

Chapter 55

2-Year Euro Interest Rate Swap Futures

55100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 2-Year Euro Interest Rate Swap (“EUR IRS”) futures. The procedures for trading, clearing, delivery, and settlement, and any other matters not specifically covered herein, shall be governed by the general rules of the Exchange (“Rules”).

Capitalized terms in this Chapter that are not otherwise defined in this Chapter shall have the meanings given to such terms in the other Chapters of the Rules. Capitalized terms in this Chapter that are not otherwise defined in either this Chapter or the other Chapters of the Rules shall have the meanings set forth in the ISDA Definitions (Chicago Mercantile Exchange (“CME”) Rule 90002.N.).

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

55101. CONTRACT SPECIFICATIONS

55101.A. Contract Grade

The contract grade for delivery on expiring futures 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 (CME Rulebook Chapters 8F, 8G, 900, and 901) and that is subject to the following Contract Elections (CME Rule 90002.F.):

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| 1. Fixed Rate Payer: | Subject to CBOT Rules 55104., an account required to deliver on a short position in such expiring futures contract shall be the Fixed Rate Payer to the Clearing House. Where such account is required to accept delivery on a long position in such expiring futures contract, the Clearing House shall be the Fixed Rate Payer to such account. |
| 2. Floating Rate Payer: | Subject to CBOT Rules 55104., an account required to accept delivery on a long position in such expiring futures contract shall be the Floating Rate Payer to the Clearing House. Where such account is required to deliver on a short position in such expiring futures contract, the Clearing House shall be the Floating Rate Payer to such account. |
| 3. IRS Effective Date: | Third (3rd) Wednesday of futures contract delivery month (CBOT Rules 55102. and 55103.A.). |
| 4. Currency: | Euros (CME Rule 90102.B.). |
| 5. Notional Amount: | €100,000. |
| 6. Business Day(s): | TARGET Settlement Days. |
| 7. Business Day Convention: | Modified Following. |
| 8. Termination Date: | Second (2nd) anniversary of IRS Effective Date (CBOT Rule 55101.A.3.). |
| 9. Initial Payment Amount: | See CBOT Rule 55101.B. |
| 10. Initial Amount Payer: | See CBOT Rule 55101.B. |
| 11. Fixed Rate Payment Dates: | Annually from IRS Effective Date (CBOT Rule 55101.A.3.) subject to CBOT Rules 55101.A.6. and 55101.A.7. |
| 12. Fixed Rate: | Futures contract fixed interest rate set by the Exchange at an integer multiple of 25 basis points (ie, one quarter of one percent) |

per annum when such futures contract is initially listed for trading (CBOT Rule 55102.).

13. Fixed Rate Day Count: 30/360.
14. Floating Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 55101.A.3.) subject to CBOT Rules 55101.A.6. and 55101.A.7.
15. Floating Rate Option: EUR-EURIBOR-Reuters (CME Rule 90102.E.4.).
16. Designated Maturity: Six (6) months.
17. Floating Rate Day Count: Actual/360.
18. Spread: None.
19. Compounding: None.

55101.B. Physical Delivery

Each individual futures contract lot that is delivered shall be an IRS Contract (CME Rule 90002.J.) that meets Contract Grade (CBOT Rule 55101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract (CBOT Rules 55104.), the IRS Initial Payment Amount (CBOT Rule 55101.A.9.) due upon delivery (CBOT Rule 55103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 55101.A.10.), shall be determined as follows:

Define P as the Final Settlement Price (CBOT Rule 812.) of an expiring futures contract, as determined by the Exchange at such contract's Termination of Trading (CBOT Rule 55102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (CBOT Rule 55102.C.).

1. If P is greater than 100 points, then the long IRS Clearing Member taking delivery shall pay to the Clearing House, and the short IRS Clearing Member making delivery shall receive from the Clearing House, an Initial Payment Amount equal to:

$(\text{€}1,000 \text{ per point}) \times (P \text{ points minus } 100 \text{ points}) \text{ per contract.}$

2. Else, if P is less than or equal to 100 points, then the short IRS Clearing Member making delivery shall pay to the Clearing House, and the long IRS Clearing Member taking delivery shall receive from the Clearing House, an Initial Payment Amount equal to:

$(\text{€}1,000 \text{ per point}) \times (100 \text{ points minus } P \text{ points}) \text{ per contract.}$

3. For each individual contract lot that is delivered, such Initial Payment Amount shall be rounded to the nearest cent, with half-cents rounded up to the nearest cent.

Example: For a hypothetical expiring futures contract, assume the final settlement price P is 100.255 (ie, 100.255 points). On the third Wednesday of the contract Delivery Month the holder of a long futures position taking delivery (the Floating Rate Payer in the delivered IRS Contract) shall pay to the Clearing House an Initial Payment Amount of €255 per contract, equal to $(\text{€}1,000 \text{ per point}) \times (100.255 \text{ points minus } 100 \text{ points})$. Conversely, the holder of a short futures position making delivery (the Fixed Rate Payer in the delivered IRS Contract) shall receive from the Clearing House an Initial Payment Amount of €255 per contract.

55102. TRADING SPECIFICATIONS

The number of contract delivery months open for trading at a given time shall be determined by the Exchange. Without limitation to the foregoing, the Exchange customarily shall list for trading futures contracts for delivery in at least each of the two nearest months in the March-June-September-December quarterly cycle.

For a given futures contract for a given delivery month, the Exchange shall determine the value of the Fixed Rate that shall standardize the Contract Grade for such futures contract (CBOT Rule 55101.A.12.). The Exchange also shall determine whether, and when, to list for trading any additional

futures contract(s) for such delivery month that are standardized to Fixed Rate value(s) different to the Fixed Rate value of such futures contract.

55102.A. Trading Schedule

The hours of trading shall be determined by the Exchange. On the last day of trading in an expiring contract (CBOT Rule 55102.F.), the close of the expiring contract shall begin at 5:14 pm Central European time, and trading shall be permitted thereafter for a period not to exceed one minute.

55102.B. Trading Unit

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 55101.A.), having notional amount of one hundred thousand Euros (€100,000) or multiples thereof.

55102.C. Price Increments

Par shall be on the basis of 100 points, with each point equal to €1,000 per contract. The minimum price fluctuation shall be one-half of one one-hundredth (1/2 of 1/100th) of one point (equal to €5 per contract). Contracts shall not be made on any other price basis.

55102.D. Special Price Fluctuation Limits

At the commencement of each trading day, the contract shall be subject to special price fluctuation limits as set forth in Rule 589 and in the Special Price Fluctuation Limits Table in the Interpretations & Special Notices Section of Chapter 5.

55102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level 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 CBOT 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

55102.F. Termination of Trading

Trading in an expiring futures contract shall terminate no later than 5:15pm Central European time (CBOT Rule 55102.A.) on the second TARGET Settlement Day before the third Wednesday of the contract delivery month (where TARGET signifies the Trans-European Automated Real-time Gross settlement Express Transfer system).

55103. DATE OF DELIVERY

Subject to CBOT Rules 55104., delivery on an expiring futures contract shall be made by a short IRS Clearing Member, and shall be taken by a long IRS Clearing Member, on the third Wednesday of the futures delivery month (CBOT Rule 55102.).

55103.A. IRS Effective Date

Such Date of Delivery shall be the Effective Date (CBOT Rule 55101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

55103.B. Acceptance Date and Clearing Effective Date

The first Clearing Business Day (CME Rule 90002.D.) preceding such Date of Delivery shall be the Acceptance Date (CME Rule 90002.B.) and the Clearing Effective Date (CME Rule 90002.E.) of the IRS Contract to be delivered or accepted for delivery in fulfillment of such expiring futures contract.

55104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

55104.A. Requirements for Participation in Delivery

For an account carried by a clearing member to make or accept delivery on an expiring futures contract, the holder of such account is required to be:

1. an Eligible Contract Participant, as that term is defined in Section 1a(18) of the Commodity Exchange Act (7 USC §1a(18) and 17 CFR 1.3(m)), and
2. either an IRS Clearing Member (CME Rule 90005.A.) or an IRS Participant registered with CME by an IRS Clearing Member (CME Rule 8F009. and CME Rule 90005.B.).

Subject to these requirements and to CBOT Rules 55104.B. and 55104.C., upon termination of trading in such expiring futures (CBOT Rule 55102.F.), the holder of each such account that holds a long interest in such futures contract shall be required to accept delivery from the Clearing House of IRS Contracts that meet Contract Grade (CBOT Rule 55101.A.), and the holder of each such account that

holds a short interest in such futures contract shall be required to make delivery to the Clearing House of IRS Contracts that meet Contract Grade.

55104.B. IRS Product Account Registration

Any IRS Contract delivered or accepted for delivery in fulfillment of an expiring futures contract 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.).

55104.C. Clearing Member Obligations in Delivery

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, as of the termination of trading in an expiring futures contract (CBOT Rule 55102.F.), each clearing member that carries accounts holding long or short interest in such expiring futures contract shall:

1. ensure that the requirements set forth in CBOT Rule 55104.A. are met.
2. in accord with the requirements set forth in CBOT Rule 55104.B., ensure that the holder of each such account has designated (a) the IRS Product account(s) in which the holder shall make or accept any deliveries on expiring futures contracts and (b) the IRS Clearing Member(s) carrying such IRS Product account(s).
3. ensure that any IRS Clearing Member carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 55104.C.2. has been notified of such designation.
4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 55104.C.2. that such IRS Clearing Member shall guarantee and assume complete responsibility for the performance of all delivery requirements in respect of such expiring futures (CBOT Rule 55104.E.).

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 55104.C. so as to procure that delivery shall be made by all such accounts holding short interest and shall be accepted by all such accounts holding long interest.

55104.D. Clearing Member Reporting Obligations Prior to Delivery

Each clearing member that carries accounts holding long or short interest in an expiring futures contract shall report to the Clearing House, on each of the last 5 days of trading in such expiring futures, an accurate inventory of such long and short interest, in such manner and at such times as the Clearing House may prescribe, provided that such inventory must include, for each account holding long or short interest:

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets, or does not meet, the requirements set forth in CBOT Rule 55104.A.;
3. where such account meets the requirements set forth in CBOT Rule 55104.A., (a) the IRS

Product account number, and the IRS Product account origin (house or customer), and the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 55104.C.2., and (b) confirmation that such IRS Clearing Member has been notified as required by CBOT Rule 55104.C.3., and has made such acknowledgements as are required by CBOT Rule 55104.C.4.

55104.E. Notification of IRS Clearing Members in Delivery

Following the termination of trading in an expiring futures contract (CBOT Rule 55102.F.), the Clearing House shall notify each IRS Clearing Member carrying one or more IRS Product accounts that are required to make or accept delivery in fulfillment of such expiring futures, as designated pursuant to CBOT Rules 55104.C. For each such IRS Clearing Member, such Clearing House notification shall include:

1. identification of IRS Product accounts, carried by such IRS Clearing Member, that are required to accept delivery on long futures positions; the size of each such long futures position; and the identity of the clearing member firm(s) carrying the account(s) in which each such long futures position is held; and /or
2. identification of IRS Product Accounts, carried by such IRS Clearing Member, that are required to make delivery on short futures positions; the size of each such short futures position; and the identity of the clearing member firm(s) carrying the account(s) in which each such short futures position is held.

55104.F. IRS Clearing Member Obligations in Delivery

In the event that an IRS Clearing Member disputes such notification of delivery on expiring futures as it may receive from the Clearing House, pursuant to CBOT Rule 55104.E., such IRS Clearing Member shall promptly notify the Clearing House, and the dispute must be settled no later than 12:30 p.m. Chicago time on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of such expiring futures (CBOT Rule 55103.B.).

As of 12:30 p.m. Chicago time on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of an expiring futures, an IRS Clearing Member who carries an IRS Product account that is required to make or accept delivery on such expiring futures contract (CBOT Rules 55104.A, 55104.B., 55104.C., 55104.D. and 55104.E.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

55104.G. Clearing House Financial Safeguards

A futures contract made under these Rules shall be a Base Guaranty Fund Product subject to the Clearing House financial safeguards provided by the General Guarantee Fund (CME Rule 802.A.).

An IRS Contract that is delivered or accepted for delivery in fulfillment of a futures contract made under these Rules shall be an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund (CME Rule 8G07.).

55105. (RESERVED)

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55107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 55101.B.), an IRS Clearing Member that is determined as an Initial Payment Payer shall pay to the Clearing House, and an IRS Clearing Member that is determined as the receiver of an Initial Payment Amount shall receive from the Clearing House, an amount equal to such Initial Payment Amount on the Date of Delivery (CBOT Rule 55103.) at such time as the Clearing House may designate.

If such Initial Payment Amount is equivalent to \$100,000,000 or greater, then the IRS Clearing Member that is determined as the Initial Payment Payer shall pay such Initial Payment Amount to the Clearing House no later than 6:00pm on the Acceptance Date of the IRS Contracts that are delivered, and accepted for delivery, in fulfillment of such expiring futures contract (CBOT Rule 55103.B. and CME Rule 90102.C.)