

Chapter 460 Three-Month OIS Futures

46000. SCOPE OF CHAPTER

This chapter is limited in application to trading in 3-Month OIS futures. The procedure for trading, clearing, delivery, settlement, and any other matters not specifically covered herein shall be governed by the rules of the Exchange.

46001. COMMODITY SPECIFICATIONS

Each futures contract shall be for an interbank deposit having a principal value of \$1,000,000 and paying interest at a rate equal to the compounded daily effective federal funds rate during the contract's Reference Quarter (46003.A.1.).

46002. FUTURES CALL

46002.A. Trading Schedule

Futures contracts shall be scheduled for trading during such hours, and for expiration in such months, as may be determined by the Exchange.

46002.B. Trading Unit

The Trading Unit shall be a US domestic interbank deposit in the amount of \$1,000,000 that pays interest at a rate equal to the compounded daily effective federal funds rate during the contract's Reference Quarter (46003.A.1.). The daily effective federal funds rate shall be as computed by the Federal Reserve Bank of New York (hereafter, "FRBNY").

46002.C. Price Increments

Bids and offers shall be quoted in terms of the IMM Index, 100.000 minus the compounded daily effective federal funds rate during the contract's Reference Quarter (46003.A.1.), on an annual basis for a 360-day year.

Example: A compounded daily effective federal funds rate equal to 6.5025 percent shall be quoted as 93.4975.

1. Contracts with Four Months or Less until Expiry

For contracts with four months or less until expiry, minimum fluctuations of the IMM Index shall be in multiples of 0.0025 (\$6.25). For each 0.0025 increase in the Index, the Clearing House shall credit \$6.25 per contract to those clearing members holding open long positions, and shall debit \$6.25 per contract from those clearing members holding open short positions. For each 0.0025 decrease in the Index, the Clearing House shall debit \$6.25 per contract from those clearing members holding open long positions, and shall credit \$6.25 per contract to those clearing members holding open short positions.

For any any given contract, the applicable four-month interval shall be defined so as to begin on, and to include, the Monday before the third Wednesday of the month that precedes the contract's named month of expiry by four months. If this is not an Exchange business day, then the applicable four-month interval shall begin on the following Exchange business day.

2. Contracts with More than Four Months until Expiry

For contracts with more than four months until expiry, minimum fluctuations of the IMM Index shall be in multiples of 0.005 (\$12.50). For each 0.005 increase in the Index, the Clearing House shall credit \$12.50 per contract to those clearing members holding open long positions, and shall debit \$12.50 per contract from those clearing members holding open short positions. For each 0.005 decrease in the Index, the Clearing House shall debit \$12.50 per contract from those clearing members holding open long positions, and shall credit \$12.50 per contract to those clearing members holding open short positions.

For any given contract, the applicable four-month interval shall be defined in 46002.C.1.

46002.D. Position Accountability

A person owning or controlling more than 10,000 contracts net long or net short in all contract months combined shall provide, in a timely fashion, upon request by the Exchange, information regarding the nature of the position, trading strategy, and hedging information, if applicable.

In addition, the Exchange may require, at its discretion, that such position not be further increased.

46002.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.

46002.F. [Reserved]**46002.G. Termination of Trading**

The Last Day of Trading in an expiring contract shall be the Last Day of the contract's Reference Quarter (46003.A.1.) or, if this is not an Exchange business day, the Exchange business day immediately preceding the Last Day of the contract's Reference Quarter. Trading in an expiring contract shall terminate at 4:00 pm Chicago time on the Last Day of Trading.

46002.H. Contract Modifications

Specifications shall be fixed as of the first day of trading in a contract, except that all deliveries on a contract must conform to government regulations in force at the time of delivery. If any U.S. government agency or body issues an order, ruling, directive, or law that conflicts with the requirements of these rules, then such order, ruling, directive, or law shall be construed to take precedence and shall become part of these rules, and all open and new contracts shall be subject to such government orders.

46003. SETTLEMENT PROCEDURES

Delivery on 3-Month OIS futures contracts shall be made by cash settlement.

46003.A. Final Settlement Price**1. Definition of Reference Quarter**

For any given contract, the Reference Quarter shall be the interval for which the First Day is the third Wednesday of the calendar month that precedes the contract's named expiration month by three whole months, and for which the Last Day is the day immediately preceding the day that follows the First Day by three calendar months. The Reference Quarter shall comprise both its First Day and its Last Day.

Example: For a hypothetical 3-Month OIS futures contract expiring in June 2011, the First Day of the contract's Reference Quarter is the third Wednesday of March 2011, or 16 March 2011. Accordingly, the Last Day of the contract's Reference Quarter is the day immediately preceding 16 June 2011, or Wednesday, 15 June 2011.

2. Definition of Final Settlement Price

For any given contract, the Final Settlement Price shall equal 100 minus the compounded daily effective federal funds rate during the contract's Reference Quarter:

$$\text{Final Settlement Price} = 100 - R$$

where

$$R = [\prod_{i=1}^n \{1 + (d_i/360) * (r_i/100)\} - 1] \times (360/D) \times 100$$

n = the number of FRBNY business days during the Reference Quarter.

i = is the running index that identifies each FRBNY business day during the Reference Quarter, such that i takes the values $i = 1, 2, \dots, (n-1), n$.

$\prod_{i=1 \dots n}$ denotes the product of the values identified by the running index, $i = 1, 2, \dots, n$.

r_i = the effective federal funds rate applicable to a US domestic interbank overnight deposit for which the i^{th} FRBNY business day is the value date. r_i is expressed in percent terms.

Example: If the interest rate applicable to the i^{th} FRBNY business day is five and one quarter percent, then $r_i = 5.25$.

d_i = the number of calendar days to which r_i applies. For any calendar day that is not a FRBNY business day (eg, weekend days, FRBNY holidays), the applicable value shall be the effective federal funds rate for the previous FRBNY business day.

3. Computational Conventions

The value of R shall be rounded to the nearest $1/1,000^{\text{th}}$ of a percentage point, ie, the nearest $1/10^{\text{th}}$ of one basis point (0.001). In the case of a tie, ie, a decimal fraction ending with 0.0005, the value of R shall be rounded up.

For any expiring contract, the Final Settlement Price shall be calculated when the effective federal funds rate that is applicable to the Last Day of the contract's Reference Quarter has been published. (Customarily, this will occur on the FRBNY business day immediately following the Last Day of the contract's Reference Quarter.)

46003.B. Final Settlement

Clearing members holding open positions in expiring contracts at the termination of trading shall make payment to, or shall 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.

46003.C.-I. [Reserved]

46004. [RESERVED]

46005. [RESERVED]

46006. ACTS OF GOVERNMENT, ACTS OF GOD AND OTHER EMERGENCIES

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

(End Chapter 460)