



Special Executive Report

S-6677

20 May 2013

Amendments to Delivery Rules for CBOT 2-Year, 5-Year, 10-Year, and 30-Year US Dollar Interest Rate Swap Futures for Physical Delivery

Effective **Sunday, 19 May 2013, for trade date Monday, 20 May 2013**, the Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") has amended terms and conditions for 2-Year US Dollar Interest Rate Swap futures, 5-Year US Dollar Interest Rate Swap futures, 10-Year US Dollar Interest Rate Swap futures, and 30-Year US Dollar Interest Rate Swap futures (collectively, "USD IRS futures").

These amendments elaborate and strengthen contract terms concerning physical delivery procedures. In particular, they:

- (1) sharpen the delineation between the respective duties of CME IRS Clearing Members (who are responsible to guarantee performance of futures contract delivery requirements) and Exchange Clearing Members (who do not bear responsibility for such guarantee) in ensuring orderly deliveries on expiring contracts;
- (2) in regard to positions in expiring futures held in accounts carried by Exchange Clearing Members, elucidate the responsibilities borne by such Exchange Clearing Members to promote orderliness of contract deliveries; and
- (3) codify procedures by which Exchange Clearing Members, CME IRS Clearing Members, and CME Clearing shall notify one another of such expiring futures positions as may be intended, and affirmed, for delivery.

Among other results, **these amendments shall establish sufficient procedural clarity and flexibility to enable Exchange Clearing Members to assign futures deliveries to non-affiliated IRS Clearing Members**. The amendments convey no value from one side of contract open interest to the other, and therefore exert no systematic impact on prices of open futures contracts. For this reason, **the rule amendments shall take effect with application to USD IRS futures for delivery in June 2013** as well as to contracts for delivery thereafter.

Appendices 1 through 4 exhibit these rule amendments, as follows:

Pg 2	Appendix 1	2-Year USD IRS Futures (CBOT Rulebook Chapter 51)
Pg 8	Appendix 2	5-Year USD IRS Futures (CBOT Rulebook Chapter 52)
Pg 14	Appendix 3	10-Year USD IRS Futures (CBOT Rulebook Chapter 53)
Pg 20	Appendix 4	30-Year USD IRS Futures (CBOT Rulebook Chapter 54)

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Appendix 1 Amendments to CBOT Rulebook Chapter 51 – 2-Year US Dollar Interest Rate Swap Futures

(Additions are red underlined. Deletions are ~~struck through~~.)

51100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 2-Year US Dollar Interest Rate Swap (“USD 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.).

All times referenced in this chapter are Chicago times and are subject to change by the Exchange.

51101. CONTRACT SPECIFICATIONS

51101.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.):

1. Fixed Rate Payer: Subject to CBOT Rules 51104., an An account required to deliver on a short position in such expiring futures contract (~~CBOT Rules 51104.~~) 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 51104., an An account required to accept delivery on a long position in such expiring futures contract (~~CBOT Rules 51104.~~) 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 51102. and 51103.A.).
4. Currency: US dollars (CME Rule 90102.B.).
5. Notional Amount: \$100,000.
6. Business Day(s): New York and London.
7. Business Day Convention: Modified Following.
8. Termination Date: Second (2nd) anniversary of IRS Effective Date. (CBOT Rule 51101.A.3.).
9. Initial Payment Amount: See CBOT Rule 51101.B.
10. Initial Amount Payer: See CBOT Rule 51101.B.
11. Fixed Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 51101.A.3.) subject to CBOT Rules 51101.A.6. and 51101.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 51102.).
13. Fixed Rate Day Count: 30/360.
14. Floating Rate Payment Dates: Quarterly from IRS Effective Date (CBOT Rule 51101.A.3.) subject to CBOT Rules 51101.A.6. and 51101.A.7.
15. Floating Rate Option: USD-LIBOR-BBA (CME Rule 90102.E.1.).

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| 16. Designated Maturity: | Three (3) months. |
| 17. Floating Rate Day Count: | Actual/360. |
| 18. Spread: | None. |
| 19. Compounding: | None. |

51101.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 51101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract ([CBOT Rules 51104.](#)), the IRS Initial Payment Amount (CBOT Rule 51101.A.9.) due upon delivery (CBOT Rule 51103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 51101.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 51102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (CBOT Rule 51102.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:

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

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:

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

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 100-205 (ie, 100 and 20.5/32nds or 100.640625 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 \$640.63 per contract, equal to $(\$1,000 \text{ per point}) \times (100.640625 \text{ points minus } 100 \text{ points})$, or \$640.625 (CBOT Rule 51101.B.1.) rounded up to the nearest penny (CBOT Rule 51101.B.3.). 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 \$640.63 per contract.

51102. 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 51101.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.

51102.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 51102.F.), the close of the expiring contract shall begin at 1:59 pm, and trading shall be permitted thereafter for a period not to exceed one minute.

51102.B. Trading Unit

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 51101.A.) having notional amount of one hundred thousand US dollars (\$100,000) or multiples thereof.

51102.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-quarter of one thirty-second ($1/4$ of $1/32^{\text{nd}}$) of one point (equal to \$7.8125 per contract). Contracts shall not be made on any other price basis.

51102.D. Reserved

51102.E. Position Limits and Position Accountability

Position accountability (CBOT Rule 560.) shall apply to trading of 2-Year USD IRS futures.

51102.F. Termination of Trading

Trading in an expiring futures contract shall terminate no later than 2:00 pm (CBOT Rule 51102.A.) on the second London business day before the third Wednesday of the contract delivery month.

51103. DATE OF DELIVERY

Subject to CBOT Rules 51104., delivery 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 51102.).

51103.A. IRS Effective Date

Such Date of Delivery shall be the Effective Date (CBOT Rule 51101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

51103.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.

51104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

51104.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 51104.B. and 51104.C., upon Termination of Trading in such expiring futures (CBOT Rule 51102.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 51101.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.

51104.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.).

51104.C. Clearing Member Obligations in Delivery

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, during the last five 5 days of trading in an expiring futures contract, 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 51104.A. are met at all times.
2. in accord with the requirements set forth in CBOT Rule 51104.B., ensure that the holder of each such account shall designate (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. timely notify IRS Clearing Member(s) carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 51104.C.2.
4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 51104.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 51104.E.).
5. 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:
 - (a) declaration of the number of expiring futures contracts held long, or the number of expiring futures contracts held short, in such account;
 - (b) confirmation that such account meets the requirements set forth in CBOT Rule 51104.A.;
 - (c) the IRS Product account number and IRS Product account origin (house or customer), as designated pursuant to CBOT Rule 51104.C.2.;
 - (d) the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 51104.C.2.;
 - (e) confirmation that such IRS Clearing Member, as designated pursuant to CBOT Rule 51104.C.2., has been notified as required by CBOT Rule 51104.C.3., and has made such acknowledgements as are required by CBOT Rule 51104.C.4.

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 51104.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.

51104.D. Notification of IRS Clearing Members in Delivery

Following the termination of trading in an expiring futures contract (CBOT Rule 51102.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 51104.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.

51104.E. 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 51104.D., 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 51103.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 51104.A, 51104.B., 51104.C., and 51104.D.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

51104.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 (a) to be an Eligible Contract Participant, as that term is defined in Section 1a(18) of the Commodity Exchange Act (17 CFR 1.3(m)), and (b) to be either an IRS Clearing Member (CME Rule 90005.A.) or to be registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.).

51104.B. Obligations in Delivery

An IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

Upon termination of trading in an expiring futures contract (CBOT Rule 51102.F.), 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 51101.A.), and 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.

Where an IRS Clearing Member carries accounts holding interest both long and short in such expiring futures contract, the IRS Clearing Member must guarantee acceptance of delivery by all such accounts holding long interest, and must guarantee that delivery is made by all such accounts holding short interest.

51104.C. Registration

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~~Any IRS Contract that is delivered or accepted for delivery in fulfillment of an expiring futures contract must be identified with an account number which identifies the holder of such account making or accepting delivery of such IRS Contract, and which specifies whether such delivery is made or accepted by a proprietary account of an IRS Clearing Member or by a customer registered as an IRS Participant (CME Rule 8F009 and CME Rule 90005.B.).~~

51104.D. Reporting

~~In respect of the requirements set forth in CBOT Rule 51104.A., during the last five (5) business days of trading in an expiring futures contract, 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 51104.A. are met at all times.~~
- ~~2. report to the Clearing House on each business day 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 such long or short interest:
 - ~~(a) the account number identifying the holder of such account (CBOT Rule 51104.C.);~~
 - ~~(b) the identity of the IRS Clearing Member who will carry such account, and who shall guarantee and assume complete responsibility for performance of all delivery requirements, in the event such account is required to make or accept delivery; and~~
 - ~~(c) confirmation that each such account meets these requirements.~~~~

51104.F. 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.).

51105. [RESERVED]

51106. [RESERVED]

51107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 51101.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 51103.) at such time as the Clearing House may designate.

If such Initial Payment Amount is equal to or greater than \$100,000,000, 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 51103.B. and CME Rule 90102.C.)

Appendix 2 Amendments to CBOT Rulebook Chapter 52 – 5-Year US Dollar Interest Rate Swap Futures

(Additions are red underlined. Deletions are ~~struck through~~.)

52100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 5-Year US Dollar Interest Rate Swap (“USD 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.).

All times referenced in this chapter are Chicago times and are subject to change by the Exchange.

52101. CONTRACT SPECIFICATIONS

52101.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.):

1. Fixed Rate Payer: Subject to CBOT Rules 52104., an An account required to deliver on a short position in such expiring futures contract (~~CBOT Rules 52104.~~) 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 52104., an An account required to accept delivery on a long position in such expiring futures contract (~~CBOT Rules 52104.~~) 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 52102. and 52103.A.~~)
4. Currency: US dollars (CME Rule 90102.B.).
5. Notional Amount: \$100,000.
6. Business Day(s): New York and London.
7. Business Day Convention: Modified Following.
8. Termination Date: Fifth (5th) anniversary of IRS Effective Date. (CBOT Rule 52101.A.3.).
9. Initial Payment Amount: See CBOT Rule 52101.B.
10. Initial Amount Payer: See CBOT Rule 52101.B.
11. Fixed Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 52101.A.3.) subject to CBOT Rules 52101.A.6. and 52101.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 52102.).
13. Fixed Rate Day Count: 30/360.
14. Floating Rate Payment Dates: Quarterly from IRS Effective Date (CBOT Rule 52101.A.3.) subject to CBOT Rules 52101.A.6. and 52101.A.7.
15. Floating Rate Option: USD-LIBOR-BBA (CME Rule 90102.E.1.).

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16. Designated Maturity: Three (3) months.
17. Floating Rate Day Count: Actual/360.
18. Spread: None.
19. Compounding: None.

52101.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 52101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract ([CBOT Rules 52104.](#)), the IRS Initial Payment Amount (CBOT Rule 52101.A.9.) due upon delivery (CBOT Rule 52103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 52101.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 52102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (CBOT Rule 52102.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:

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

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:

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

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 100-205 (ie, 100 and 20.5/32nds or 100.640625 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 \$640.63 per contract, equal to $(\$1,000 \text{ per point}) \times (100.640625 \text{ points minus } 100 \text{ points})$, or \$640.625 (CBOT Rule 52101.B.1.) rounded up to the nearest penny (CBOT Rule 52101.B.3.). 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 \$640.63 per contract.

52102. 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 52101.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.

52102.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 52102.F.), the close of the expiring contract shall begin at 1:59 pm, and trading shall be permitted thereafter for a period not to exceed one minute.

52102.B. Trading Unit

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 52101.A.) having notional amount of one hundred thousand US dollars (\$100,000) or multiples thereof.

52102.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 thirty-second ($1/2$ of $1/32^{\text{nd}}$) of one point (equal to \$15.625 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one-quarter of one thirty-second ($1/4$ of $1/32^{\text{nd}}$) of one point (equal to \$7.8125 per contract). Contracts shall not be made on any other price basis.

52102.D. Reserved

52102.E. Position Limits and Position Accountability

Position accountability (CBOT Rule 560.) shall apply to trading of 5-Year USD IRS futures.

52102.F. Termination of Trading

Trading in an expiring futures contract shall terminate no later than 2:00 pm (CBOT Rule 52102.A.) on the second London business day before the third Wednesday of the contract delivery month.

52103. DATE OF DELIVERY

Subject to CBOT Rules 52104., delivery 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 52102.).

52103.A. IRS Effective Date

Such Date of Delivery shall be the Effective Date (CBOT Rule 52101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

52103.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.

52104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

52104.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 52104.B. and 52104.C., upon Termination of Trading in such expiring futures (CBOT Rule 52102.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 52101.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.

52104.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.).

52104.C. Clearing Member Obligations in Delivery

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, during the last five 5 days of trading in an expiring futures contract, 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 52104.A. are met at all times.
2. in accord with the requirements set forth in CBOT Rule 52104.B., ensure that the holder of each such account shall designate (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. timely notify IRS Clearing Member(s) carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 52104.C.2.
4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 52104.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 52104.E.).
5. 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:
 - (a) declaration of the number of expiring futures contracts held long, or the number of expiring futures contracts held short, in such account;
 - (b) confirmation that such account meets the requirements set forth in CBOT Rule 52104.A.;
 - (c) the IRS Product account number and IRS Product account origin (house or customer), as designated pursuant to CBOT Rule 52104.C.2.;
 - (d) the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 52104.C.2.;
 - (e) confirmation that such IRS Clearing Member, as designated pursuant to CBOT Rule 52104.C.2., has been notified as required by CBOT Rule 52104.C.3., and has made such acknowledgements as are required by CBOT Rule 52104.C.4.

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 52104.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.

52104.D. Notification of IRS Clearing Members in Delivery

Following the termination of trading in an expiring futures contract (CBOT Rule 52102.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 52104.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.

52104.E. 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 52104.D., 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 52103.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 52104.A, 52104.B., 52104.C., and 52104.D.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

52104.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 (a) to be an Eligible Contract Participant, as that term is defined in Section 1a(18) of the Commodity Exchange Act (17 CFR 1.3(m)), and (b) to be either an IRS Clearing Member (CME Rule 90005.A.) or to be registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.).

52104.B. Obligations in Delivery

An IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

Upon termination of trading in an expiring futures contract (CBOT Rule 52102.F.), 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 52101.A.), and 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.

Where an IRS Clearing Member carries accounts holding interest both long and short in such expiring futures contract, the IRS Clearing Member must guarantee acceptance of delivery by all such accounts holding long interest, and must guarantee that delivery is made by all such accounts holding short interest.

52104.C. Registration

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~~Any IRS Contract that is delivered or accepted for delivery in fulfillment of an expiring futures contract must be identified with an account number which identifies the holder of such account making or accepting delivery of such IRS Contract, and which specifies whether such delivery is made or accepted by a proprietary account of an IRS Clearing Member or by a customer registered as an IRS Participant (CME Rule 8F009 and CME Rule 90005.B.).~~

52104.D. Reporting

~~In respect of the requirements set forth in CBOT Rule 52104.A., during the last five (5) business days of trading in an expiring futures contract, 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 52104.A. are met at all times.~~
- ~~2. report to the Clearing House on each business day 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 such long or short interest:~~
 - ~~(a) the account number identifying the holder of such account (CBOT Rule 52104.C.);~~
 - ~~(b) the identity of the IRS Clearing Member who will carry such account, and who shall guarantee and assume complete responsibility for performance of all delivery requirements, in the event such account is required to make or accept delivery; and~~
 - ~~(c) confirmation that each such account meets these requirements.~~

52104.F. 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.).

52105. [RESERVED]

52106. [RESERVED]

52107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 52101.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 52103.) at such time as the Clearing House may designate.

If such Initial Payment Amount is equal to or greater than \$100,000,000, 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 52103.B. and CME Rule 90102.C.)

Appendix 3 Amendments to CBOT Rulebook Chapter 53 – 10-Year US Dollar Interest Rate Swap Futures

(Additions are red underlined. Deletions are ~~struck through~~.)

53100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 10-Year US Dollar Interest Rate Swap (“USD 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.).

All times referenced in this chapter are Chicago times and are subject to change by the Exchange.

53101. CONTRACT SPECIFICATIONS

53101.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.):

1. Fixed Rate Payer: Subject to CBOT Rules 53104., an An account required to deliver on a short position in such expiring futures contract (~~CBOT Rules 53104.~~) 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 53104., an An account required to accept delivery on a long position in such expiring futures contract (~~CBOT Rules 53104.~~) 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 53102. and 53103.A.~~)
4. Currency: US dollars (CME Rule 90102.B.).
5. Notional Amount: \$100,000.
6. Business Day(s): New York and London.
7. Business Day Convention: Modified Following.
8. Termination Date: Tenth (10th) anniversary of IRS Effective Date. (CBOT Rule 53101.A.3.).
9. Initial Payment Amount: See CBOT Rule 53101.B.
10. Initial Amount Payer: See CBOT Rule 53101.B.
11. Fixed Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 53101.A.3.) subject to CBOT Rules 53101.A.6. and 53101.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 53102.).
13. Fixed Rate Day Count: 30/360.
14. Floating Rate Payment Dates: Quarterly from IRS Effective Date (CBOT Rule 53101.A.3.) subject to CBOT Rules 53101.A.6. and 53101.A.7.
15. Floating Rate Option: USD-LIBOR-BBA (CME Rule 90102.E.1.).

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- | | |
|------------------------------|-------------------|
| 16. Designated Maturity: | Three (3) months. |
| 17. Floating Rate Day Count: | Actual/360. |
| 18. Spread: | None. |
| 19. Compounding: | None. |

53101.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 53101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract ([CBOT Rules 53104.](#)), the IRS Initial Payment Amount (CBOT Rule 53101.A.9.) due upon delivery (CBOT Rule 53103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 53101.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 53102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (CBOT Rule 53102.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:

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

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:

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

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 100-205 (ie, 100 and 20.5/32nds or 100.640625 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 \$640.63 per contract, equal to $(\$1,000 \text{ per point}) \times (100.640625 \text{ points minus } 100 \text{ points})$, or \$640.625 (CBOT Rule 53101.B.1.) rounded up to the nearest penny (CBOT Rule 53101.B.3.). 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 \$640.63 per contract.

53102. 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 53101.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.

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53102.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 53102.F.), the close of the expiring contract shall begin at 1:59 pm, and trading shall be permitted thereafter for a period not to exceed one minute.

53102.B. Trading Unit

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 53101.A.) having notional amount of one hundred thousand US dollars (\$100,000) or multiples thereof.

53102.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 thirty-second ($1/2$ of $1/32^{\text{nd}}$) of one point (equal to \$15.625 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one-quarter of one thirty-second ($1/4$ of $1/32^{\text{nd}}$) of one point (equal to \$7.8125 per contract). Contracts shall not be made on any other price basis.

53102.D. Reserved

53102.E. Position Limits and Position Accountability

Position accountability (CBOT Rule 560.) shall apply to trading of 10-Year USD IRS futures.

53102.F. Termination of Trading

Trading in an expiring futures contract shall terminate no later than 2:00 pm (CBOT Rule 53102.A.) on the second London business day before the third Wednesday of the contract delivery month.

53103. DATE OF DELIVERY

Subject to CBOT Rules 53104., delivery 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 53102.).

53103.A. IRS Effective Date

Such Date of Delivery shall be the Effective Date (CBOT Rule 53101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

53103.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.

53104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

53104.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 53104.B. and 53104.C., upon Termination of Trading in such expiring futures (CBOT Rule 53102.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 53101.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.

53104.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.).

53104.C. Clearing Member Obligations in Delivery

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, during the last five 5 days of trading in an expiring futures contract, 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 53104.A. are met at all times.
2. in accord with the requirements set forth in CBOT Rule 53104.B., ensure that the holder of each such account shall designate (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. timely notify IRS Clearing Member(s) carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 53104.C.2.
4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 53104.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 53104.E.).
5. 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:
 - (a) declaration of the number of expiring futures contracts held long, or the number of expiring futures contracts held short, in such account;
 - (b) confirmation that such account meets the requirements set forth in CBOT Rule 53104.A.;
 - (c) the IRS Product account number and IRS Product account origin (house or customer), as designated pursuant to CBOT Rule 53104.C.2.;
 - (d) the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 53104.C.2.;
 - (e) confirmation that such IRS Clearing Member, as designated pursuant to CBOT Rule 53104.C.2., has been notified as required by CBOT Rule 53104.C.3., and has made such acknowledgements as are required by CBOT Rule 53104.C.4.

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 53104.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.

53104.D. Notification of IRS Clearing Members in Delivery

Following the termination of trading in an expiring futures contract (CBOT Rule 53102.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 53104.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.

53104.E. 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 53104.D., 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 53103.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 53104.A, 53104.B., 53104.C., and 53104.D.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

53104.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 (a) to be an Eligible Contract Participant, as that term is defined in Section 1a(18) of the Commodity Exchange Act (17 CFR 1.3(m)), and (b) to be either an IRS Clearing Member (CME Rule 90005.A.) or to be registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.).

53104.B. Obligations in Delivery

An IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

Upon termination of trading in an expiring futures contract (CBOT Rule 53102.F.), 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 53101.A.), and 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.

Where an IRS Clearing Member carries accounts holding interest both long and short in such expiring futures contract, the IRS Clearing Member must guarantee acceptance of delivery by all such accounts holding long interest, and must guarantee that delivery is made by all such accounts holding short interest.

53104.C. Registration

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~~Any IRS Contract that is delivered or accepted for delivery in fulfillment of an expiring futures contract must be identified with an account number which identifies the holder of such account making or accepting delivery of such IRS Contract, and which specifies whether such delivery is made or accepted by a proprietary account of an IRS Clearing Member or by a customer registered as an IRS Participant (CME Rule 8F009 and CME Rule 90005.B.).~~

53104.D. Reporting

~~In respect of the requirements set forth in CBOT Rule 53104.A., during the last five (5) business days of trading in an expiring futures contract, 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 53104.A. are met at all times.~~
- ~~2. report to the Clearing House on each business day 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 such long or short interest:
 - ~~(a) the account number identifying the holder of such account (CBOT Rule 53104.C.);~~
 - ~~(b) the identity of the IRS Clearing Member who will carry such account, and who shall guarantee and assume complete responsibility for performance of all delivery requirements, in the event such account is required to make or accept delivery; and~~
 - ~~(c) confirmation that each such account meets these requirements.~~~~

53104.F. 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.).

53105. [RESERVED]

53106. [RESERVED]

53107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 53101.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 53103.) at such time as the Clearing House may designate.

If such Initial Payment Amount is equal to or greater than \$100,000,000, 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 53103.B. and CME Rule 90102.C.)

Appendix 4 Amendments to CBOT Rulebook Chapter 54 – 30-Year US Dollar Interest Rate Swap Futures

(Additions are red underlined. Deletions are ~~struck through~~.)

54100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 30-Year US Dollar Interest Rate Swap (“USD 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.).

All times referenced in this chapter are Chicago times and are subject to change by the Exchange.

54101. CONTRACT SPECIFICATIONS

54101.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.):

1. Fixed Rate Payer: Subject to CBOT Rules 54104., an An account required to deliver on a short position in such expiring futures contract (~~CBOT Rules 54104.~~) 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 54104., an An account required to accept delivery on a long position in such expiring futures contract (~~CBOT Rules 54104.~~) 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 54102. and 54103.A.~~)
4. Currency: US dollars (CME Rule 90102.B.).
5. Notional Amount: \$100,000.
6. Business Day(s): New York and London.
7. Business Day Convention: Modified Following.
8. Termination Date: Thirtieth (30th) anniversary of IRS Effective Date. (CBOT Rule 54101.A.3.).
9. Initial Payment Amount: See CBOT Rule 54101.B.
10. Initial Amount Payer: See CBOT Rule 54101.B.
11. Fixed Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 54101.A.3.) subject to CBOT Rules 54101.A.6. and 54101.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 54102.).
13. Fixed Rate Day Count: 30/360.
14. Floating Rate Payment Dates: Quarterly from IRS Effective Date (CBOT Rule 54101.A.3.) subject to CBOT Rules 54101.A.6. and 54101.A.7.
15. Floating Rate Option: USD-LIBOR-BBA (CME Rule 90102.E.1.).

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16. Designated Maturity: Three (3) months.
17. Floating Rate Day Count: Actual/360.
18. Spread: None.
19. Compounding: None.

54101.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 54101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract ([CBOT Rules 54104.](#)), the IRS Initial Payment Amount (CBOT Rule 54101.A.9.) due upon delivery (CBOT Rule 54103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 54101.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 54102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (CBOT Rule 54102.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:

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

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:

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

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 100-23 (ie, 100 and 23/32nds or 100.71875 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 \$718.75 per contract, equal to $(\$1,000 \text{ per point}) \times (100.71875 \text{ points minus } 100 \text{ points})$, or \$718.75 (CBOT Rule 54101.B.1.). 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 \$718.75 per contract.

54102. 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 54101.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.

54102.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 54102.F.), the close of the expiring contract shall begin at 1:59 pm, and trading shall be permitted thereafter for a period not to exceed one minute.

54102.B. Trading Unit

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 54101.A.) having notional amount of one hundred thousand US dollars (\$100,000) or multiples thereof.

54102.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 thirty-second ($1/32^{\text{nd}}$) of one point (equal to \$31.25 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one-quarter of one thirty-second ($1/4$ of $1/32^{\text{nd}}$) of one point (equal to \$7.8125 per contract). Contracts shall not be made on any other price basis.

54102.D. Reserved

54102.E. Position Limits and Position Accountability

Position accountability (CBOT Rule 560.) shall apply to trading of 30-Year USD IRS futures.

54102.F. Termination of Trading

Trading in an expiring futures contract shall terminate no later than 2:00 pm (CBOT Rule 54102.A.) on the second London business day before the third Wednesday of the contract delivery month.

54103. DATE OF DELIVERY

Subject to CBOT Rules 54104., delivery 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 54102.).

54103.A. IRS Effective Date

Such Date of Delivery shall be the Effective Date (CBOT Rule 54101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

54103.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.

54104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

54104.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 54104.B. and 54104.C., upon Termination of Trading in such expiring futures (CBOT Rule 54102.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 54101.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.

54104.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.).

54104.C. Clearing Member Obligations in Delivery

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, during the last five 5 days of trading in an expiring futures contract, 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 54104.A. are met at all times.
2. in accord with the requirements set forth in CBOT Rule 54104.B., ensure that the holder of each such account shall designate (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. timely notify IRS Clearing Member(s) carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 54104.C.2.
4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 54104.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 54104.E.).
5. 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:
 - (a) declaration of the number of expiring futures contracts held long, or the number of expiring futures contracts held short, in such account;
 - (b) confirmation that such account meets the requirements set forth in CBOT Rule 54104.A.;
 - (c) the IRS Product account number and IRS Product account origin (house or customer), as designated pursuant to CBOT Rule 54104.C.2.;
 - (d) the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 54104.C.2.;
 - (e) confirmation that such IRS Clearing Member, as designated pursuant to CBOT Rule 54104.C.2., has been notified as required by CBOT Rule 54104.C.3., and has made such acknowledgements as are required by CBOT Rule 54104.C.4.

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 54104.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.

54104.D. Notification of IRS Clearing Members in Delivery

Following the termination of trading in an expiring futures contract (CBOT Rule 54102.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 54104.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.

54104.E. 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 54104.D., 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 54103.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 54104.A, 54104.B., 54104.C., and 54104.D.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

54104.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 (a) to be an Eligible Contract Participant, as that term is defined in Section 1a(18) of the Commodity Exchange Act (17 CFR 1.3(m)), and (b) to be either an IRS Clearing Member (CME Rule 90005.A.) or to be registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.).

54104.B. Obligations in Delivery

An IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

Upon termination of trading in an expiring futures contract (CBOT Rule 54102.F.), 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 54101.A.), and 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.

Where an IRS Clearing Member carries accounts holding interest both long and short in such expiring futures contract, the IRS Clearing Member must guarantee acceptance of delivery by all such accounts holding long interest, and must guarantee that delivery is made by all such accounts holding short interest.

54104.C. Registration

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~~Any IRS Contract that is delivered or accepted for delivery in fulfillment of an expiring futures contract must be identified with an account number which identifies the holder of such account making or accepting delivery of such IRS Contract, and which specifies whether such delivery is made or accepted by a proprietary account of an IRS Clearing Member or by a customer registered as an IRS Participant (CME Rule 8F009 and CME Rule 90005.B.).~~

54104.D. Reporting

~~In respect of the requirements set forth in CBOT Rule 54104.A., during the last five (5) business days of trading in an expiring futures contract, 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 54104.A. are met at all times.~~
- ~~2. report to the Clearing House on each business day 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 such long or short interest:~~
 - ~~(a) the account number identifying the holder of such account (CBOT Rule 54104.C.);~~
 - ~~(b) the identity of the IRS Clearing Member who will carry such account, and who shall guarantee and assume complete responsibility for performance of all delivery requirements, in the event such account is required to make or accept delivery; and~~
 - ~~(c) confirmation that each such account meets these requirements.~~

54104.F. 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.).

54105. [RESERVED]

54106. [RESERVED]

54107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 54101.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 54103.) at such time as the Clearing House may designate.

If such Initial Payment Amount is equal to or greater than \$100,000,000, 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 54103.B. and CME Rule 90102.C.)