

Chapter 900

Interest Rate Products

90001. SCOPE OF CHAPTER

The scope of this Chapter is limited in application to IRS Products. The procedures for trading IRS Products and for clearing and settling IRS Contracts and any other matters not specifically covered herein shall be governed by the other Chapters of these Rules, including Chapter 8-G (Interest Rate Derivative Clearing), to the extent applicable.

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 or the FX Definitions, as applicable.

90002. DEFINITIONS

90002.A. Acceptance Conditions

With respect to an IRS Contract, the acceptance for clearing by both IRS Clearing Members of an IRS Product submitted for clearing and the acceptance by the Clearing House of such IRS Product for clearing.

90002.B. Acceptance Date

With respect to an IRS Contract, the date on which the Acceptance Conditions are satisfied.

90002.C. Acceptance Time

With respect to an IRS Contract, the time at which the Acceptance Conditions are satisfied.

90002.D. Clearing Business Day

With respect to an IRS Contract, any day on which the Clearing House is open to process and settle IRS Contracts.

90002.E. Clearing Effective Date

With respect to an IRS Contract:

- (a) where the Acceptance Time for such IRS Contract is prior to 7.00 p.m. (Eastern Time) on a Clearing Business Day, the Acceptance Date for such IRS Contract; and
- (b) where the Acceptance Time for such IRS Contract is on or after 7.00 p.m. (Eastern Time) on a Clearing Business Day, the Clearing Business Day immediately following the Acceptance Date for such IRS Contract.

90002.F. Contract Elections for IRS Swaps

With respect to an IR Swap accepted for clearing by the Clearing House as an IR Swap Contract that is not an Underlying IR Swap Contract, each of the following elections shall be made by an IRS Participant for such IR Swap: Effective Date, Notional Amount(s) (which may be constant or variable, including amortizing, accreting and roller coaster), Currency, Business Day(s), Business Day Convention, Termination Date and any Business Day Convention adjustment, Payment Dates, Fixed Rate, Fixed Rate Day Count Fraction, Floating Rate Option, Designated Maturity, Spread, Floating Rate Day Count Fraction, Compounding, Floating Rate for Initial Floating Rate Payer Calculation Period, Initial Exchange Amount (if any), Initial Exchange Amount payer (if any) and whether the IRS Clearing Participant is acting as a Floating Amount Payer or a Fixed Amount Payer, whether the Clearing House is acting as a Floating Amount Payer or a Fixed Amount Payer, Cash Settlement Currency, Settlement Currency (within the meaning of the FX Definitions) and Reference Currency (within the meaning of the FX Definitions) (if any).

Where IRS Participants elect a Reference Currency that is different to the Settlement Currency, IRS Participants may elect any or all of the following: Reference Currency, Reference Currency Notional Amount, Settlement Date, Valuation Date, and any Business Day Convention applicable to such Valuation Date.

90002.G. Contract Elections for IR Swaptions and Underlying IR Swap Contracts

With respect to an IR Swaption accepted for clearing by the Clearing House as an IR Swaption Contract, each of the following elections shall be made by an IRS Participant for such IR Swaption: Effective Date, whether such IR Swaption is a Put Swaption or a Call Swaption, whether such IR Swaption is part of an IR Swaption Straddle, IR Swaption Premium, Premium Payment Date (if

applicable), Business Day Convention for Premium Payment Date (if applicable), IR Swaption Expiration Date, Business Day Convention for Expiration Date, whether Partial Exercise is applicable and whether such IRS Participant is the Seller or Buyer of such IR Swaption.

With respect to an IR Swaption accepted for clearing by the Clearing House as an IR Swaption Contract, each of the following elections shall be made by an IRS Participant for the Underlying IR Swap Contract: Effective Date, Notional Amount(s) (which may be constant or variable, including amortizing, accreting and roller coaster), Currency, Business Day(s), Business Day Convention, Termination Date and any Business Day Convention adjustment, Fixed Amount Payer Payment Dates, Fixed Rate Day Count Fraction, Floating Amount Payer Payment Dates, Floating Rate Option, Designated Maturity and Floating Rate Day Count Fraction. If the IR Swaption is part of an IR Swaption Straddle, each of the foregoing elections shall be made by an IRS Participant with respect to both Underlying IR Swap Contracts.

90002.H. Termination Date

In respect of (i) any IRS designated as an IRS Product, other than an IRS that is an Underlying IR Swap Contract, the Termination Date of such IRS shall occur no later than 51 years and 10 calendar days after the Clearing Business Day on which such IRS is submitted for clearing to the Clearing House and (ii) any IRS designated as an IRS Product that is an Underlying IR Swap Contract, the Termination Date of such IRS shall occur no later than 30 years and 10 calendar days following the Effective Date for such Underlying IR Swap Contract.

90002.I. IRS

An IR Swap or an IR Swaption.

90002.J. Interest Rate Swap (“IR Swap”)

A contract that provides for the exchange, on specified payment dates, of cash payments (on a net or gross basis) determined by reference to a predetermined notional amount or notional amounts, one or both of which payments is/are based on a floating or variable reference interest rate or interest rate index.

90002.K. Interest Rate Swap Option (“IR Swaption”)

A contract in which the Seller grants the Buyer the right, but not the obligation, to cause the Underlying IR Swap Contract to become effective on the terms set out in accordance with this Chapter.

90002.L. IR Swaption Straddle

An IR Swaption which comprises two Underlying IR Swap Contracts, one of which is a Put Swaption and the other of which is a Call Swaption.

90002.M. Put Swaption

An IR Swaption where the Buyer holds the right to cause the Underlying IR Swap Contract to be effective, in respect of which Buyer is the Fixed Amount Payer and the Seller is the Floating Amount Payer.

90002.N. Call Swaption

An IR Swaption where the Buyer holds the right to cause the Underlying IR Swap Contract to be effective, in respect of which Buyer is the Floating Amount Payer and the Seller is the Fixed Amount Payer.

90002.O. IRS Clearing Member

An IR Swap Clearing Member or an IRS Swaptions Clearing Member.

90002.P. IR Swap Clearing Member

A Clearing Member of the Clearing House that is authorized to submit IR Swap Products for clearing pursuant to these Rules.

90002.Q. IR Swaption Clearing Member

A Clearing Member of the Clearing House that is authorized to submit IR Swaption Products for clearing pursuant to these Rules.

90002.R. IRS Contract

An IR Swap Contract or an IR Swaption Contract.

90002.S. IR Swap Contract

An IR Swap Product that has been accepted for clearing by the Clearing House.

90002.T. IR Swaption Contract

An IR Swaption Product that has been accepted for clearing by the Clearing House.

90002.U. IRS Participant

A market participant on whose behalf an IRS Clearing Member holds a position in an IRS Contract.

90002.V. IRS Product

An IR Swap Product or an IR Swaption Product.

90002.W. IR Swap Product

At any time, an IR Swap that the Clearing House has designated as eligible for clearing at such time.

90002.X. IR Swaption Product

At any time, an IR Swaption that the Clearing House has designated as eligible for clearing, and which is exercisable into an IR Swap that the Clearing House has designated as eligible for clearing, in each case at such time.

90002.Y. ISDA

The International Swaps and Derivatives Association, Inc.

90002.Z. ISDA Definitions

The 2021 ISDA Interest Rate Derivatives Definitions, as published by ISDA from time to time. References to the "2006 ISDA Definitions" shall be references to the 2006 ISDA Interest Rate Derivatives Definitions, as published by ISDA from time to time.

90002.AA. FX Definitions

The 1998 FX and Currency Option Definitions as published by ISDA, The Emerging Markets Trading Association, Inc., and the Foreign Exchange Committee.

90002.BB. Underlying IR Swap Contract

For a given IR Swaption, the IR Swap into which such IR Swaption is exercisable on the terms set out in accordance with this Chapter.

90003. NOTICES

Any notice, document, communication, filing or form to be served on, filed with, made to or provided by the Clearing House to an IRS Clearing Member pursuant to these Rules or in relation to any IRS Contract or IRS Product shall be served, filed, made or provided in accordance with these Rules and the relevant procedures set forth in the Clearing House Manual from time to time.

Any notice, document, communication, filing or form to be served on, filed with, made to or provided to the Clearing House pursuant to these Rules or in relation to any IRS Contract or IRS Product shall be served, filed, made or provided in accordance with these Rules and the relevant procedures set forth in the Clearing House Manual from time to time.

Notwithstanding any other provision of these Rules, for so long as the Clearing House is unable to receive or deliver, or an IRS Clearing Member is unable to deliver, any notice as a result of a failure, malfunction, suspension or termination of all or any part of any of the relevant Clearing House systems, the time periods for delivery of any such notice will be tolled and any applicable delivery deadlines shall be extended accordingly.

90004. ISDA DISCLAIMER

ISDA® bears no responsibility or liability arising from the reproduction, public display, incorporation, dissemination or reference to all or any of the ISDA Definitions or the 2006 ISDA Definitions. © 2021 International Swaps and Derivatives Association, Inc.

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90005. REGISTRATION

90005.A. IRS Clearing Members

An IRS Clearing Member must register with CME in order to clear IRS Contracts through the Clearing House. IRS Clearing Members and IRS Participants must complete all applicable on-boarding agreements required by the Clearing House to satisfy the registration process.

90005.B. IRS Participants

In order for an IRS Participant to participate in the clearing of IRS Contracts through the Clearing House, such IRS Participant's IRS Clearing Member must register the account of such IRS Participant with CME prior to submitting IRS Products on behalf of such Participant for clearing by the Clearing House and shall comply with any requirements of Rule 8G09.

90005.C Eligible Contract Participant

In order to transact in IRS Contracts, an IRS Participant must be an "eligible contract participant" pursuant to at least one of the applicable limbs of the definition provided in Section 1a(18) of the Commodity Exchange Act ("ECP"). An IRS Clearing Member that clears IRS Contracts must obtain a representation from each IRS Participant for which it provides clearing services that such IRS Participant is, and will be, an ECP at all times clearing services are provided for such IRS Participant. If an IRS Clearing Member becomes aware that an IRS Participant for which it provides clearing services no longer qualifies as an ECP, such IRS Clearing Member must notify the Clearing House and work with such IRS Participant to close out such IRS Participant's open IRS Contracts as soon as possible. Violations of this Rule may subject the relevant IRS Clearing Member to fines and other disciplinary action.

90005.D Identification of IRS Contracts

Each IRS Contract shall be identified with an account number which identifies the originator of such IRS, and which specifies whether such IRS Contract is (i) a proprietary transaction of an IRS Clearing Member duly registered with the Clearing House or (ii) a transaction by an IRS Participant duly registered with the Clearing House.

90006. SUBMISSION OF INTEREST RATE PRODUCTS TO THE CLEARING HOUSE

90006.A. IRS Product Submission Methods

IRS Products shall be submitted to the Clearing House for clearing through (a) the CME ClearPort GUI and API, (b) the Clearing House migration utility, or (c) any other facility or trade platform approved by the Clearing House from time to time. To the extent not specified elsewhere in these Rules, the Clearing House shall specify the terms and conditions under which IRS Products shall be submitted to the Clearing House for clearing.

90006.B. Acceptance of IRS by the Clearing House and Creation of IRS Contract

Any bilateral IRS (i) that is submitted to the Clearing House in accordance with the Rules and with all required elections, (ii) that satisfies the conditions in Rule 8G05, (iii) that is within the IRS product scope available on the Clearing House's website and (iv) where both IRS Clearing Members have accepted the resulting IRS Contracts, will be accepted for clearing and will result in two IRS Contracts in accordance with Rule 8G05.

Notwithstanding any provision to the contrary in the Rules or in the Exchange User License Agreement (as may be amended from time to time), the parties to a bilateral IRS transaction submitted for clearing and which has not been accepted for clearing by the Clearing House pursuant to these Rules may separately agree that such trade is a valid, binding agreement between the parties which is un-cleared and which has no affiliation with the Clearing House.

90007. INTERPRETATION

For the purposes of any IRS Contract, references in the ISDA Definitions or the 2006 ISDA Definitions to:

- (a) a "Confirmation" shall be deemed to be references to the terms of the relevant IRS Contract;
- (b) a "Transaction" or "Swap Transaction", as applicable, shall be deemed to be references to the relevant IRS Contract, where such IRS contract is an IRS: and
- (c) a "Swaption" shall be deemed to be references to the relevant IR Swaption Contract.

90008. IRS COUPON BLENDING

In respect of eligible IRS Contracts only, the Clearing House will allow IRS Participants to elect to have the Clearing House reduce the number of eligible IRS Contracts of each such IRS Participant through a compression process that will replace similar cleared IRS Contracts executed at the same or different fixed rates with zero or more replacement IRS Contracts that have Fixed Rate(s) equal to the blended rate(s) determined through the coupon blending process. The coupon blending process will result in a compression of the IRS Participant's portfolio of eligible IRS Contracts by reducing the number of transactions and/or the aggregate gross notional of the combined eligible IRS Contracts. The combined cash flows of the replacement IRS Contracts will be the same as the combined cash flows of the original eligible IRS Contracts.

