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CME Group

A CME/Chicago Board of Trade Company

September 22, 2008

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

RE: New CBOT Chapter 38 ("7-Year Interest Rate Swap Futures")
Submission No. 08-146

Dear Mr. Stawick:

The Chicago Board of Trade ("Exchange") hereby notifies the Commission of its listing of 7-Year Interest Rate Swap Futures for trading on CME Globex® on September 22, 2008.

The Exchange certifies that these rules comply with the Act and the regulations thereunder.

If you require any additional information regarding this action, please contact Frederick Sturm at (312) 930-1282 or by email at Frederick.Sturm@cmegroup.com or me. Please reference CBOT Submission #08-146 in any related correspondence.

Sincerely,

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

Summary of Contract Specifications of 7-Year Interest Rate Swap Futures

Trading Unit
The fixed-rate side of a 7-year interest rate swap, with notional principal equal to $100,000, that exchanges semiannual interest payments at a fixed rate of 6% per annum for floating interest rate payments based on 3-month LIBOR
Price
Par (equal to $100,000) is on the basis of 100 points. Price is quoted in terms of points (equal to $1,000.00) and halves of one thirty-second (1/32) of one point (equal to $15.625).
Minimum Price Increments
For outright purchases and sales, minimum price fluctuations shall be in multiples of one-half of 1/32 of one point (equal to $15.625 per contract, rounded up to the nearest cent). For intermonth spreads, minimum price fluctuations shall be in multiples of one-fourth of 1/32 of one point (equal to $7.8125 per contract, rounded to the nearest cent).
Contract Months
The first three consecutive contracts in the March, June, September, December quarterly cycle
Last Trading Day
The second London business day preceding the third Wednesday of the delivery month. Trading in expiring contracts ceases at 10:00 am, Chicago Time, on the last trading day.
Final Settlement
Cash settlement
Final Settlement Price
The notional price of the trading unit on the last day of trading, based upon the ISDA® Benchmark Rate for a 7-year US dollar interest rate swap on the last day of trading, as published at approximately 11:30 am, Eastern Time, on Reuters page ISDAFIX1℠.* The final settlement value will be determined as: $\$100,000 * [\ 6/r \ + \ (1 - 6/r) * (1 + r/200)^{-14}\ ]$ where *r* represents the ISDA Benchmark Rate for a 7-year US dollar interest rate swap on the last day of trading, expressed in percent terms. (Eg, if the ISDA Benchmark Rate were five and a quarter percent, then *r* would be 5.25.) Contract expiration price will be the final settlement value rounded to the nearest one quarter of 1/32 of one point. *ISDA Benchmark mid-market par swap rates collected at 11:00 am, Eastern Time, by Reuters Limited and ICAP plc and published on Reuters page ISDAFIX1. Source: Reuters Limited.
Trading Hours
Traded exclusively on CME Globex: 5:30 pm to 4:00 pm, Chicago Time, Sunday - Friday
Ticker Symbol
CME Globex: 7I ("7-eye")

Chapter 38
7-Year Interest Rate Swap Futures

38100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 7-Year Interest Rate Swap futures. The procedures for trading, clearing, inspection, delivery, and settlement, and any other matters not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

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® 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 46103. (ISDA® is a registered trademark, and ISDAFIX℠ 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.

38102. TRADING SPECIFICATIONS

Trading in 7-Year Interest Rate Swap futures is regularly conducted in the first three consecutive contracts in the March-June-September-December quarterly cycle. The number of months open for trading at a given time shall be determined by the Exchange.

38102.A. Trading Schedule

The hours for trading of 7-Year Interest Rate Swap futures shall be determined by the Exchange. On the last day of trading in an expiring future, trading shall cease at 10:00 a.m. Chicago time.

38102.B. Trading Unit

The unit of trading shall be the notional price of the fixed-rate side of a 7-year interest rate swap that has notional principal equal to $100,000, and that exchanges semiannual interest payments based on a fixed rate of 6% per annum and measured according to a 30/360 daycount convention, for floating interest rate payments based on the 3-month London interbank offered rate (hereafter, LIBOR) and measured according to an actual/360 daycount convention, and that otherwise conforms to the terms prescribed by ISDA for the purpose of computing the daily fixing of ISDA Benchmark Rates* for US dollar interest rate swaps.

38102.C. Price Increments

The price of 7-Year Interest Rate Swap futures contracts shall be quoted in points. One point equals $1,000.00. Par shall be on the basis of 100 points. The minimum price fluctuation shall be one-half of one thirty-second of one point ($15.625 per contract) except for intermonth spreads, for which the minimum price fluctuation shall be one-fourth of one thirty-second of one point ($7.8125 per contract). Contracts shall not be made on any other price basis.

38102.D.-E. Reserved

38102.F. Termination of Trading

The last day of trading in a 7-Year Interest Rate Swap futures contract shall be the second London business day before the third Wednesday of the contract's delivery month. After trading in expiring contracts has ceased, outstanding contracts shall be liquidated by cash settlement as prescribed in Rule 38103.

38103. DELIVERY ON FUTURES CONTRACTS

Delivery against 7-Year Interest Rate Swap futures contracts shall be made by cash settlement through the Clearing House following normal variation margin procedures. Generally, final settlement value (defined below) shall be calculated on the last day of trading after ISDAFIX has published the ISDA Benchmark* for the last day of trading. Generally, such publications will occur at 10:30 a.m. Chicago time on the last day of trading. For exceptions to this, see Rule 38101.

The final settlement value shall be determined as follows:

Final Settlement Value = $\$100,000 * [\, 6/r + (\, 1-6/r)*(1 + 0.01*r/2)^{-14}\,]$

where r represents the ISDA Benchmark for the last day of trading, expressed in percent terms. For example, if the ISDA Benchmark for the last day of trading is five and one quarter percent, then r is equal to 5.25.

The final settlement price shall be the final settlement value, so determined, rounded to the nearest one-quarter of one thirty-second of a price point.

Example: Suppose the ISDA Benchmark on the last day of trading is 5.50. The final settlement value will be $102,872.752. To render this in terms of price points and quarters of thirty-seconds of price points, note that it is between 102-27.75/32nds and 102-28/32nds (where each price point equals $1,000) --

102-28/32nds	=	$102,875
Final settlement value	=	$102,872.752
102-27.75/32nds	=	$102,867.1875

The final settlement value is nearer to 102-28/32nds. Thus, the final settlement price is obtained by rounding up to 102-28/32nds.

In the event that the final settlement value is at the exact midpoint between any two adjacent quarters of one thirty-second of a price point, the final settlement price will be obtained by rounding up to the nearest one-quarter of a thirty-second of a price point.

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*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.

(End Chapter 38)

Position Limits and Reportable Limits

CONTRACT NAME	Opts	SCALE-DOWN SPOT MONTH	SPOT[1] MONTH	SINGLE[2] MONTH	ALL[3] MONTHS COMBINED	POSITION ACCOUNTABILITY Futures/Options[4]	REPORTABLE FUTURES LEVEL	REPORTABLE OPTIONS LEVEL
U.S. Treasury Bonds	Y	(See #13)				10,000 / 25,000	1,500	1,500
U.S. Treasury Notes (6 ½ -10 Yr.)	Y	(See #13)				7,500 / 20,000	2,000	2,000
U.S. Treasury Notes (5 Yr.)	Y	(See #13)				7,500 / 20,000	2,000	2,000
U.S. Treasury Notes (2 Yr.)	Y	(See #13)				7,500 / 20,000	1,000	1,000
30-Day Fed Fund	Y					3,000 / N/A	600	600
Credit Default Swap Index						500 / N/A	200	
30-Year Interest Rate Swap						5,000 / N/A	500	
10-Year Interest Rate Swap	Y					5,000 / 15,000	500	500
7-Year Interest Rate Swap						5,000 / N/A	25	
5-Year Interest Rate Swap	Y					5,000 / 15,000	500	500
Binary Options on the Fed	Y					N/A / 3,000		600
Mini-sized Eurodollars			10,000	10,000	10,000		400	

[1] Net long or short effective at the close of trading two business days prior to the first trading day of the delivery month.

[2] Futures-equivalent position limit net long or net short in any one month other than the spot month. Net equivalent futures long or short in all months and strike prices combined.

[3] Futures-equivalent position limit net long or net short in all months and strike prices combined. Long futures contracts, long call options, and short put options are considered to be on the long side of the market, while short futures contracts, long put options, and short call options are considered to be on the short side of the market.

[4] As described in Rule 560. Futures levels refer to futures equivalent contracts. Options levels refer to option contracts for all months and all strike prices combined in each option category (long call, long put, short call and short put).

#13In the last ten trading days of the expiring futures month, the following position limits in the expiring contract will apply: U.S. Treasury Bonds – 25,000 contracts; U.S. Treasury Notes (6½ - 10 Year) – 60,000 contracts; U.S. Treasury Notes (5 Year) – 45,000 contracts; U.S. Treasury Notes (2 Year) – 25,000 contracts. No hedge exemptions will be permitted with respect to these limits.