

Chapter 23

10-Year Interest Rate Swap Futures

The terms and conditions in this chapter shall apply only to contracts for delivery in June 2009 and September 2009. Upon expiration of contracts for delivery in September 2009, the terms and conditions given herein shall be replaced by the terms and conditions now given in Chapter 23R.

23100. SCOPE OF CHAPTER

This chapter is limited in application to futures trading of 10-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.

23101. CONTRACT SPECIFICATIONS

The contract grade shall be the final settlement price of the unit of trading, as defined in Rule 23102.B., on the last day of trading as defined in Rule 23102.F. of this chapter).

The final settlement price shall be based upon the ISDA[®] Benchmark Rate* for a 10-Year U.S. dollar interest rate swap for the last day of trading, as published on the last day of trading on Reuters page ISDAFIX1sm (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. Dollar interest rate swaps). Determination of the final settlement price on the basis of said ISDA Benchmark Rate shall be as prescribed in Rule 23103. of this chapter. (ISDA[®] is a registered trademark, and ISDAFIXsm is a registered service mark, of the International Swaps and Derivatives Association, Inc.)

Hereafter in this chapter, the ISDA Benchmark Rate for a 10-Year U.S. dollar interest rate swap shall be referenced as the "the ISDA Benchmark," and ISDAFIX1 (or other Reuters page as shall be designated by ISDA for the purpose of publishing and disseminating ISDA Benchmark Rates for U.S. dollar interest rate swaps) shall be referenced as "Reuters".

If Reuters 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 Reuters.

23102. TRADING SPECIFICATIONS

Trading in 10-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.

23102.A. Trading Schedule

The hours for trading of 10-Year Interest Rate Swap futures shall be determined by the Exchange. On the last day of trading in an expiring future, the close of the expiring future shall begin at 10:00 a.m. and trading shall be permitted thereafter for a period not to exceed one minute.

23102.B. Trading Unit

The unit of trading shall be the notional price of the fixed-rate side of a 10-Year interest rate swap that has notional principal equal to \$100,000, and that exchanges semiannual interest payments at a fixed rate of 6% per annum, 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 U.S. dollar interest rate swaps.

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

23102.C. Price Increments

The price of 10-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.

23102.D. Reserved

23102.E. Reserved

23102.F. Termination of Trading

The last trading day of a 10-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 contracts for future delivery in the current delivery month has ceased outstanding contracts for such delivery shall be liquidated by cash settlement as prescribed in Rule 23103.

23103. DELIVERY ON FUTURES CONTRACTS

Delivery against 10-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 Reuters 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 23101.

The final settlement value shall be determined as follows:

$$\text{Final Settlement Value} = \$100,000 * [6/r + (1-6/r)*(1 + 0.01*r/2)^{-20}]$$

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 \$103,806.81. To render this in terms of price points and quarters of thirty-seconds of price points, note that it is between 103-25.75/32nds and 103-26/32nds (where each price point equals \$1,000) --

103-26/32nds	=	\$103,812.50
Final settlement value	=	\$103,806.81
103-25.75/32nds	=	\$103,804.6875

The final settlement value is nearer to 103-25.75/32nds. Thus, the final settlement price is obtained by rounding down to 103-25.75/32nds.

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.