

Initial Listing of Ultra 10-Year Treasury Invoice Swap Contracts

Effective **Sunday, 5 June 2016**, for first trade date of Monday, 6 June 2016, and pending all relevant CFTC regulatory review periods, The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") will expand its current listings of Treasury Invoice Swaps with the launch of Ultra 10-Year Treasury Invoice Swap contracts (Clearing Codes TNA, TNB, TNC, TND, TNE, and TDF) ("Contracts") for trading on the CME Globex electronic trading platform ("CME Globex") in the form of intermarket spreads known as invoice spreads, and for the submission of clearing block transactions via CME ClearPort. The initial listing of the Contracts shall include swaps for which the corresponding relevant CBOT Treasury futures contracts are for delivery in June 2016 and September 2016.

In the following, Section 1 summarizes the Contracts' features. (Appendix A presents the text of CBOT Rulebook Chapter 58, which sets forth requisite amendments to contract terms and conditions.) Section 2 discusses trading conventions. Section 3 describes amendments in regard to the applicable position accountability standards and CME Globex non-reviewable price ranges. Section 4 addresses block trading standards. Section 5 summarizes the applicable Exchange fees.

(1) Treasury Invoice Swaps and Spreads: Contract Specifications

A Treasury invoice swap spread ("invoice spread") transaction entails simultaneous execution of a CBOT Treasury futures contract and a corresponding Treasury invoice swap,¹ such that (a) the fixed-rate payer's (receiver's) exposure in such Treasury invoice swap is counterposed to a long (short) position in a specified relevant Treasury futures contract, and (b) the interest rate sensitivity of the Treasury invoice swap exposure is approximately equal in magnitude, and opposite in sign, to the aggregate interest rate sensitivity of the Treasury futures exposure.²

Similar to Treasury invoice swaps that are traded over the counter, any CBOT Treasury Invoice Swap listed for trading on CME Globex is standardized in terms of: (a) a specified related CBOT Treasury futures contract, (b) the coupon rate per annum and maturity date of a specified related Treasury security eligible for delivery in fulfillment of futures contract (a), and (c) a specified delivery date allowable under

¹ A Treasury invoice swap is a US-dollar-denominated forward-starting Libor-reference IRS wherein:

The **fixed interest rate** is set with reference to a given Treasury delivery invoice yield, that is, the yield to maturity associated with the delivery invoice price for a specified Treasury futures contract, fulfilled by delivery of a specified deliverable-grade Treasury security, on a specified futures contract delivery date.

Fixed-rate interest payment dates, which occur semiannually, are scheduled so as to align with the coupon payment dates for the specified deliverable-grade Treasury security (typically, but not always, the Treasury issue that is either cheapest to deliver (CTD), or a close contender for CTD status, in fulfillment of the specified Treasury futures contract).

Floating-rate interest payment dates, which occur quarterly, also are scheduled so as to align with the coupon payment schedule for the specified deliverable-grade Treasury security.

The Treasury invoice swap is priced, quoted, and dealt in terms of the **swap spread**, the difference between the fixed interest rate for the Treasury invoice swap minus the Treasury delivery invoice yield.

² Market practitioners generally gauge such interest rate sensitivities in terms of the corresponding DV01s, where the DV01 is the (absolute) dollar value of a change of one basis point per annum, up or down, in the prevailing level of market yields.

the terms of futures contract (a).³ Exhibits 1 and 2 summarize Ultra 10-Year Treasury Invoice Swap specifications.

Exhibit 1 – CBOT Ultra 10-Year Treasury Invoice Swap Contracts

(All times of day referenced here and elsewhere in this correspondence are Chicago time, unless otherwise noted.)

Trading Unit	A USD forward-starting Libor-reference interest rate swap, cleared by CME Clearing, traded on CME Globex, and standardized with reference to: (a) a specified related CBOT 10-Year U.S. Treasury Note (TN) futures contract; (b) coupon rate per annum and maturity date of a specified related Treasury security eligible for delivery into specified related futures contract (a); and (c) a specified related delivery date allowable under the terms of specified related futures contract (a).					
Swap Tenors	Related CBOT Treasury Futures Contract			Approximate IRS Tenor		
	10-Year U.S. Treasury Note (TN)			9 yrs 6 mos		
Effective Dates	Either first (F) or last (L) delivery date for the related CBOT Treasury futures contract					
	F			L		
	First bus day of Mar, Jun, Sep, or Dec			Last bus day of Mar, Jun, Sep, or Dec		
Price Basis	Swap spread, quoted in basis points per annum					
Minimum Price Increment	1/10 th of one basis point per annum, eg, 11.8, 11.9, 12.0, 12.1					
Termination of Trading	Coincident with termination of trading in the related Treasury futures contract, if the related delivery date is the related futures contract's last delivery date.					
	Close of trading on second business day before first delivery date of the related Treasury futures contract, if the related delivery date is the related futures contract's first delivery date.					
Swap Elections	See Exhibit 2.					
Trading Hours	CME Globex: 5pm to 4pm, Sun-Fri. CME Globex Trade Match Algorithm: First In First Out (FIFO) CME ClearPort: 5pm to 4pm, Sun-Fri. For submission of block trades only.					
Product Codes	Last Futures Delivery Date			First Futures Delivery Date		
	1st Listing	2nd Listing	3rd Listing	1st Listing	2nd Listing	3rd Listing
	TNA	TNB	TNC	TND	TNE	TNF

Example

A hypothetical Ultra 10-Year Treasury Invoice Swap may be specified in terms of TN futures for June 2016 delivery (TNM6) on the premise that the related Treasury note delivered in fulfillment of an expiring TNM6 contract will be the 2-1/4% of 15 November 2025, and that the related futures delivery date (and swap effective date) will be Thursday, 30 June 2016, the last allowable delivery day for TNM6. The swap tenor (from the swap effective date, 30 June 2016, to the related Treasury note maturity date, 15 November 2025) is approximately 9 years 4-1/2 months.

The fixed interest rate for any Treasury Invoice Swap is based on the invoice swap rate, r , established through centralized and competitive trading of the corresponding invoice spread package, as $r = y + s$, where:

r is the Treasury invoice swap fixed rate per annum, accruing on 30/360 day count basis.

³ See Footnote 1.

- y is the delivery invoice yield of the corresponding specified CBOT TN futures contract, ie, the forward starting yield to maturity of a specified related Treasury security eligible for delivery in fulfillment of such futures contract, for forward start on a specified allowable delivery date (either first delivery date or last delivery date) for such TN futures contract, with the forward starting yield based upon the CME Last (or “C-Last”) price of such TN futures contract as of the timestamp of the Treasury invoice swap transaction.⁴
- s is the Treasury invoice swap spread

Exhibit 2 – CME Clearing Elections for CBOT Ultra 10-Year Treasury Invoice Swap Contracts

Effective Date	Either first delivery date or last delivery date allowable for a specified related CBOT 10-Year U.S. Treasury Note (TN) futures contract.
Currency	USD
Notional Amount	Minimum increments of \$0.01
Business Day(s)	New York and London
Business Day Convention	Modified Following
Termination Date	Maturity date for a specified related Treasury security eligible for delivery into the specified related CBOT TN futures contract
Fixed Rate Payment Dates	All semiannual period dates made with reference to Termination Date, within interval starting with (and excluding) Effective Date and ending with (and including) Termination Date.
Fixed Rate	(Treasury futures contract delivery invoice yield) + (Treasury invoice swap spread / 100).
Fixed Rate Day Count	30/360
Floating Rate Payment Dates	All quarterly period dates made with reference to Termination Date, within the interval starting with (and excluding) Effective Date and ending with (and including) Termination Date.
Floating Rate Option	USD-LIBOR-BBA
Floating Rate Designated Maturity	3-Month except for Initial Floating Rate Payment
Floating Rate Day Count	Actual/360
Floating Rate Spread	None
Compounding	None
Initial Floating Rate Payment	(a) Set by linear interpolation, on the basis of actual/360 day count, with respect to New York and London Business Days subject to Modified Following Business Day Convention, (b) applied to two (2) USD-LIBOR-BBA values for notional settlement on Effective Date, (c) where one such USD-LIBOR-BBA value is for the standardized Designated Maturity date next preceding the date of the Initial Floating Rate Payment, and the other such USD-LIBOR-BBA value is for the standardized Designated Maturity date next following the date of the Initial Floating Rate Payment. Interpolation typically will be applied to pairs of USD-LIBOR-BBA values for Designated Maturities of two (2) months and three (3) months, or of one (1) month and two (2) months, or of one (1) week and one (1) month.

⁴ The C-Last price for a CBOT Treasury futures contract is the contract’s latest trade price, or actionable price indication, or settlement price. Specifically, the C-Last price is the most recent of:

- (i) the contract’s latest CME Globex transaction price, or
- (ii) the CME Globex bid price that betters the bid side of the market, or
- (iii) the CME Globex asking price that betters the ask side of the market, or
- (iv) the contract’s latest daily settlement price.

In respect of items (ii) and (iii), a bid that betters the market is understood to be a bid to buy at a higher price than the incumbent C-Last price. Similarly, a better ask price is an offer to sell at a price below the preceding C-Last price.

The Treasury invoice swap spread, s , is the price measure by which a Treasury invoice swap is quoted and transacted. (Because the invoice swap spread is quoted in basis points per annum, s is the quoted spread divided by 100.)

Example, cont'd

On some arbitrary date in March 2016, consider TNM6 and the hypothetical corresponding Treasury Invoice Swap specified in terms of delivery of the 2-1/4% of 15 November 2025 Treasury note on 30 June 2016 (TNM6's last delivery date). Assume TNM6 is priced so that the forward-starting yield to maturity for the specified Treasury note is 1.9375 percent per annum.⁵ Assume the related invoice swap spread is priced at -16.2 basis points (equal to -0.162 percent) per annum. The resultant (hypothetical) Treasury invoice swap is booked at a fixed rate of 1.7755 percent per annum, equal to the Treasury delivery invoice yield of 1.9375 percent plus a swap spread of -0.1620 percent.

(2) Trading Treasury Invoice Swap Contracts

Any party who executes or enters an order for a transaction in any CBOT Treasury Invoice Swap, or in any intercommodity spread comprising such Treasury Invoice Swap, shall be required to be either a CME IRS Clearing Member (CME Rule 90002.O.) or an IRS Participant (CME Rule 90002.U.) registered with CME.

Trading in all CBOT Treasury Invoice Swap contracts is subject to three provisional restrictions, codified as interpretations and special notices to the contract terms and conditions.

First, any Treasury Invoice Swap is permitted to trade *only* as a component of an intercommodity spread with the corresponding related Treasury futures contract. Any party entering such Treasury Invoice Swap as the fixed-rate interest payer shall be required to be a purchaser of the related Treasury futures contract through an intercommodity spread. Conversely, any party entering such Treasury Invoice Swap as the fixed-rate interest receiver shall be required to be a seller of the related Treasury futures contract.

Second, the trading unit for any Treasury Invoice Swap shall be prescribed by the Exchange from time to time, so that the magnitude of such swap's notional principal amount is approximately comparable to the magnitude of the unit of trade for the corresponding related Treasury futures contract. Without limitation, the intent of this restriction is to enable the Exchange to establish a Treasury Invoice Swap's unit of trade so that its DV01 is approximately comparable to the DV01 of the related Treasury futures contract.

Third, the *only* admissible price basis for quoting or trading a Treasury Invoice Swap shall be the corresponding Treasury Invoice Swap spread, as described and exemplified in Section (1) above. Any Treasury Invoice Swap transacted at a given swap spread shall be submitted to CME Clearing for clearing and guarantee at a fixed rate equal to the sum of (a) the swap spread (in percent per annum terms) plus (b) the forward-starting yield to maturity of the related Treasury security, for forward start on the related Treasury futures delivery date, where such yield to maturity is based upon the C-Last price of the swap's specified Treasury futures contract as of the time of such Treasury Invoice Swap transaction. ***The same price basis shall be the only admissible price basis for quoting or trading any intracommodity or intercommodity spread or combination of Treasury Invoice Swap spreads.***

⁵ Recall that the forward-starting yield is determined on the basis of (a) the delivery invoice amount for the specified Treasury note, which in turn is implied jointly by the futures contract's market price and the futures delivery conversion factor applicable to the specified Treasury note, and (b) the forward start date, which is specified to be the last futures delivery date, 30 June 2016.

(3) Position Accountability and CME Globex Non-Reviewable Ranges

CBOT Treasury Invoice Swaps are not subject to position limits. As with other Treasury Invoice Swaps listed for trading on the CBOT, Ultra 10-Year Treasury Invoice Swaps shall be subject to a position accountability threshold of \$1, expressed in terms swap notional principal value. Non-reviewable ranges for trading in CBOT Treasury Invoice Swaps on CME Globex are set forth in Exhibit 3.

Exhibit 3 – Amendments to CBOT Rule 588.H. Globex Non-Reviewable Trading Ranges

(Additions are shown in underline font.)

Interest Rate Swaps				
Instrument	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks
...
Two-Year Treasury Invoice Swap	TVA-F	1.2 basis points	12	12
Five-Year Treasury Invoice Swap	FYA-F	0.8 basis points	8	8
Ten-Year Treasury Invoice Swap	TYA-F	0.8 basis points	8	8
Ultra Ten-Year Treasury Invoice Swap	TNA-F	0.8 basis points	8	8
Treasury Bond Invoice Swap	UTA-E,UET	0.8 basis points	8	8
Long-Term Treasury Bond Invoice Swap	UBA-F	0.8 basis points	8	8
...

(4) Block Trade Standards

Any intermarket spread that combines a CBOT Treasury Invoice Swap and the corresponding relevant CBOT Treasury futures contract is eligible for execution as a privately negotiated block trade, subject to two conditions. First, the minimum size for each leg of such block transaction must be no less than the minimum size threshold for block transactions in such CBOT Treasury Invoice Swap (where minimum size is understood to apply to the aggregate of contract notional face value in the case of the CBOT Treasury futures component of such intercommodity spread, and to the size of swap notional principal in the case of the CBOT Treasury Invoice Swap component of such intercommodity spread). Second, contingent trade is prohibited in any CME cleared interest rate swap (including any CBOT Treasury Invoice Swap) for which the effect would be to circumvent minimum quantity requirements for block trades in outright CBOT Treasury futures, irrespective of the trading venue in which such CME cleared interest rate swaps may be executed.

Standards for block trades in such intermarket spreads are displayed in Exhibit 4.

Exhibit 4 – Block Trade Standards for CBOT Treasury Invoice Swaps and Swap Spreads

(Additions are shown in underline font.)

Intercommodity Spread	Minimum Block Trade Threshold -- Invoice Swap Notional Principal Amount (\$ mlns)⁶	Minimum Block Trade Threshold – Treasury Futures Contracts
2-Year Invoice Spread	460	2,300
5-Year Invoice Spread	240	2,400
10-Year Invoice Spread	170	1,700
Ultra 10-Year Invoice Spread	170	1,700
Treasury Bond Invoice Spread	120	1,200

⁶ See 17 CFR Part 43, Procedures To Establish Appropriate Minimum Block Sizes for Large Notional Off-Facility Swaps and Block Trades, 31 May 2013, effective 30 July, 2013, available at <http://www.cftc.gov/LawRegulation/DoddFrankAct/Dodd-FrankFinalRules/ssLINK/2013-16938a>

(5) Exchange Fees

As with extant listings of Treasury Invoice Swaps, fees applicable to trading and clearing of the Ultra 10-Year Treasury Invoice Swaps are as summarized below –

CME Globex execution fees

A CME Globex transaction fee of \$0.10 per swap contract side per \$100,000 of notional principal amount is levied on any CBOT Treasury Invoice Swap transacted. This fee applies as a flat rate, irrespective of the CBOT membership category of any party to such transaction.

CME Clearing fees

Any CBOT Treasury Invoice Swap shall be subject to such CME IRS Clearing fees (ie, the High Turnover Schedule, the Standard Fee Schedule, or the Magellan Dealer schedule) as may apply to any party to a transaction in such Treasury Invoice Swap. CME OTC Cleared IRS Customer Fees that are in effect at any given time are set forth at:

<http://www.cmegroup.com/trading/interest-rates/files/CME-IRS-Customer-Fee.pdf> or at

<http://www.cmegroup.com/trading/interest-rates/cleared-otc-irs-customer-fees.html>

Block trade surcharges

A surcharge of \$0.25 per swap contract side shall be levied per trading unit of any CBOT Treasury Invoice Swap made through a block transaction.

Any CBOT Treasury futures contract traded through an intercommodity spread with a CBOT Treasury Invoice Swap shall be subject to such applicable CBOT transaction fees, surcharges, and clearing fees as are in effect at the time of transaction. CBOT Transaction Fee Schedules for Financial Products, and for Ex-Pit Surcharges, Non-Trades, and Clearing Fees in effect at any given time are set forth at:

<http://www.cmegroup.com/company/clearing-fees/>

Please refer questions on CBOT Treasury invoice swaps and invoice spreads to:

Matthew Gierke	matthew.gierke@cmegroup.com	312 930 8543
Agha Mirza	agha.mirza@cmegroup.com	212 299 2833
Frederick Sturm	frederick.sturm@cmegroup.com	312 930 1282

Appendix A

CBOT Rulebook Chapter 58 – Treasury Invoice Swaps

(Additions are underlined. Deletions are ~~struck through~~.)

58100. SCOPE OF CHAPTER

This chapter is limited in application to trading of Treasury Invoice Interest Rate Swaps (“Treasury Invoice Swaps”). Procedures for trading, clearing, settlement, and any other matters not specifically covered herein, shall be governed by the general rules of the Exchange and of Chicago Mercantile Exchange (“CME”) Rulebook Chapters 8F, 8G, 900, and 901, as applicable (“Rules”).

Capitalized terms in this Chapter that are not otherwise defined in this Chapter shall have the meanings given to such terms in other Chapters of the Rules. Except as noted, references in this Chapter to Rules or Chapters shall be to the Rules of the CBOT or to the Chapters of the CBOT Rulebook. Capitalized terms in this Chapter that are not otherwise defined in this Chapter or in the other Chapters of the Rules shall have the meanings set forth in the ISDA Definitions (CME Rule 90002.N.).

Except as noted, all times referenced in this Chapter are Chicago times and are subject to change by the Exchange.

58101. CONTRACT SPECIFICATIONS

58101.A. Definitions

1.CBOT Treasury Futures Contract

Short-Term U.S. Treasury Note (2-Year) futures (Chapter 21), Medium-Term U.S. Treasury Note (5-Year) futures (Chapter 20), Long-Term U.S. Treasury Note (6 ½ to 10-Year) futures (Chapter 19), 10-Year U.S. Treasury Note futures (Chapter 26), U.S. Treasury Bond futures (Chapter 18), or Long-Term U.S. Treasury Bond futures (Chapter 40) listed for trading on the CBOT.

2.Related Futures Contract

For a given Treasury Invoice Swap made under these rules, a given CBOT Treasury Futures Contract (Rule 58101.A.1.) for a given delivery month as specified in the Swap Elections for such Treasury Invoice Swap, including but not limited to the Effective Date (Rule 58101.B.1.), Fixed Rate Payment Dates (Rule 58101.B.7.), Floating Rate Payment Dates (Rule 58101.B.10.), and Initial Floating Rate Payment (Rule 58101.B.16.).

3.Related Treasury CUSIP

A given Treasury security designated by the Exchange as eligible for delivery in fulfillment of the Related Futures Contract (Rule 58101.A.2.).

4.Related Futures Delivery Date

A given date allowable for delivery of Treasury securities in fulfillment of the Related Futures Contract (Rule 58101.A.2.). Without limitation to the foregoing, such Related Futures Delivery Date typically shall be either the first delivery date or the last delivery date allowable under the terms of such Related Futures Contract.

5.Treasury Delivery Invoice Yield

The yield to maturity that corresponds to the delivery invoice amount implied by the market price of a given Related Futures Contract (Rule 58101.A.2.), to be fulfilled by delivery of a specified Related Treasury CUSIP (Rule 58101.A.3.) for settlement on a specified Related Futures Delivery Date (Rule 58101.A.4.).

6. Swap Spread

The price of an intercommodity spread comprising a Treasury Invoice Swap and the corresponding Related Futures Contract (Rule 58101.A.2.), expressed as the difference between the Fixed Rate (Rule 58101.B.8) for such Treasury Invoice Swap minus a Treasury Delivery Invoice Yield (specified subject to Rule 58101.A.5.) for such Related Futures Contract.

A party entering such intercommodity spread as the buyer shall be the payer of Fixed Rate interest (Rule 58101.B.8.) in such Treasury Invoice Swap and shall be the purchaser of such Related Futures Contract. A party entering such intercommodity spread as the seller shall be the receiver of Fixed Rate interest in such Treasury Invoice Swap and shall be a seller of such Related Futures Contract.

58101.B. Swap Elections

Any contract 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 subject to CME Rulebook Chapters 8F, 8G, 900, and 901, and that is subject to the following Contract Elections (CME Rule 90002.F.):

1. Effective Date: A specified Related Futures Delivery Date (Rule 58101.A.4.) for a specified Related Futures Contract (Rule 58101.A.2.).
2. Currency: US dollars (CME Rule 90102.B.).
3. Notional Amount: Any integer multiple of \$0.01.
4. Business Day(s): New York and London.
5. Business Day Convention: Modified Following.
6. Termination Date: Maturity date of a given Related Treasury CUSIP (Rule 58101.A.3.).
7. Fixed Rate Payment Dates: All semiannual period dates, made with reference to a given Termination Date (Rule 58101.B.6.), in the interval beginning with and not including the Effective Date (Rule 58101.B.1.) and ending with and including such Termination Date.
8. Fixed Rate: See Rule 58102.C.
9. Fixed Rate Day Count: 30/360.
10. Float Rate Payment Dates: All quarterly period dates, made with reference to a given Termination Date (Rule 58101.B.6.), in the interval beginning with and not including the Effective Date (Rule 58101.B.1.) and ending with and including such Termination Date.
11. Floating Rate Option: USD-LIBOR-BBA (CME Rule 90102.E.1.).
12. Designated Maturity: Three (3) months, subject to Rule 58101.B.16.
13. Floating Rate Day Count: Actual/360.
14. Spread: None.
15. Compounding: None.
16. Initial Float Rate Payment: The floating rate for determination of the Initial Floating Rate Payment shall be set:

- (a) by linear interpolation, on the basis of Actual/360 Floating Rate Day Count (Rule 58101.B.13.) with respect to New York and London Business Days (Rule 58101.B.4.) subject to the Modified Following Business Day Convention (Rule 58101.B.5.),
- (b) applied to two (2) USD-LIBOR-BBA values for notional settlement on the Effective Date (Rule 58101.B.1.),
- (c) where one such USD-LIBOR-BBA value is for the standardized Designated Maturity date next preceding the date of such Initial Floating Rate Payment, and the second such USD-LIBOR-BBA value is for the standardized Designated Maturity date next following the date of such Initial Floating Rate Payment.

Without limitation to the foregoing, such interpolation typically will be applied to pairs of USD-LIBOR-BBA values for Designated Maturities of two (2) months and three (3) months, or of one (1) months and two (2) months, or of one (1) week and one (1) month.

58102. TRADING SPECIFICATIONS

For Treasury Invoice Swap contracts made under these Rules, the number of Effective Dates (Rule 58101.B.1.) and Termination Dates (Rule 58101.B.6.) open for trading at a given time shall be determined by the Exchange.

Trading in any Treasury Invoice Swap contract made under these Rules shall be subject to the Interpretations & Special Notices Relating to Chapter 58.

58102.A. Trading Schedule

The hours of trading shall be determined by the Exchange.

58102.B. Trading Unit

The contract quantity shall be an integer multiple of \$0.01 of Notional Amount (Rule 58101.B.3.), subject to the Interpretations & Special Notices Relating to Chapter 58.

58102.C. Price Basis

Any price quoted or made in connection with creation of a Treasury Invoice Swap contract under these Rules shall be in terms of the Fixed Rate for such swap (Rule 58101.B.8.), subject to the Interpretations & Special Notices Relating to Chapter 58.

58102.D. Position Limits and Position Accountability

The applicable position limits and/or accountability levels are set forth in the Position Limit and Position Accountability 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.

58102.E. Termination of Trading

Trading on the CBOT in any Treasury Invoice Swap made under these Rules shall terminate with termination of trading in the Related Futures Contract (Rule 58101.A.2.) corresponding to such Treasury Invoice Swap.

58103. CLEARING GUARANTEE

58103.A. Requirements for Market Participation

Any party entering an order for, or executing a transaction in, any Treasury Invoice Swap made under these Rules shall be either an IRS Clearing Member (CME Rule 90002.I) or an IRS Participant registered with CME pursuant to CME Rule 90005.A or CME Rule 90005.B., respectively.

58103.B. IRS Product Account Registration

Any order for, or transaction in, a Treasury Invoice Swap made under these Rules 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.). Such IRS Clearing Member shall guarantee and assume complete responsibility for the financial obligations of the party on whose behalf such order or trade is entered.

58103.C. Clearing House Financial Safeguards

Any Treasury Invoice Swap made under these Rules shall be an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund.

INTERPRETATIONS & SPECIAL NOTICES RELATING TO CHAPTER 58

1. Trading Specifications

Until such time as the Exchange shall enable outright trading in Treasury Invoice Swap contracts made under these Rules, trading in any such Treasury Invoice Swap contract shall be permitted only where such Treasury Invoice Swap contract is traded as a component of an a Swap Spread (Rule 58101.A.6.) comprising intercommodity combination with the corresponding Related Futures Contract (Rule 58101.A.2.) in which (a) any party entering such Treasury Invoice Swap as the payer of Fixed Rate interest (Rule 58101.B.8.) shall be a purchaser of such Related Futures Contract, and (b) any party entering such Treasury Invoice Swap as the receiver of Fixed Rate interest shall be a seller of such Related Futures Contract.

2. Trading Unit

Subject to Special Notice 1. for Trading Specifications of these Interpretations & Special Notices, the Trading Unit for any Treasury Invoice Swap contract made under these Rules shall be as prescribed by the Exchange from time to time.

Without limitation to the foregoing, the Exchange typically shall prescribe the Trading Unit for such Treasury Invoice Swap contract so that the order of magnitude of the corresponding Notional Amount (Rule 58101.B.3.) shall be comparable to the order of magnitude of the Trading Unit for the corresponding Related Futures Contract. (See CBOT Rule 21102.B. where such Related Futures Contract is Short-Term U.S. Treasury Note (2-Year) futures, CBOT Rule 20102.B. where such Related Futures Contract is Medium-Term U.S. Treasury Note (5-Year) futures, CBOT Rule 19102.B. where such Related Futures Contract is Long-Term U.S. Treasury Note (6 ½ to 10-Year) futures, CBOT Rule 26102.B. where such Related Futures Contract is 10-Year U.S. Treasury Note futures, CBOT Rule 18102.B. where such Related Futures Contract is U.S. Treasury Bond futures, or CBOT Rule 40102.B. where such Related Futures Contract is Long-Term U.S. Treasury Bond futures.)

3. Price Basis

Subject to Special Notice 1. for Trading Specifications of these Interpretations & Special Notices, the Price Basis for any Treasury Invoice Swap contract made under these Rules shall be the corresponding Swap Spread (Rule 58101.A.6.). Such Swap Spread, or any spread or combination consisting of such Swap Spreads, shall be quoted and made as an integer multiple of one tenth (1/10) of one interest rate basis point per annum (1/100th of one percent per annum, eg, 10.9, 11.0, 11.1, or 11.2 basis points per annum), on the basis of 30/360 day count (Rule 58101.B.9.), with semiannual compounding of interest (Rule 58101.B.7.). Any such Swap Spread shall be quoted in a minimum increment of one tenth (1/10) of

~~one basis point per annum (eg, 10.9, 11.0, 11.1, or 11.2 basis points per annum).~~

Where a Treasury Invoice Swap contract is made at a given Swap Spread:

3.a. The **Fixed Rate** of interest (Rule 58101.B.8.) for such Treasury Invoice Swap contract shall be the sum of such Swap Spread (Rule 58101.A.6.), re-expressed in terms of interest rate per annum, plus the corresponding Treasury Delivery Invoice Yield (Rule 58101.A.5.).

Example: Assume that a given CBOT Treasury Invoice Swap trades at a price equal to 11.2 basis points per annum or, equivalently, 0.112 percent per annum. Assume moreover that for the corresponding Related Futures Contract, Related Treasury CUSIP, and Related Futures Delivery Date, the Treasury Delivery Invoice Yield is equal to 2.550 percent per annum. Then such Treasury Invoice Swap shall be submitted to CME Clearing for centralized clearing and guarantee at a Fixed Rate of 2.662 percent per annum, equal to 2.550 percent plus 0.112 percent.

~~**3.b.** Such **corresponding Treasury Delivery Invoice Yield** shall be defined as the yield to maturity that corresponds to the delivery invoice amount implied by the market price of the corresponding Related Futures Contract (Rule 58101.A.2.), to be fulfilled by delivery of the corresponding Related Treasury CUSIP (Rule 58101.A.3.) for settlement on the corresponding Related Futures Delivery Date (Rule 58101.A.4.).~~

3.be. Such **market price of the corresponding Related Futures Contract** shall be defined as the CME Last price of such Related Futures Contract, as indicated on the CME Globex electronic trading platform at the time of transaction of such Treasury Invoice Swap contract. Without limitation to the foregoing, for a given Related Futures Contract the CME Last price shall be the most recent of:

- (i) such Related Futures Contract's latest CME Globex transaction price, or
- (ii) the CME Globex bid price that betters the bid side of the market, or
- (iii) the CME Globex asking price that betters the ask side of the market, or
- (iv) such Related Futures Contract's latest daily settlement price.