to CBOT Rules 59104.C. For each such IRS Clearing Member, such Clearing House notification shall include:

1. identification of IRS Product accounts, carried by such IRS Clearing Member, that are required to accept delivery on long futures positions; the size of each such long futures position; and the identity of the clearing member firm(s) carrying the account(s) in which each such long futures position is held; and /or
2. identification of IRS Product Accounts, carried by such IRS Clearing Member, that are required to make delivery on short futures positions; the size of each such short futures position; and the identity of the clearing member firm(s) carrying the account(s) in which each such short futures position is held.

#### **59104.F. IRS Clearing Member Obligations in Delivery**

In the event that an IRS Clearing Member disputes such notification of delivery on expiring futures as it may receive from the Clearing House, pursuant to CBOT Rule 59104.E., such IRS Clearing Member shall promptly notify the Clearing House, and the dispute must be settled no later than 12:30 p.m. on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of such expiring futures (CBOT Rule 59103.B.),

As of 12:30 p.m. on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of an expiring futures, an IRS Clearing Member who carries an IRS Product account that is required to make or accept delivery on such expiring futures contract (CBOT Rules 59104.A, 59104.B., 59104.C., 59104.D. and 59104.E.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

#### **59104.G. Clearing House Financial Safeguards**

A futures contract made under these Rules shall be a Base Guaranty Fund Product subject to the Clearing House financial safeguards provided by the General Guaranty Fund (CME Rule 802.A.).

An IRS Contract that is delivered or accepted for delivery in fulfillment of a futures contract made under these Rules shall be an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund (CME Rule 8G07.).

#### **59105. [RESERVED]**

#### **59106. [RESERVED]**

#### **59107. PAYMENT**

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 59101.B.), an IRS Clearing Member that is determined as an Initial Payment Payer shall pay to the Clearing House, and an IRS Clearing Member that is determined as the receiver of an Initial Payment Amount shall receive from the Clearing House, an amount equal to such Initial Payment Amount on the Date of Delivery (CBOT Rule 59103.) at such time as the Clearing House may designate.

If such Initial Payment Amount is equal to or greater than \$100,000,000, then the IRS Clearing Member that is determined as the Initial Payment Payer shall pay such Initial Payment Amount to the Clearing House no later than 6:00pm on the Acceptance Date of the IRS Contracts that are delivered, and accepted for delivery, in fulfillment of such expiring futures contract (CBOT Rule 59103.B. and CME Rule 90102.C.)

## Chapter 60 20-Year US Dollar Interest Rate Swap Futures

### 60100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 20-Year US Dollar Interest Rate Swap (“USD IRS”) futures. The procedures for trading, clearing, delivery, and settlement, and any other matters not specifically covered herein, shall be governed by the general rules of the Exchange (“Rules”).

Capitalized terms in this Chapter that are not otherwise defined in this Chapter shall have the meanings given to such terms in the other Chapters of the Rules. Capitalized terms in this Chapter that are not otherwise defined in either this Chapter or the other Chapters of the Rules shall have the meanings set forth in the ISDA Definitions (Chicago Mercantile Exchange (“CME”) Rule 90002.N.).

All times referenced in this chapter are Chicago times and are subject to change by the Exchange.

### 60101. CONTRACT SPECIFICATIONS

#### 60101.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 60104., 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 60104., 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 60102. and 60103.A.).  |
| 4. Currency:                     | US dollars (CME Rule 90102.B.).   |
| 5. Notional Amount:              | \$100,000.  |
| 6. Business Day(s):              | New York and London.  |
| 7. Business Day Convention:      | Modified Following.   |
| 8. Termination Date:             | Twentieth (20th) anniversary of IRS Effective Date. (CBOT Rule 60101.A.3.).   |
| 9. Initial Payment Amount:       | See CBOT Rule 60101.B.  |
| 10. Initial Amount Payer:        | See CBOT Rule 60101.B.  |
| 11. Fixed Rate Payment Dates:    | Semiannually from IRS Effective Date (CBOT Rule 60101.A.3.) subject to CBOT Rules 60101.A.6. and 60101.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 is initially listed for trading (CBOT Rule 60102.).  |
| 13. Fixed Rate Day Count:        | 30/360.   |
| 14. Floating Rate Payment Dates: | Quarterly from IRS Effective Date (CBOT Rule 60101.A.3.) subject to CBOT Rules 60101.A.6. and 60101.A.7.  |
| 15. Floating Rate Option:        | USD-LIBOR-BBA (CME Rule 90102.E.1.).  |
| 16. Designated Maturity:         | Three (3) months.   |



17. Floating Rate Day Count:	Actual/360.
18. Spread:	None.
19. Compounding:	None.

### **60101.B. Physical Delivery**

Each individual futures contract lot that is delivered shall be an IRS Contract (CME Rule 90002.J.) that meets Contract Grade (CBOT Rule 60101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract (CBOT Rules 60104.), the IRS Initial Payment Amount (CBOT Rule 60101.A.9.) due upon delivery (CBOT Rule 60103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 60101.A.10.), shall be determined as follows:

Define  $P$  as the Final Settlement Price (CBOT Rule 812.) of an expiring futures contract, as determined by the Exchange at such contract's Termination of Trading (CBOT Rule 60102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (Rule 60102.C.).

1. If  $P$  is greater than 100 points, then the long IRS Clearing Member taking delivery shall pay to the Clearing House, and the short IRS Clearing Member making delivery shall receive from the Clearing House, an Initial Payment Amount equal to:

$(\$1,000 \text{ per point}) \times (P \text{ points minus } 100 \text{ points}) \text{ per contract.}$

2. Else, if  $P$  is less than or equal to 100 points, then the short IRS Clearing Member making delivery shall pay to the Clearing House, and the long IRS Clearing Member taking delivery shall receive from the Clearing House, an Initial Payment Amount equal to:

$(\$1,000 \text{ per point}) \times (100 \text{ points minus } P \text{ points}) \text{ per contract.}$

3. For each individual contract lot that is delivered, such Initial Payment Amount shall be rounded to the nearest cent, with half-cents rounded up to the nearest cent.

*Example:* For a hypothetical expiring futures contract, assume the final settlement price  $P$  is 100-23 (ie, 100 and 23/32nds or 100.71875 points). On the third Wednesday of the contract Delivery Month the holder of a long futures position taking delivery (the Floating Rate Payer in the delivered IRS Contract) shall pay to the Clearing House an Initial Payment Amount of \$718.75 per contract, equal to  $(\$1,000 \text{ per point}) \times (100.71875 \text{ points minus } 100 \text{ points})$ . Conversely, the holder of a short futures position making delivery (the Fixed Rate Payer in the delivered IRS Contract) shall receive from the Clearing House an Initial Payment Amount of \$718.75 per contract.

### **60102. TRADING SPECIFICATIONS**

The number of contract delivery months open for trading at a given time shall be determined by the Exchange. Without limitation to the foregoing, the Exchange customarily shall list for trading futures contracts for delivery in at least each of the two nearest months in the March-June-September-December quarterly cycle.

For a given futures contract for a given delivery month, the Exchange shall determine the value of the Fixed Rate that shall standardize the Contract Grade for such futures contract (CBOT Rule 60101.A.12.). The Exchange also shall determine whether, and when, to list for trading any additional futures contract(s) for such delivery month that are standardized to Fixed Rate value(s) different to the Fixed Rate value of such futures contract.

#### **60102.A. Trading Schedule**

The hours of trading shall be determined by the Exchange. On the last day of trading in an expiring contract (CBOT Rule 60102.F.), the close of the expiring contract shall begin at 1:59 p.m., and trading shall be permitted thereafter for a period not to exceed one minute.

#### **60102.B. Trading Unit**

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 60101.A.) having notional amount of one hundred thousand US dollars (\$100,000) or multiples thereof.

#### **60102.C. Price Increments**

Par shall be on the basis of 100 points, with each point equal to \$1,000 per contract. The minimum price fluctuation shall be one thirty-second (1/32nd) of one point (equal to \$31.25 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one-quarter of one thirty-second (1/4 of 1/32nd) of one point (equal to \$7.8125 per contract). Contracts shall not be made on any other price basis.

#### **60102.D. Special Price Fluctuation Limits**

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

#### **60102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels**

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

#### **60102.F. Termination of Trading**

Trading in an expiring futures contract shall terminate no later than 2:00 p.m. (CBOT Rule 60102.A.) on the second London business day before the third Wednesday of the contract delivery month.

### **60103. DATE OF DELIVERY**

Subject to CBOT Rules 60104., delivery on an expiring futures contract shall be made by a short IRS Clearing Member, and shall be taken by a long IRS Clearing Member, on the third Wednesday of the futures delivery month (CBOT Rule 60102.).

#### **60103.A. IRS Effective Date**

Such Date of Delivery shall be the Effective Date (CBOT Rule 60101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

#### **60103.B. Acceptance Date and Clearing Effective Date**

The first Clearing Business Day (CME Rule 90002.D.) preceding such Date of Delivery shall be the Acceptance Date (CME Rule 90002.B.) and the Clearing Effective Date (CME Rule 90002.E.) of the IRS Contract to be delivered or accepted for delivery in fulfillment of such expiring futures contract.

### **60104. DELIVERIES ON EXPIRING FUTURES CONTRACTS**

#### **60104.A. Requirements for Participation in Delivery**

For an account carried by a clearing member to make or accept delivery on an expiring futures contract, the holder of such account is required to be:

1. an Eligible Contract Participant, as that term is defined in Section 1a(18) of the Commodity Exchange Act (7 USC §1a(18) and 17 CFR 1.3(m)), and
2. either an IRS Clearing Member (CME Rule 90005.A.) or an IRS Participant registered with CME by an IRS Clearing Member (CME Rule 8F009. and CME Rule 90005.B.).

Subject to these requirements and to CBOT Rules 60104.B. and 60104.C., upon Termination of Trading in such expiring futures (CBOT Rule 60102.F.), the holder of each such account that holds a long interest in such futures contract shall be required to accept delivery from the Clearing House of IRS Contracts that meet Contract Grade (CBOT Rule 60101.A.), and the holder of each such account that holds a short interest in such futures contract shall be required to make delivery to the Clearing House of IRS Contracts that meet Contract Grade.

#### **60104.B. IRS Product Account Registration**

Any IRS Contract delivered or accepted for delivery in fulfillment of an expiring futures contract must be identified with an IRS Product account number that identifies the holder of such IRS Product account, and that specifies whether such IRS Product account is either (1) a proprietary account of an IRS Clearing Member or (2) held by a customer registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.).

#### **60104.C. Clearing Member Obligations in Delivery**

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, as of the termination of trading in an expiring futures contract (CBOT Rule 60102.F.), each clearing member that carries accounts holding long or short interest in such expiring futures contract shall:

1. ensure that the requirements set forth in CBOT Rule 60104.A. are met.
2. in accord with the requirements set forth in CBOT Rule 60104.B., ensure that the holder of each such account has designated (a) the IRS Product account(s) in which the holder shall make or accept any deliveries on expiring futures contracts and (b) the IRS Clearing Member(s) carrying such IRS Product account(s).
3. ensure that any IRS Clearing Member carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 60104.C.2. has been notified of such designation.
4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 60104.C.2. that such IRS Clearing Member shall guarantee and assume complete responsibility for the performance of all delivery requirements in respect of such expiring futures (CBOT Rule 60104.E.).

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 60104.C. so as to procure that delivery shall be made by all such accounts holding short interest and shall be accepted by all such accounts holding long interest.

#### **60104.D. Clearing Member Reporting Obligations Prior to Delivery**

Each clearing member that carries accounts holding long or short interest in an expiring futures contract shall report to the Clearing House, on each of the last 5 days of trading in such expiring futures, an accurate inventory of such long and short interest, in such manner and at such times as the Clearing House may prescribe, provided that such inventory must include, for each account holding long or short interest:

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets, or does not meet, the requirements set forth in CBOT Rule 60104.A.;
3. where such account meets the requirements set forth in CBOT Rule 60104.A., (a) the IRS Product account number, and the IRS Product account origin (house or customer), and the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 60104.C.2., and (b) confirmation that such IRS Clearing Member has been notified as required by CBOT Rule 60104.C.3., and has made such acknowledgements as are required by CBOT Rule 60104.C.4.

#### **60104.E. Notification of IRS Clearing Members in Delivery**

Following the termination of trading in an expiring futures contract (CBOT Rule 60102.F.), the Clearing House shall notify each IRS Clearing Member carrying one or more IRS Product accounts that are required to make or accept delivery in fulfillment of such expiring futures, as designated pursuant to CBOT Rules 60104.C. For each such IRS Clearing Member, such Clearing House notification shall include:

1. identification of IRS Product accounts, carried by such IRS Clearing Member, that are required to accept delivery on long futures positions; the size of each such long futures position; and the identity of the clearing member firm(s) carrying the account(s) in which each such long futures position is held; and /or
2. identification of IRS Product Accounts, carried by such IRS Clearing Member, that are required to make delivery on short futures positions; the size of each such short futures position; and the identity of the clearing member firm(s) carrying the account(s) in which each such short futures position is held.

#### **60104.F. IRS Clearing Member Obligations in Delivery**

In the event that an IRS Clearing Member disputes such notification of delivery on expiring futures as it may receive from the Clearing House, pursuant to CBOT Rule 60104.E., such IRS Clearing Member shall promptly notify the Clearing House, and the dispute must be settled no later than 12:30 p.m. on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of such expiring futures (CBOT Rule 60103.B.),

As of 12:30 p.m. on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of an expiring futures, an IRS Clearing Member who carries an IRS Product account that is required to make or accept delivery on such expiring futures contract (CBOT Rules 60104.A, 60104.B., 60104.C., 60104.D. and 60104.E.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

#### **60104.G. Clearing House Financial Safeguards**

A futures contract made under these Rules shall be a Base Guaranty Fund Product subject to the Clearing House financial safeguards provided by the General Guaranty Fund (CME Rule 802.A.).

An IRS Contract that is delivered or accepted for delivery in fulfillment of a futures contract made under these Rules shall be an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund (CME Rule 8G07.).

**60105. [RESERVED]**

**60106. [RESERVED]**

#### **60107. PAYMENT**

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 60101.B.), an IRS Clearing Member that is determined as an Initial Payment Payer shall pay to the Clearing House, and an IRS Clearing Member that is determined as the receiver of an Initial Payment Amount shall receive from the Clearing House, an amount equal to such Initial Payment Amount on the Date of Delivery (CBOT Rule 60103.) at such time as the Clearing House may designate.

If such Initial Payment Amount is equal to or greater than \$100,000,000, then the IRS Clearing Member that is determined as the Initial Payment Payer shall pay such Initial Payment Amount to the Clearing House no later than 6:00pm on the Acceptance Date of the IRS Contracts that are delivered, and accepted for delivery, in fulfillment of such expiring futures contract (CBOT Rule 60103.B. and CME Rule 90102.C.)

## Appendix B

### Amendments to CBOT Rules 588.H (Globex Non-Reviewable Trading Ranges) and 589 (Special Price Fluctuation Limits)

Position accountability thresholds for 7-Year USD IRS futures and 20-Year USD IRS futures certified herein will resemble those that apply to extant CBOT US Dollar Interest Rate Swap futures. Each such product will be subject to a Position Accountability level of 5,000 contracts. In view of the requirement that a futures position holder must be an Eligible Contract Participant in order to participate in physical delivery on expiring contracts, moreover, each of the new products certified herein will be subject to a 1-contract Reportable Futures Level. (Amendments to the Position Limit, Position Accountability, and Reportable Level Table of Chapter 5 of the CBOT Rulebook are attached under separate cover.) Exhibit B1 displays amendments to the table of CME Globex Non-Reviewable Trading Ranges that will apply pursuant to CBOT Rule 588.H. Exhibit B2 sets forth amendments to the Special Price Fluctuation Limits Table that will apply during Extended Trading Hours (5pm-7:20am) pursuant to CBOT Rule 589.

**Exhibit B1 – Changes to CBOT Rule 588.H. Globex Non-Reviewable Trading Ranges**  
(Additions are shown in **underline** font.)

Instrument Name	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks
<b><u>7-Year Deliverable Interest Rate Swap Futures</u></b>	<b><u>S1U</u></b>	<b><u>20/32 of 1 point (\$1,000)</u></b>	<b><u>0.625</u></b>	<b><u>40</u></b>
<b><u>20-Year Deliverable Interest Rate Swap Futures</u></b>	<b><u>E1U</u></b>	<b><u>30/32 of 1 point (\$1,000)</u></b>	<b><u>0.9375</u></b>	<b><u>30</u></b>

**Exhibit B2 – Changes to CBOT Rule 589. Special Price Fluctuation Limits**  
(Additions are shown in **underline** font.)

Product	Rulebook Chapter	Commodity Code	Primary/Associated	Associated With	Base in Real Economic Value	Level 5
2-Year USD Deliverable Interest Rate Swap Futures	51	T1U	Associated	ZT		No Limit
5-Year USD Deliverable Interest Rate Swap Futures	52	F1U	Associated	ZF		No Limit
<b><u>7-Year USD Deliverable Interest Rate Swap Futures</u></b>	<b><u>59</u></b>	<b><u>S1U</u></b>	<b><u>Associated</u></b>	<b><u>ZN</u></b>		<b><u>No Limit</u></b>
10-Year USD Deliverable Interest Rate Swap Futures	53	N1U	Associated	ZN		No Limit
<b><u>20-Year USD Deliverable Interest Rate Swap Futures</u></b>	<b><u>60</u></b>	<b><u>E1U</u></b>	<b><u>Associated</u></b>	<b><u>ZB</u></b>		<b><u>No Limit</u></b>
30-Year USD Deliverable Interest Rate Swap Futures	54	B1U	Associated	UB		No Limit

**Appendix C**

Amendments to Position Limit, Position Accountability, and Reportable  
Level Table in Chapter 5 of the CBOT Rulebook

(attached under separate cover)