

C.F.T.C.  
OFFICE OF THE SECRETARIAT

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April 21, 2009

Mr. David Stawick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

**RE: CME Rules 45103.A, 50102.G, 50103.A, 435, 435A;  
CBOT Rule 38101  
CME/CBOT Submission 09-073**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") and the Chicago Board of Trade, Inc. ("CBOT") (collectively, "the Exchanges") hereby notify the Commodity Futures Trading Commission of amendments to CME Rules 45103.A, 50102.G, 50103.A, 435, 435A and CBOT Rule 38101. Amendments to the rules are listed below:

CME 45103.A – Clarify the calculation of the final settlement price as the discount rate rounded to 1/100<sup>th</sup> of a percentage point, rounding up in the case of "0.005%", then subtracting the rounded rate from 100 to determine the final settlement price.

CME 50102.G – Correct a typographical error "proceeding" to "preceding".

CME 50103.A – Update an outdated reference to the Singapore International Monetary Exchange to correctly reference the Singapore Exchange.

CME 435 and 435A – Update the name of the contracts to CME Barclays Capital U.S. Aggregate Bond Index futures and options from CME Lehman Brothers U.S. Aggregate Index futures and options.

CBOT 38101 – Update an incorrect rule number reference from 46103 to correctly reference rule number 38103.

Applicable rulebook sections are listed below with additions underscored and deletions overstruck. These amendments are effective immediately.

CME and CBOT certify that these changes comply with the Commodity Exchange Act and the regulations thereunder.

If you require any additional information regarding this action, please do not hesitate to contact James Boudreault, Associate Director, Research & Product Development at 312-930-3247 or via e-mail at [james.boudreault@cmegroup.com](mailto:james.boudreault@cmegroup.com), or me at 312-648-5422. Please reference CME/CBOT Submission No. 09-073 on all future correspondence.

Sincerely,

/s/ Stephen M. Szarmack  
Director and Associate General Counsel

**CME RULES:**

**Chapter 451  
13-week U.S. Treasury Bills Futures**

**45103.A. Final Settlement Price**

The final settlement price shall be 100 minus the highest discount rate accepted, rounded to the nearest 1/100<sup>th</sup> of a percentage point, in the U.S. Department of Treasury's 91-Day U.S. Treasury Bill auction in the week of the third Wednesday of the contract month<sup>1</sup>. Decimal fractions ending in 0.005% are rounded up. For example, a discount rate of 0.325% would be rounded to 0.33% and then subtracted from 100 to determine the final settlement price of 99.67. Alternatively, a discount rate of 0.3245% would be rounded to 0.32% and then subtracted from 100 to determine the final settlement price of 99.68.<sup>2</sup>

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<sup>5</sup> Revised October 1998.

<sup>6</sup> Revised April 2009.

**Chapter 501**  
**Three-month Euroyen Futures**

**50102.G. Termination of Trading**

Futures trading shall terminate at 11:00 a.m. Tokyo Time on the second Tokyo business day immediately ~~proceeding~~ preceding the third Wednesday of the contract month.

**50103.A. Final Settlement Price**

~~The final settlement price shall be the Final Settlement Figure for the Three Month Euroyen futures contract as determined by the Singapore International Monetary Exchange.~~

The final settlement price shall be equal to the final settlement price, as determined by the Singapore Exchange, of the expiring SGX Three-Month Euroyen futures contract with the same named month of expiry.

**CHAPTER 435: CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index Futures**

**43500. SCOPE OF CHAPTER**

This chapter is limited in application to futures trading in the ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index. The procedures for trading, clearing, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

**43501. COMMODITY SPECIFICATIONS**

Each futures contract shall be valued at \$100.00 times the ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index Value. The ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index Value is equal to the ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index plus 100. The ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index is a total return, value-weighted composite index of U.S. dollar denominated investment grade fixed income instruments.

**43502. FUTURES CALL**

**43502.A. Trading Schedule**

Futures contracts shall be scheduled for trading during such hours and for delivery in such months as may be determined by the Board of Directors.

**43502.B. Trading Unit**

The unit of trading shall be \$100.00 times the ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index Value.

**43502.C. Price Increments**

Bids and offers shall be quoted in terms of the ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index Value. The minimum fluctuation of the futures contract shall be 0.20 index points, equivalent to \$20.00 per contract.

**43502.D. Position Limits**

A person shall not own or control more than 5,000 contracts net long or net short in all contract months combined. For positions involving options on CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures, this rule is superseded by the option speculative position limit rule.

**43502.E. Accumulation of Positions**

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all

accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

#### **43502.F. Exemptions**

The foregoing position limits shall not apply to (1) bona fide hedge positions meeting the requirements of Regulation 1.3(z)(1) of the CFTC and the rules of the Exchange, (2) other positions exempted pursuant to Rule 543, and (3) cash-substitute positions described in Rule 35106.

#### **43502.G. Termination of Trading**

Futures trading shall terminate at 2:00 P.M. (Chicago time) on the last business day of the designated contract month

#### **43502.H. Contract Modifications**

Specifications shall be fixed as of the first day of trading of a contract. If any U.S. governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these rules, such order, ruling, directive or law shall be construed to take precedence and become part of these rules, and all open and new contracts shall be subject to such government orders.

#### **43503. SETTLEMENT PROCEDURES**

Delivery under the CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures contract shall be by cash settlement.

##### **43503.A. Final Settlement Price**

The Final Settlement Price shall be the final quotation of the ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index Value determined on the last business day of the contract month, rounded to the nearest one-hundredth (1/100<sup>th</sup>) of a percentage point. A Final Settlement Price equal to 1,305.34 is quoted to the nearest one-hundredth (1/100<sup>th</sup>) of a decimal point. If the ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index is not scheduled to be published on the last business day of the contract month, the Final Settlement Price shall be determined on the first earlier day for which the Index is scheduled to be published.

##### **43503.B. Final Settlement**

Clearing members holding open positions in a CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures contract at the time of termination of trading in that contract shall make payment to or receive payment from the Clearing House in accordance with normal variation performance bond procedures based on a settlement price equal to the final settlement price. The final settlement day shall be the first business day following the Termination of Trading day.

#### **43504. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

#### 43505. FAILURE TO PERFORM

If a clearing member fails to perform all acts required by this chapter, then that clearing member shall be deemed as failing to perform, which may be punishable as a major violation. The Board shall determine and assess losses sustained, taking into account the settlement price, interest earnings foregone, and such other factors as it deems appropriate. The Board may also assess such penalties as it deems appropriate in addition to damages.

### INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 435

#### LIMITATION OF LIABILITY AND DISCLAIMER

The CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract is not sponsored, endorsed, sold or promoted by ~~Lehman Brothers Inc. (“Lehman”) Barclays Capital Inc. (“Barclays”)~~. ~~Lehman-Barclays~~ makes no representation or warranty, express or implied, to the owners of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract or any member of the public regarding the advisability of investing in securities generally or in the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract particularly or the ability of the ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ to track general commodity market performance. ~~Lehman-Barclays'~~ only relationship to the Chicago Mercantile Exchange Inc. (together with its affiliates, “CME”) is the licensing of the ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ which is determined, composed and calculated by ~~Lehman-Barclays~~ without regard to the CME or the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract. ~~Lehman-Barclays~~ has no obligation to take the needs of the CME or the owners of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract into consideration in determining, composing or calculating the ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~. ~~Lehman-Barclays~~ is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract to be issued or in the determination or calculation of the equation by which the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract is to be converted into cash. ~~Lehman-Barclays~~ has no obligation or liability in connection with the administration, marketing or trading of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract.

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~~Lehman Brothers U.S. Aggregate Index and Lehman Brothers Aggregate Index~~ are Barclays Capital U.S. Aggregate Bond Index and Barclays Capital Aggregate Index are service marks of ~~Lehman Brothers Inc.~~ Barclays Capital Inc.

**Chapter 435A: Options on CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index Futures**

**435A00. SCOPE OF CHAPTER**

This chapter is limited in application to trading in put and call options on CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures contracts. The procedures for trading, clearing and settlement and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

**435A01. OPTION CHARACTERISTICS**

**435A01.A. Contract Months and Trading Hours**

Options contracts shall be listed for such contract months and scheduled for trading during such hours as may be determined by the Board of Directors.

**435A01.B. Trading Unit**

The trading unit shall be an option to buy, in the case of the call, or to sell, in the case of the put, one respective CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures contract as specified in Chapter 435.

**435A01.C. Minimum Fluctuations**

The price of an option shall be quoted in terms of the CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures. Each index point represents \$100. For example, a quote of 2 index points represents \$200. The minimum fluctuation shall be 0.10 index points (also known as one tick), equal to \$10.

**435A01.D. [Reserved]**

**435A01.E. Exercise Prices**

Exercise prices shall be stated in terms of the CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures contract. Eligible exercise prices shall be at intervals of 5.00 index points

At the commencement of option trading in a contract month, the Exchange shall list all exercise prices that are integers divisible by 5 without remainder *e.g.*, 1305.00, 1310.00, 1315.00, 1320.00, etc. in a range of 50.00 Index Value points above and below the previous day's settlement of the CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures contract. New options may be listed for trading up to and including the termination of trading.

Exchange staff, under delegated authority from the Board may modify the provisions governing the establishment of exercise prices as it deems appropriate.



#### **435A01.F. Position Limits**

No person shall own or control a combination of options and underlying futures contracts that exceeds 5,000 futures-equivalent contracts net on the same side of the market in all contract months combined.

For the purpose of this rule, the futures equivalent of an option contract is 1 times the previous business day's IOM risk factor for the option series. Also for purposes of this rule, a long call option, a short put option, and a long underlying futures contract are on the same side of the market; similarly, a short call option, a long put option, and a short underlying futures contract are on the same side of the market.

#### **435A01.G. Accumulation of Positions**

For the purposes of this rule, the positions of all accounts directly or indirectly owned or controlled by a person or persons, and the positions of all accounts of a person or persons acting pursuant to an expressed or implied agreement or understanding, and the positions of all accounts in which a person or persons have a proprietary or beneficial interest, shall be cumulated.

#### **435A01.H. Exemptions**

The foregoing position limits shall not apply to commercially appropriate risk reducing options positions defined in accordance with Regulation 1.3(z)(1) of the CFTC and meeting the requirements of Rule 543 and shall not apply to other option positions exempted pursuant to Rule 543.

#### **435A01.I. Termination of Trading**

Options in the March Quarterly Cycle

For options that expire in the March quarterly cycle, options trading shall terminate at the same date and time as the underlying futures contract.

#### **435A01.J. Contract Modification**

Specifications shall be fixed as of the first day of trading of a contract except that all options must conform to government regulations in force at the time of exercise. If the U.S. government, an agency or duly constituted body thereof issues an order, ruling, directive or law inconsistent with these rules, such order, ruling, directive or law shall be construed to become part of these rules and all open and new options contracts shall be subject to such governmental orders.

## **435A02. EXERCISE**

In addition to the applicable procedures and requirements of Chapter 7, the following shall apply to the exercise of options on CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index futures.

### **435A02.A. Exercise of Option by Buyer**

An option may be exercised by the buyer on any business day the option is traded. Exercise of an option is accomplished by the clearing member representing the buyer presenting an Exercise Notice to the Clearing House by 7:00 p.m. on the day of exercise.

An option that is in the money and has not been liquidated prior to the termination of trading shall, in the absence of contrary instructions delivered to the Clearing House by 7:00 p.m. on the day of expiration by the clearing member representing the option buyer, be exercised automatically.

### **435A02.B. Assignment**

Exercise notices accepted by the Clearing House shall be assigned through a process of random selection to clearing members with open short positions in the same series. A clearing member to which an exercise notice is assigned shall be notified thereof as soon as practicable after such notice is assigned by the Clearing House, but not later than 45 minutes before the opening of Regular Trading Hours in the underlying futures contract on the following business day.

The clearing member assigned an exercise notice shall be assigned a short position in the underlying futures contract if a call is exercised or a long position if a put is exercised. The clearing member representing the option buyer shall be assigned a long position in the underlying futures contract if a call is exercised and a short position if a put is exercised.

All such futures positions shall be assigned at a price equal to the exercise price of the option and shall be marked to market in accordance with Rule 814 on the trading day of acceptance by the Clearing House of the exercise notice.

## **435A03. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES**

(Refer to Rule 701. – ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES)

(End Chapter 435A)

## **INTERPRETATIONS AND SPECIAL NOTICES RELATING TO CHAPTER 435A**

### **LIMITATION OF LIABILITY AND DISCLAIMER**

The CME ~~Lehman Brothers U.S. Aggregate Index~~ Barclays Capital U.S. Aggregate Bond Index options on futures contract is not sponsored, endorsed, sold or promoted by ~~Lehman Brothers Inc.~~ (“~~Lehman~~”) Barclays Capital Inc. (“Barclays”). ~~Lehman-Barclays~~ makes no representation

or warranty, express or implied, to the owners of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ options on futures contract or any member of the public regarding the advisability of investing in securities generally or in the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ options on futures contract particularly or the ability of the ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ to track general commodity market performance. ~~Lehman Barclays'~~ only relationship to the Chicago Mercantile Exchange Inc. (together with its affiliates, "CME") is the licensing of the ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ which is determined, composed and calculated by ~~Lehman Barclays~~ without regard to the CME or the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ options on futures contract. ~~Lehman Barclays~~ has no obligation to take the needs of the CME or the owners of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ options on futures contract into consideration in determining, composing or calculating the ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~. ~~Lehman Barclays~~ is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ options on futures contract to be issued or in the determination or calculation of the equation by which the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ futures contract is to be converted into cash. ~~Lehman Barclays~~ has no obligation or liability in connection with the administration, marketing or trading of the CME ~~Lehman Brothers U.S. Aggregate Index Barclays Capital U.S. Aggregate Bond Index~~ options on futures contract.

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**CBOT RULE:**

**Chapter 38  
7-Year Interest Rate Swap Futures**

**38101.CONTRACT SPECIFICATIONS**

The contract grade shall be the final settlement price of the unit of trading (as defined in Rule 38102.B.) on the last day of trading (as defined in Rule 38102.F.).

The final settlement price shall be based upon the ISDA<sup>®</sup> Benchmark Rate\* for a 7-year US dollar interest rate swap for the last day of trading, as published on the last day of trading on Reuters page ISDAFIX1, or Bloomberg page ISDAFIX1, or through any other distribution channel as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for US dollar interest rate swaps. Determination of the final settlement price on the basis of said ISDA Benchmark Rate shall be as prescribed in Rule 4610338103. (ISDA<sup>®</sup> is a registered trademark, and ISDAFIX<sup>sm</sup> is a registered service mark, of the International Swaps and Derivatives Association, Inc.)

Hereafter in this chapter, the ISDA Benchmark Rate for a 7-Year US dollar interest rate swap shall be referenced as the “the ISDA Benchmark,” and all distribution channels such as are designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for US dollar interest rate swaps shall be referenced as “ISDAFIX.”

If ISDAFIX fails to report the ISDA Benchmark for the last day of trading on the last day of trading, then the final settlement price shall be based upon the ISDA Benchmark for the next available business day to be reported by ISDAFIX.

\*ISDA Benchmark mid-market par swap rates collected at 10:00 a.m. Chicago time by Reuters Limited and ICAP plc and published on Reuters page ISDAFIX1. Source: Reuters Limited.