September 13, 2013

BY ELECTRONIC FILING: submissions@cftc.gov

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Certification of 7Y Eris Standard Swap Futures Product (Eris Exchange Submission #2013-13)

Dear Ms. Jurgens:

Eris Exchange, LLC ("Eris Exchange" or the "Exchange") herby notifies the Commodity Futures Trading Commission (the "Commission"), pursuant to Commission Regulation § 40.2, of its listing of the 7 Year Eris Standard Interest Rate Swap Futures Contract (the "Contract") on Eris Exchange's electronic trading platform ("Eris SwapBook") beginning September 17, 2013 (the "Submission").

The Submission contains the following:

1. A summary of the terms of the Contract;
2. A discussion of the Contract' compliance with the relevant Designated Contract Market Core Principles ("Core Principles") as set forth in the Commodity Exchange Act (the "Act" or "CEA") and Commission Regulations; and,
3. A copy of the Contract Specifications, which shall appear in Exchange Rule 1101 and will be issued in an Exchange Advisory (*see* Exhibit A).

1. **Summary of the Contract**

Eris Exchange currently lists Standard Eris Interest Rate Swap Futures Contracts "Standard Contracts" with tenors of 2, 5, 10, and 30 years. The Exchange will add the Contract to the existing suite of Standard Contracts.

The Contract, is a cash-settled futures contract based on interest rates. The Contract embeds the economics of a collateralized over-the-counter interest rate swap into a single futures price. The Contract is independently marked-to-market and settled every day by the Chicago Mercantile Exchange, Inc. ("CME Clearing") based on data from the overall interest rate market. The Contract does not have periodic cash flows like standard over the counter ("OTC") swaps, but replicates the economics of accrued and expected cash flows in the futures price, resulting in cash transfers through the daily variation margin process.

The following Contract Specification summarizes the Contract:

7Y Eris Standard Swap Futures Contract Specifications

Trading Hours	Eris Exchange standard trading hours are currently 8:20 AM to 4:30 PM Eastern Time.
Contract Structure	$100,000 notional principal whose value is based upon the difference between a stream of semi-annual fixed interest payments and a stream of quarterly floating interest payments based on 3 month US Dollar LIBOR, over a term to maturity.
Underlying Swap Tenor	7 Years
Contract Short Name	7Y Stnd <Month> <YY>, where the <Month> will be the first three characters of the month of the Effective Date and the <YY> will be last two digits of the year of the Effective Date For example, the 7Y Standard with an Effective Date in December 2013 and a Maturity Date in December 2020 will have a short code of “7Y Stnd Dec 13”
Fixed Rate	Pre-determined rate set by Eris Exchange which will remain static throughout the life of the contract • Determined just prior to quarterly listing • Multiple fixed rates may be pre-determined
Contract Size	1 Contract = 1 lot = $100,000 face
Trading Conventions	Buy = Pay Fixed Sell = Receive Fixed

Swap Futures Leg Conventions	Fixed Leg	
	• Reset Frequency	Semi-Annual
	• Day Count Convention	30/360
	• Currency	USD
	• Holiday Calendar(s)	New York, London
	• Business Day Convention	Modified Following with adjustment to period end dates
	Floating Leg	
	• Reset Frequency	Quarterly
	• Day Count Convention	Actual/360
	• Currency	USD
	• Holiday Calendar(s)	New York, London
	• Business Day Convention	Modified Following with adjustment to period end dates

Effective Dates

Quarterly IMM Dates (3rd Wednesday of each March, June, September, December)

Monthly dates as provided by the Exchange in an Exchange Advisory.

Cash Flow Alignment Date ("CFAD")

The date used for aligning all fixed and floating Reset Dates, and for determination of the Maturity Date.

CFAD can be derived by adding 7 Years to the Effective Date.

For example, an Eris Interest Rate Swap Future with an Effective Date of 09/19/2012 and a tenor of 7 years implies a Cash Flow Alignment Date of 09/19/2019. Note that the Cash Flow Alignment Date may fall on any calendar day, including weekends and holidays. The CFAD is used to determine the Maturity Date, but the two terms are distinct, as the Maturity Date must fall on a valid business day from the joint holiday calendar.

Maturity Date	The final date to which fixed and floating amounts accrue. The last date of the contract. Maturity Date is determined by applying the Modified Following rule to the Cash Flow Alignment Date. If the Cash Flow Alignment Date is a non-business day in either NY or London, go forward to the next day that is a business day in both NY and London. If the next valid business day is in the following month, the preceding valid business day on both the NY and London holiday calendars will be the Maturity Date. Eris PAI™ accrues up to and including the Maturity Date. The Maturity Date may also be referred to as Termination Date.
Underlying Tenor	The duration of time from the Effective Date to the Cash Flow Alignment Date.
Remaining Tenor	The duration of time from today to the Cash Flow Alignment Date.
Reset Dates	Dates utilized to determine fixed and floating amounts throughout the life of the Contract. Reset Dates define the beginning and end of fixed and floating interest accrual periods. Floating Rate Reset Dates facilitate the determination of the LIBOR Fixing Dates. The Cash Flow Alignment Date will be used as the basis for determining Reset Dates. Each Reset Date is subject to adjustment based on Modified Following convention. For example, if the CFAD is 09/19/2019, the Reset Dates will be on the 19th of December, March, June and September, subject to the Modified Following convention.
Last Trading Day	The last day on which the Contract can be traded is the NY business day preceding the Maturity Date.
First LIBOR Fixing Date	2 London business days prior to the Effective Date.
Other LIBOR Fixing Dates	For all periods other than the first floating rate period, the LIBOR Fixing Date is 2 London business days prior to each Reset Date.

Floating Rate Index	3 Month USD LIBOR announced by the British Bankers' Association.
Daily Settlement Price (Futures-Style Price)	Eris Interest Rate Swap Futures are priced on a basis of 100, similar to market practice for bonds and other futures contracts. The settlement value for each Contract is defined as: S_t = $100 + A_t + B_t - C_t$ S_t = settlement price at time t A_t = net present value of the future cash flows at time t, based on OIS discounting B_t = value of the historical fixed and floating amounts since contract inception C_t = Eris Price Alignment Interest (or Eris PAI™). Eris Exchange and CME Clearing calculate Daily Settlement Price to 4 decimals of precision (e.g., 100.1234). Eris PAI™ is a cumulative value calculated daily by applying the overnight Fed Funds effective rate to the contract's NPV, using an Actual/360 daycount convention. Eris PAI™ will start accruing on the first listing date.
Final Settlement Price	S_{final} = $100+B_{final}-C_{final}$ S_{final} = Settlement price at maturity B_{final} = Historical fixed and floating amounts since contract inception through maturity C_{final} = Eris PAI™, at maturity

Quoting Convention

Net Present Value (NPV) per Contract will be used for trade execution.

NPV is expressed in per contract terms for the Buyer (fixed rate payer).

Each Swap Future negotiated in NPV terms has an implicit futures-style trade price of

$$Trade\ Price\ = 100 + A_{negotiated} + B_t - C_t$$

where $A_{negotiated}$ is the NPV per Contract agreed upon between the counterparties (divided by 1,000 to normalize units to \$100 face amount), B_t is the value of the historical fixed and floating amounts, and C_t is Eris PAI™ at time t. The B and C components are calculated once daily and applied by the Exchange, and are not subject to negotiation by the counterparties.

The NPV per Contract can be negotiated in the following increments/tick sizes:

- \$1 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is less than two years.
- \$2 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 2 years and less than 4 years.
- \$5 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 4 years and less than 7 years.
- \$10 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 7 years and less than 20 years.

Listed Spreads

Listed Spreads (or Discrete Spreads), composed of Standard Contracts, may be traded using the SwapBook Discrete Spread functionality

Block Trades

Eris Interest Rate Swap Futures are eligible to be traded as privately negotiated, off-exchange Block Trades and reported to Eris Exchange.

Block Trades must be executed and reported pursuant to Rule 601 in the Eris Exchange Rulebook.

Exchange of Derivatives for Related Positions	Eris Interest Rate Swap Futures are eligible to be traded as privately negotiated, off-exchange Exchange of Derivatives for Related Positions (EDRPs) and reported to Eris Exchange. EDRPs must be executed and reported pursuant to Rule 602 in the Eris Exchange Rulebook.
Ticker Symbol Convention	Maturity Code (Period Code) will be YYYYMMDD Product Code: ZC9107; initial contract fixed rate Product Code: ZC9207; secondary contract fixed rate For example, the 7Y contract with Product Code of ZC9107 and Maturity Date of 12/19/19 will have a ticker symbol of ZC910720191219

2. Compliance with the Core Principles

The Exchange has determined that the Contract implicates the following Core Principles:

Core Principle 2 – Compliance with Rules

The Contract complies with Core Principle 2 for the following reasons. First, impartial access to the Exchange, and thus trading of the Contract, by Participants, is established by Chapter 3 of the Eris Exchange Rulebook (the "Rulebook") and Rule 207, which establishes the Exchange Participant Committee. Under Rule 207 the "Exchange Participant Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants". Likewise, under Rule 314 any person initiating or executing a transaction in the Contract consents to the jurisdiction of the Exchange.

Moreover, abusive trading practices in the Contract are prohibited by Chapter 5 of the Rulebook. The Rulebook is enforced by the Exchange Market Regulation Department. Chapter 7 of the Rulebook sets forth the rules governing both the investigations and prosecutions of Rule violations. Pursuant to Rule 208, the Regulatory Oversight Committee ensures that the Market Regulation Department has sufficient resources to perform its obligations.

Additionally, Chapter 4 provides the Exchange with the ability and authority to obtain any information necessary to perform its obligations under Core Principle 2 and under

Rule 215 the Exchange has the authority carry out information sharing agreements.

Core Principle 3 – Contracts Not Readily Subject to Manipulation

Further, the Contract is not readily subject to manipulation. First, the cash settlement of the Eris Contract is at a price reflecting the underlying cash market. The Contract embeds the economics of a collateralized over-the-counter interest rate swap into a single futures price. The value of the Eris Contract, or the Daily Settlement Price (Futures-Style Price), is based upon the difference between a stream of semi-annual fixed interest payments and a stream of quarterly floating interest payments based on 3-month dollar LIBOR, over a term to maturity. There are four components to the Eris Contract value: (1) the 100 basis price is; (2) added to the net present value (NPV) of the future cash flows at the time of settlement; (3) plus the value of historical fixed and floating swap payments; (4) minus the accumulated interest paid on variation margin referred to as Price Alignment Interest, PAI, or Eris PAITM. The result is that the Eris Contract, a component of which is LIBOR, settles at a price that reflects the underlying cash market.

Additionally, the cash settlement price of the Eris Contract is not readily subject to manipulation or distortion and is based on a cash price series that is reliable, acceptable, publicly available and timely. The Contract is independently marked-to-market and settled every day by the Chicago Mercantile Exchange, Inc. ("CME Clearing") based on data from the overall interest rate market. Therefore, the settlement of the Contract is not based on market data from Eris Exchange, but from the overall $441 trillion interest rate swap market.[1] As such, the settlement calculation procedures safeguard against potential attempts to artificially influence the price of the Contract.

Moreover, for the settlement of the Contract, the 3-month dollar LIBOR curve is used to estimate the future floating leg payments and the overnight indexed swap ("OIS") curve is used to construct the LIBOR forward curve and to discount fixed and floating cash flows to present value. LIBOR and the OIS curve are based on commonly used and publically available information and are derived from third-party calculations, meaning not Exchange Participants. Therefore, the cash settlement of the Contract is not readily subject to manipulation or distortion.

Core Principle 4 – Prevention of Market Distortion

[1] According to the Bank for International Settlements the size of the OTC IRS market, as of Dec. 2011, is an estimated $403 trillion in notional principal outstanding. *See BIS Quarterly Review*, *March 2012*, BANK FOR INTERNATIONAL SETTLEMENTS, A131 Table 19 http://www.bis.org/publ/qtrpdf/r_qa1209.pdf (last visited Oct. 30, 2012).

Chapter 5 of the Rulebook prohibits Participants from manipulating, distorting the price of, and disrupting the cash settlement process of the Contract. Such Rulebook provisions are enforced by the Market Regulation Department.

Core Principle 5 – Position Limits or Accountability

Pursuant to Rule 533, the reportable level for each discrete commodity code of the Contract is 3000 contracts and position accountability for each discrete commodity code of the Contract is 6000 contracts.

Core Principle 7 – Availability of General Information

The Exchange shall publish on its website, www.erisfutures.com, and in its Rulebook, accurate information concerning the terms and conditions of the Contract.

Core Principle 8 – Daily Publication of Trading Information

The Exchange shall publish on its website, www.erisfutures.com, daily trading volume, open interest, and price information pertaining to the Contract.

Core Principle 9 – Execution of Transactions

The Contract shall be listed for trading on Eris SwapBook. All trades of Contract must be executed on Eris SwapBook, unless executed pursuant to Rulebook Chapter 6, Privately Negotiated Transactions.

Core Principle 10 – Trade Information

Pursuant to Exchange Procedures, all information pertaining to trading of Contract shall be retained in a manner that enables the Exchange to use the information to assist in the prevention of customer and market abuses and to provide evidence of any violations of the rules of the contract market.

Core Principle 11 – Financial Integrity of Transactions

The Contract shall be cleared by CME Clearinghouse, which is a registered derivatives clearing organization. The Exchange Rules in Chapter 9: Clearing, and Exchange Rules 404, 408, and 215 ensure the financial integrity of futures commission merchants and introducing brokers as well as the protection of customer funds to the extent that such entities and funds are associated with the trading of Contract.

Core Principle 12 – Protection of Markets and Market Participants

Chapter 5 of the Rulebook establishes rules to protect Participants who trade the

Contract from abusive practices by parties, including those operating as agents of the Participants and promotes fair and equitable trading of the Contract.

Core Principle 13 – Disciplinary Procedures

Rulebook Chapter 7 sets forth the rules related to the investigation and prosecution of potential rule violations. Additionally, Chapter 7 establishes potential sanctions for rule violations. Chapter 7 would apply to the Contract.

Conclusion

The Exchange certifies that the Contract complies with the Act and the regulations thereunder. The Submission was provided to the Exchange Practices Committee. There were no substantive opposing views to the Submission.

The Exchange certifies that this Submission has been concurrently posted on the Exchange's website at http://www.erisfutures.com/rules-notices-policies.

In the event that you have questions, please contact me at (312) 626-2669 or michael.riddle@erisfutures.com.

Sincerely,

Michael A. Riddle Jr.

Michael A. Riddle Jr.
Acting Chief Regulatory Officer

Exhibit A

Eris Exchange
The Future of Swaps

Advisory Notice

TO: Eris Exchange Market Participants

FROM: Eris Exchange Control Center and Market Regulation Department

ADVISORY: #13-06

DATE: September 13, 2013

SUBJECT: Notification of Eris Exchange Product Certification for Eris Standards

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This Advisory Notice serves to notify Participants of Eris Exchange, LLC ("Eris Exchange" or "Exchange") that:

I. The Exchange is listing the 7 Year Standard Eris Interest Rate Swap Futures Contract (the "Contract") for trading in Eris SwapBook.
II. The Exchange has included the Contract specifications in Eris Exchange Rule 1101.
III. The Exchange has filed a notification with the Commodity Futures Trading Commission to amend the aforementioned rule (the "Amendment"). **The Contract will be listed for trading on September 17, 2013.**

Attached to this Advisory as Appendix A are the specifications for the Contract as it will appear in Rule 1101.

If you have any questions regarding this Exchange Advisory Notice, please contact Eris Control Center at 888-587-2699, Option 1, ErisControlCenter@erisfutures.com.

You are receiving this email as you are subscribed to Notices@erisfutures.com. If you would like to unsubscribe or if you know of someone that should be on this distribution please contact the ErisControlCenter@erisfutures.com.

Appendix A

7Y Eris Standard Swap Future Contract Specifications

Trading Hours	Eris Exchange standard trading hours are currently 8:20 AM to 4:30 PM Eastern Time.
Contract Structure	$100,000 notional principal whose value is based upon the difference between a stream of semi-annual fixed interest payments and a stream of quarterly floating interest payments based on 3 month US Dollar LIBOR, over a term to maturity.
Underlying Swap Tenor	7 Years
Contract Short Name	7Y Stnd <Month> <YY>, where the <Month> will be the first three characters of the month of the Effective Date and the <YY> will be last two digits of the year of the Effective Date For example, the 7Y Standard with an Effective Date in December 2013 and a Maturity Date in December 2020 will have a short code of “7Y Stnd Dec 13”
Fixed Rate	Pre-determined rate set by Eris Exchange which will remain static throughout the life of the contract • Determined just prior to quarterly listing • Multiple fixed rates may be pre-determined
Contract Size	1 Contract = 1 lot = $100,000 face
Trading Conventions	Buy = Pay Fixed Sell = Receive Fixed

Swap Futures Leg Conventions	Fixed Leg • Reset Frequency: Semi-Annual • Day Count Convention: 30/360 • Currency: USD • Holiday Calendar(s): New York, London • Business Day Convention: Modified Following with adjustment to period end dates Floating Leg • Reset Frequency: Quarterly • Day Count Convention: Actual/360 • Currency: USD • Holiday Calendar(s): New York, London • Business Day Convention: Modified Following with adjustment to period end dates
Effective Dates	Quarterly IMM Dates (3rd Wednesday of each March, June, September, December) Monthly dates as provided by the Exchange in an Exchange Advisory.
Cash Flow Alignment Date ("CFAD")	The date used for aligning all fixed and floating Reset Dates, and for determination of the Maturity Date. CFAD can be derived by adding 7 Years to the Effective Date. For example, an Eris Interest Rate Swap Future with an Effective Date of 09/19/2012 and a tenor of 7 years implies a Cash Flow Alignment Date of 09/19/2019. Note that the Cash Flow Alignment Date may fall on any calendar day, including weekends and holidays. The CFAD is used to determine the Maturity Date, but the two terms are distinct, as the Maturity Date must fall on a valid business day from the joint holiday calendar.

Maturity Date	The final date to which fixed and floating amounts accrue. The last date of the contract. Maturity Date is determined by applying the Modified Following rule to the Cash Flow Alignment Date. If the Cash Flow Alignment Date is a non-business day in either NY or London, go forward to the next day that is a business day in both NY and London. If the next valid business day is in the following month, the preceding valid business day on both the NY and London holiday calendars will be the Maturity Date. Eris PAI™ accrues up to and including the Maturity Date. The Maturity Date may also be referred to as Termination Date.
Underlying Tenor	The duration of time from the Effective Date to the Cash Flow Alignment Date.
Remaining Tenor	The duration of time from today to the Cash Flow Alignment Date.
Reset Dates	Dates utilized to determine fixed and floating amounts throughout the life of the Contract. Reset Dates define the beginning and end of fixed and floating interest accrual periods. Floating Rate Reset Dates facilitate the determination of the LIBOR Fixing Dates. The Cash Flow Alignment Date will be used as the basis for determining Reset Dates. Each Reset Date is subject to adjustment based on Modified Following convention. • For example, if the CFAD is 09/19/2019, the Reset Dates will be on the 19th of December, March, June and September, subject to the Modified Following convention.
Last Trading Day	The last day on which the Contract can be traded is the NY business day preceding the Maturity Date.
First LIBOR Fixing Date	2 London business days prior to the Effective Date.
Other LIBOR Fixing Dates	For all periods other than the first floating rate period, the LIBOR Fixing Date is 2 London business days prior to each Reset Date.
Floating Rate Index	3 Month USD LIBOR announced by the British Bankers' Association.

Daily Settlement Price (Futures-Style Price)	Eris Interest Rate Swap Futures are priced on a basis of 100, similar to market practice for bonds and other futures contracts. The settlement value for each Contract is defined as: S_t = $100 + A_t + B_t - C_t$ S_t = settlement price at time t A_t = net present value of the future cash flows at time t, based on OIS discounting B_t = value of the historical fixed and floating amounts since contract inception C_t = Eris Price Alignment Interest (or Eris PAI™). Eris Exchange and CME Clearing calculate Daily Settlement Price to 4 decimals of precision (e.g., 100.1234). Eris PAI™ is a cumulative value calculated daily by applying the overnight Fed Funds effective rate to the contract's NPV, using an Actual/360 daycount convention. Eris PAI™ will start accruing on the first listing date.
Final Settlement Price	S_{final} = $100+B_{final}-C_{final}$ S_{final} = Settlement price at maturity B_{final} = Historical fixed and floating amounts since contract inception through maturity C_{final} = Eris PAI™, at maturity

Quoting Convention	Net Present Value (NPV) per Contract will be used for trade execution. NPV is expressed in per contract terms for the Buyer (fixed rate payer). Each Swap Future negotiated in NPV terms has an implicit futures-style trade price of $Trade\ Price\ = 100 + A_{negotiated} + B_t - C_t$ where $A_{negotiated}$ is the NPV per Contract agreed upon between the counterparties (divided by 1,000 to normalize units to $100 face amount), B_t is the value of the historical fixed and floating amounts, and C_t is Eris PAI™ at time t. The B and C components are calculated once daily and applied by the Exchange, and are not subject to negotiation by the counterparties. The NPV per Contract can be negotiated in the following increments/tick sizes: • $1 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is less than two years. • $2 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 2 years and less than 4 years. • $5 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 4 years and less than 7 years. • $10 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 7 years and less than 20 years.
Listed Spreads	Listed Spreads (or Discrete Spreads), composed of Standard Contracts, may be traded using the SwapBook Discrete Spread functionality
Block Trades	Eris Interest Rate Swap Futures are eligible to be traded as privately negotiated, off-exchange Block Trades and reported to Eris Exchange. Block Trades must be executed and reported pursuant to Rule 601 in the Eris Exchange Rulebook.

Exchange of Derivatives for Related Positions	Eris Interest Rate Swap Futures are eligible to be traded as privately negotiated, off-exchange Exchange of Derivatives for Related Positions (EDRPs) and reported to Eris Exchange. EDRPs must be executed and reported pursuant to Rule 602 in the Eris Exchange Rulebook.
Ticker Symbol Convention	Maturity Code (Period Code) will be YYYYMMDD Product Code: ZC9107; initial contract fixed rate Product Code: ZC9207; secondary contract fixed rate For example, the 7Y contract with Product Code of ZC9107 and Maturity Date of 12/19/19 will have a ticker symbol of ZC910720191219