

Special Executive Report

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CBOT Interest Rate Swap Futures: Final Conversion to 4 Percent Notional Coupon

On June 15, 2009, the CBOT commenced phasing in revised terms and conditions for its suite of Interest Rate Swap Futures. Specifically:

Final settlement prices of futures for delivery in September 2009 and before were standardized around a notional coupon of 6 percent per annum. Current CBOT Rulebook Chapters 23, 24, 25, and 38 declare the corresponding terms and conditions for 10-Year Interest Rate Swap Futures, 5-Year Interest Rate Swap Futures, 30-Year Interest Rate Swap Futures, and 7-Year Interest Rate Swap Futures, respectively.

By contrast, final settlement prices of futures for delivery in December 2009 and thereafter are standardized around a notional coupon of 4 percent per annum. Current CBOT Rulebook Chapters 23R, 24R, 25R, and 38R present the corresponding revised terms and conditions for 10-Year Interest Rate Swap Futures, 5-Year Interest Rate Swap Futures, 30-Year Interest Rate Swap Futures, and 7-Year Interest Rate Swap Futures, respectively.

The expiration of CBOT Interest Rate Swap futures for September 2009 delivery on Monday, September 14, 2009, completes the transition from the 6 percent standardizing coupon to the 4 percent standardizing coupon. Accordingly, and with immediate effect, ***contract terms and conditions as currently presented in CBOT Rulebook Chapters 23, 24, 25, and 38 shall be replaced by contract terms and conditions as currently given in Chapters 23R, 24R, 25R, and 38R, respectively.***

For more information, please visit:

http://www.cmegroup.com/trading/interest-rates/files/Swaps_4Coupon_Conversion_FAQ.pdf

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