



## Special Executive Report

S-7025

12 March 2014

### **CBOT Announces Launch of 2-Year, 5-Year, and 10-Year Euro Interest Rate Swap Futures for Physical Delivery**

Effective **Sunday, 13 April 2014** for first trade date of Monday, 14 April 2014, and pending all relevant CFTC regulatory review periods, the Board of Trade of the City of Chicago, Inc. (CBOT or Exchange) will introduce 2-Year Euro Interest Rate Swap futures (Rulebook Chapter 55, Clearing Code T1E), 5-Year Euro Interest Rate Swap futures (Rulebook Chapter 56, Clearing Code F1E), and 10-Year Euro Interest Rate Swap futures (Rulebook Chapter 57, Clearing Code N1E) (collectively, EUR IRS futures). EUR IRS futures will be listed for electronic trading on the CME Globex electronic trading platform (Sun-Fri, 5pm - 4pm, Chicago time), for trading in open outcry (Mon-Fri, 7:20am to 2pm, Chicago time). The Exchange intends to notify the Commission separately that it will permit block trading in these contracts, including reporting of block trades to the Exchange through CME ClearPort.

Each EUR IRS futures contract is for physical delivery of an interest rate swap, cleared and guaranteed by CME Clearing, at one of three (3) benchmark terms to maturity: 2, 5, or 10 years. Exhibit 1 summarizes contract features.

#### **Exhibit 1 – CBOT Euro Interest Rate Swap Futures Contract Specifications**

<b>Trading Unit</b>	An interest rate swap (IRS), cleared by CME Clearing, with €100,000 notional principal and tenor equal to Reference Tenor, that exchanges annual fixed interest payments at a rate per annum equal to Contract Fixed Rate for semiannual floating interest rate payments based on the 6-month Euro interbank offered rate.	
<b>Reference Tenors</b>	2-Year, 5-Year, or 10-Year	
<b>Delivery Months</b>	March Quarterly cycle (March, June, September, December)	
<b>Contract Fixed Rate</b>	Set by the Exchange when a futures contract is listed for trading, as a rate per annum with 30/360 day count fraction, at an integer multiple of 25 basis points per annum.	
<b>Price Basis</b>	Prices are made in terms of price points: 100 points plus net present value (NPV) of IRS that meets Delivery Standard, where NPV is present value of IRS fixed-rate payments minus present value of IRS floating-rate payments as of 3 <sup>rd</sup> Wednesday of futures Delivery Month. Par is on the basis of 100 points.	
<b>Contract Size</b>	€1,000 per point (€100,000 per contract)	
<b>Minimum Price Increment</b>	<b>Reference Tenor</b>	<b>Minimum Price Increment</b>
	10-Year	0.01 points (€10 per contract)
	5-Year	0.01 points (€10 per contract)
	2-Year	0.005 points (€5 per contract)
<b>Last Trading Day</b>	2 <sup>nd</sup> TARGET Settlement Day before 3 <sup>rd</sup> Wednesday of Delivery Month	
<b>Delivery Day</b>	3 <sup>rd</sup> Wednesday of Delivery Month	
<b>Delivery Standard</b>	IRS cleared by CME Clearing, with the following elections --	
	<i>Fixed Rate Payer</i>	Short futures position holder making delivery
	<i>Floating Rate Payer</i>	Long futures position holder taking delivery
	<i>IRS Effective Date</i>	3 <sup>rd</sup> Wednesday of Delivery Month = Delivery Day
	<i>Currency</i>	EUR
	<i>Notional Amount</i>	Contract Size = €1,000 per point (€100,000 per futures contract)
	<i>Business Day(s)</i>	TARGET Settlement Days
	<i>Business Day Convention</i>	Modified Following
	<i>Termination Date</i>	Anniversary of IRS Effective Date at futures contract Reference Tenor

	<p><i>Fixed Rate Payment Dates</i> Annually, from IRS Effective Date  <i>Fixed Rate</i> Contract Fixed Rate  <i>Fixed Rate Day Count</i> 30/360</p> <p><i>Floating Rate Payment Dates</i> Semiannually, from IRS Effective Date  <i>Floating Rate Option</i> EUR-EURIBOR-Reuters  <i>Designated Maturity</i> 6 Month  <i>Spread</i> None  <i>Floating Rate Day Count</i> Actual/360  <i>Compounding</i> None</p>								
<b>Delivery Method</b>	<p>Physical delivery of IRS that meets Delivery Standard.</p> <p>IRS Clearing Acceptance Date, and IRS Clearing Effective Date = First CME Clearing Business Day preceding 3<sup>rd</sup> Wednesday of Delivery Month.</p> <p>Delivery Date = 3<sup>rd</sup> Wednesday of Delivery Month.</p> <p>Delivery invoice price = IRS Initial Payment Amount, as determined by contract final settlement price, P:</p> <p>If <math>100 &lt; P</math>, IRS Floating Rate Payer pays <math>\\$1,000 \times (P - 100)</math>.  If <math>P \leq 100</math>, IRS Fixed Rate Payer pays <math>\\$1,000 \times (100 - P)</math>.</p> <p><i>Example:</i> 2-Year EUR IRS futures expire at final settlement price <math>P = 100.255</math>. On 3<sup>rd</sup> Wednesday of Delivery Month (IRS Effective Date), holders of long futures positions taking delivery (IRS Floating Rate Payers) pay delivery invoice price of €255 per contract, equal to <math>\text{€}1,000 \times (100.255 - 100)</math>. Holders of short futures positions making delivery (IRS Fixed Rate Payers) receive the same amount per contract.</p>								
<b>Delivery Eligibility</b>	To participate in physical delivery, a futures position holder must be an Eligible Contract Participant (17 CFR 1.3(m) and CME Rule 90005.C.) and must be registered with CME by a CME IRS Clearing Member as an IRS Participant (CME Rules 90005.A. and 90005.B.).								
<b>Position Accountability</b>	5,000+ contracts								
<b>Reportable Positions</b>	1+ contracts								
<b>Block Trade Thresholds</b>	<table border="1"> <thead> <tr> <th><i>Reference Tenor</i></th> <th><i>Minimum Block Trade Size (Contracts)</i></th> </tr> </thead> <tbody> <tr> <td><b>10-Year</b></td> <td>500</td> </tr> <tr> <td><b>5-Year</b></td> <td>750</td> </tr> <tr> <td><b>2-Year</b></td> <td>1,500</td> </tr> </tbody> </table> <p>Each block trade must be reported to the Exchange by the seller within 15 minutes of transaction.</p>	<i>Reference Tenor</i>	<i>Minimum Block Trade Size (Contracts)</i>	<b>10-Year</b>	500	<b>5-Year</b>	750	<b>2-Year</b>	1,500
<i>Reference Tenor</i>	<i>Minimum Block Trade Size (Contracts)</i>								
<b>10-Year</b>	500								
<b>5-Year</b>	750								
<b>2-Year</b>	1,500								
<b>Trading Hours and Venue</b>	<p>CME Globex: 5pm to 4pm Chicago time, Sun-Fri.  Open Outcry: 7:20am to 2pm Chicago time, Mon-Fri.</p> <p>Trading in expiring futures terminates at 5:15pm CET (generally 10:15am Chicago time) on Last Trading Day.</p> <p>Euro Interest Rate Swap futures shall trade on, and according to the rules of, the Chicago Board of Trade, pending certification of contract terms and conditions with the US Commodity Futures Trading Commission.</p>								

In the following, Section 1 summarizes key features of CBOT EUR IRS futures. Section 2 presents standards for block trades in CBOT EUR IRS futures. Appendixes 1, 2, and 3, respectively, display CBOT Rulebook Chapter 55 for 2-Year Euro Interest Rate Swap futures, Chapter 56 for 5-Year Euro Interest Rate Swap futures, and Chapter 57 for 10-Year Euro Interest Rate Swap futures.

## **Section 1**

### **Contract Features**

#### **Trading schedule**

Last trading day in an expiring contract is 2<sup>nd</sup> TARGET (Trans-European Automated Real-time Gross settlement Express Transfer system) Settlement Day before 3<sup>rd</sup> Wednesday of the futures delivery month. Physical delivery occurs on 3<sup>rd</sup> Wednesday of the futures delivery month.

#### **Futures contract size**

Each futures contract is for physical delivery of an IRS with notional size of €100,000.

#### **Deliverable-grade EUR IRS**

...will exchange annual interest payments at a fixed rate set by the Exchange for semiannual floating interest rate payments based on the 6-month Euro interbank offered rate, as reflected in the 6-month Euribor<sup>®</sup> interest rate benchmark administered by Euribor-EBF ("conventional EUR IRS"). At delivery the futures buyer becomes the IRS floating-rate payer to (and fixed-rate receiver from) CME Clearing, and the futures seller becomes the IRS fixed-rate payer to (and floating-rate receiver from) CME Clearing.

#### **IRS fixed rate**

...for each EUR IRS futures contract is fixed by the Exchange when the contract is initially listed for trading, and it remains fixed through termination of trading in the contract. For any given reference tenor and delivery month, the Exchange has the capability to list additional futures contracts at different fixed-rate levels.

*Example:* It's June. Suppose 10-year conventional EUR IRS for forward start the following December are trading at rates in a wide range, encompassing 3.5 percent and 4.0 percent per year. To accommodate the needs of market participants, the Exchange might list two different 10-Year EUR IRS futures for delivery in December, with fixed rates of 3.5 percent and 4.0 percent, respectively.

#### **IRS floating rate**

...for contract-grade EUR IRS is 6-month Euribor<sup>®</sup><sup>1</sup>. Floating-rate payments occur semiannually on an Actual/360 day count.

#### **Contract price**

EUR IRS futures prices will be quoted in points, with par equal to 100 points. Price is 100 plus the net present value (NPV) of the futures contract's deliverable-grade IRS as of the futures delivery day (ie, 3<sup>rd</sup> Wednesday of futures contract delivery month). NPV is the present value of the delivered IRS's fixed-rate payments minus the present value of its floating-rate payments. Prices are made in fractions of price points:

*5-Year and 10-Year:* 1/100<sup>th</sup> of one point (ie, 0.01 points). Eg, 98.020, 98.030, 98.040.  
*2-Year:* ½ of 1/100<sup>th</sup> of one point (ie, 0.005 points). Eg, 98.020, 98.025, 98.030.

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<sup>1</sup> CBOT EUR IRS futures are not in any way sponsored, endorsed, sold, or promoted by EURIBOR-EBF, and EURIBOR-EBF has no obligations or liability in connection with the trading of CBOT EUR IRS futures. EURIBOR<sup>®</sup> is compiled and calculated on behalf of EURIBOR-EBF. However, EURIBOR-EBF shall not be liable (whether in negligence or otherwise) to any person for any error in EURIBOR<sup>®</sup> or use of the same, whether or not arising from the negligence of EURIBOR-EBF, and EURIBOR-EBF shall not be under any obligation to advise any person of any error therein.

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If the futures contract is priced at or very close to 100, then market participants effectively view the contract's deliverable-grade IRS as a par forward-starting swap. If futures price is at a discount, eg, 98.590, then market participants view the contract fixed rate as below par. Conversely, if the futures contract is priced at a premium, eg, 102.560, then an observer would infer that market participants regard the contract fixed rate as above par.

### ***Delivery invoice price***

...takes the form of an initial payment upon delivery of the contract-grade IRS, where the payment amount is determined by the difference between the futures final settlement price and par.

*Example:* Suppose 10-Year EUR IRS futures expire at a final settlement price of 107.620. In effect, market participants reckon the present value of fixed-rate payments that the contract's deliverable-grade IRS will make over the coming decade exceeds the expected present value of the swap's floating-rate payments by a margin equal to €7,620 for every €100,000 of notional principal --

$$€7,620 = (€1,000 \text{ per price point}) \times (107.620 \text{ points} - 100 \text{ points})$$

Two business days later, on the 3<sup>rd</sup> Wednesday of the futures delivery month, each long position holder in the expired futures pays to CME Clearing a delivery invoice amount of €7,620 per contract to become the floating-rate payer (fixed-rate receiver) on a new 10-year interest rate swap in the amount of €100,000 notional per contract. Each short position holder in the expired futures receives from CME Clearing an initial payment amount of €7,620 as the fixed-rate payer (floating-rate receiver).

*Example:* Suppose 2-Year EUR IRS futures expire at a final settlement price of 99.255. As the final settlement price is below 100, market participants evidently expect the fixed-rate payments promised by the futures contract's deliverable-grade IRS to be exceeded by the swap's floating rate payment stream by a present-valued amount of €745 per €100,000 of notional principal --

$$€745 = (€1,000 \text{ per point}) \times (100 \text{ points} - 99.255 \text{ points}).$$

On the 3<sup>rd</sup> Wednesday of the delivery month, each long position holder in the expiring futures receives an Initial Payment Amount of €255 per contract as the floating-rate payer (fixed-rate receiver) on a new 2-year IRS sized at €100,000 notional per futures contract. The converse applies to each short position holder in the expiring futures.

### ***Restrictions on making or taking physical delivery***

Participation in the futures physical delivery process is limited to market participants who meet two criteria. First, they must be Eligible Contract Participants (ECPs), as that term is defined in Section 1a(18) of the Commodity Exchange Act. Second, an account that is assigned to deliver or accept delivery on an expiring contract must be registered with CME as an IRS Participant, by a duly recognized CME IRS Clearing Member. Only CME IRS Clearing Members may carry accounts into the delivery process.

### ***Schedule for physical delivery on expiring contracts***

Typically, termination of trading in expiring EUR IRS futures will occur at 5:15pm Central Europe time (usually 10:15am Chicago time) on the Monday before the 3<sup>rd</sup> ("IMM") Wednesday of the futures delivery month. To establish intent to take a futures contract position to delivery, a market participant has only to hold the position through termination of trading in the contract.

The following day -- typically, Tuesday before IMM Wednesday -- the Clearing House accepts for clearing the IRS that are to be delivered. Specifically, the Clearing House becomes the fixed rate payer to (and the floating rate receiver from) each long contract holder taking delivery. Simultaneously, the Clearing House becomes the floating rate payer to (and the fixed rate receiver from) each short contract holder making delivery.

The day thereafter – typically, IMM Wednesday – is the delivery day for the expiring futures contract. It is also the effective date for the IRS that have been delivered or accepted in delivery. It is also the point at which any initial payments that are entailed in delivery on the expired futures contract must be made to, or accepted from, the Clearing House.

### ***Integrity of the delivery process***

Several features of the physical delivery process warrant remark. First, at no point is there an event that would be considered an execution of an IRS. The buyers and sellers of the IRS that are delivered in fulfillment of expiring futures never face each other as IRS transactors, but only as buyers or sellers of futures.

Second, unlike deliveries on, eg, CBOT Treasury Note or Bond futures or CBOT grain futures, there is no need for the Clearing House to assign a clearing member carrying short interest to make delivery of contract-grade IRS to a clearing member carrying long interest. Instead, the Clearing House directly interposes itself as the central counterparty in the delivery – the buyer to the seller, and the seller to the buyer – at the point that the contract-grade IRS is accepted for clearing by the Clearing House.

Third, the contractual terms of the IRS delivered in fulfillment of the expiring futures contract are determined by activities governed by rules and regulations that apply to listing, trading, or settlement of futures. To be clear, the contractual terms of the IRS created upon futures delivery are not determined by activities governed by rules and regulations applicable to the listing, trading, or settlement of swaps. For example, the fixed rate of the IRS made upon futures delivery is determined by the futures contract fixed rate, which in turn is one of the futures contract terms. Similarly, any initial payment due upon delivery of contract-grade IRS is determined by the futures contract final settlement price, which in turn is determined via centralized and competitive trading of the futures contract on a designated contract market (CBOT).

Fourth, the expiring futures contract is at all times margined and guaranteed by CME Clearing as a futures contract. By contrast, the IRS delivered in fulfillment of the futures contract is margined and guaranteed by CME Clearing as an IRS Product.

## ***Section 2***

### ***Minimum Size Thresholds for Block Trades***

Block trade thresholds for outright transactions in EUR IRS futures are displayed in Exhibit 2.

Block trade thresholds for intra-commodity calendar spreads are set in accord with guidelines that apply to all CBOT and CME interest rate futures spreads (excluding CBOT Treasury futures). An intra-commodity EUR IRS futures calendar spread or combination may be executed as a block trade, provided that the **sum** of the quantities of the legs of such spread or combination meets the minimum size threshold for an outright block trade in the futures contract.

Inter-commodity futures spreads or combinations, excluding those composed only of EUR IRS futures, may be executed as block trades provided that **each leg of the spread** meets the minimum threshold requirement for the respective underlying products. For example, the minimum block trade thresholds for 10-Year Treasury Note futures during regular trading hours and for 10-Year EUR IRS futures are 5,000 contracts and 500 contracts, respectively. A spread between these two contracts can be executed as a block trade, therefore, only if the quantity of the 10-Year Treasury Note leg is at least 5,000 contracts and the quantity of the 10-Year EUR IRS leg is at least 500 contracts.

Finally, inter-commodity futures spreads or combinations composed only of EUR IRS futures may be executed as block trades provided that the **sum of the legs of the spread** meets the **larger** of the threshold requirements for the underlying products. For example, the minimum block trade thresholds for 2-Year EUR IRS futures and 10-Year EUR IRS futures are 1,500 and 500 contracts, respectively. Thus,

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a spread between these two contracts may be executed as a block trade if the sum of the quantities of the legs is at least 1,500 contracts.

**Exhibit 2 -- EUR Interest Rate Swap Futures: Minimum Size Thresholds for Block Trades**

<b>Futures Contract Reference Tenor</b>	<b>Minimum Block Trade Threshold</b>
<b>Outrights</b>	
<b>Number of Contracts per Block Trade</b>	
10-Year	500+
5-Year	750+
2-Year	1,500+
<b>Calendar Spreads</b>	
<b>Number of Spreads per Block Trade</b>	
10-Year	500+ (eg, 250+ contracts per leg)
5-Year	750+ (eg, 375+ contracts per leg)
2-Year	1,500+ (eg, 750+ contracts per leg)

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**Appendix 1**  
**CBOT Rulebook Chapter 55 –**  
**Contract Terms and Conditions for CBOT 2-Year Euro Interest Rate Swap Futures**

55100. SCOPE OF CHAPTER

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

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

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

55101. CONTRACT SPECIFICATIONS

55101.A. Contract Grade

The contract grade for delivery on expiring futures made under these Rules shall be an Interest Rate Swap Contract (“IRS Contract” per CME Rule 90002.J.) that is accepted for clearing by the Clearing House (CME Rulebook Chapters 8F, 8G, 900, and 901) and that is subject to the following Contract Elections (CME Rule 90002.F.):

1. Fixed Rate Payer: Subject to CBOT Rules 55104., an account required to deliver on a short position in such expiring futures contract shall be the Fixed Rate Payer to the Clearing House. Where such account is required to accept delivery on a long position in such expiring futures contract, the Clearing House shall be the Fixed Rate Payer to such account.
2. Floating Rate Payer: Subject to CBOT Rules 55104., an account required to accept delivery on a long position in such expiring futures contract shall be the Floating Rate Payer to the Clearing House. Where such account is required to deliver on a short position in such expiring futures contract, the Clearing House shall be the Floating Rate Payer to such account.
3. IRS Effective Date: Third (3rd) Wednesday of futures contract delivery month (CBOT Rules 55102. and 55103.A.).
4. Currency: Euros (CME Rule 90102.B.).
5. Notional Amount: €100,000.
6. Business Day(s): TARGET Settlement Days.
7. Business Day Convention: Modified Following.
8. Termination Date: Second (2nd) anniversary of IRS Effective Date (CBOT Rule 55101.A.3.).
9. Initial Payment Amount: See CBOT Rule 55101.B.
10. Initial Amount Payer: See CBOT Rule 55101.B.

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11. Fixed Rate Payment Dates: Annually from IRS Effective Date (CBOT Rule 55101.A.3.) subject to CBOT Rules 55101.A.6. and 55101.A.7.

12. Fixed Rate: Futures contract fixed interest rate set by the Exchange at an integer multiple of 25 basis points (ie, one quarter of one percent) per annum when such futures contract is initially listed for trading (CBOT Rule 55102.).

13. Fixed Rate Day Count: 30/360.

14. Floating Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 55101.A.3.) subject to CBOT Rules 55101.A.6. and 55101.A.7.

15. Floating Rate Option: EUR-EURIBOR-Reuters (CME Rule 90102.E.4.).

16. Designated Maturity: Six (6) months.

17. Floating Rate Day Count: Actual/360.

18. Spread: None.

19. Compounding: None.

#### 55101.B. Physical Delivery

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

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

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

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

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

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

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

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

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



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Payer in the delivered IRS Contract) shall receive from the Clearing House an Initial Payment Amount of €255 per contract.

#### 55102. TRADING SPECIFICATIONS

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

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

##### 55102.A. Trading Schedule

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

##### 55102.B. Trading Unit

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

##### 55102.C. Price Increments

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

##### 55102.D. Reserved

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

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to Rule CBOT 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

##### 55102.F. Termination of Trading

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

#### 55103. DATE OF DELIVERY

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

55103.A. IRS Effective Date

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

55103.B. Acceptance Date and Clearing Effective Date

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

55104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

55104.A. Requirements for Participation in Delivery

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

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

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

55104.B. IRS Product Account Registration

Any IRS Contract delivered or accepted for delivery in fulfillment of an expiring futures contract must be identified with an IRS Product account number that identifies the holder of such IRS Product account, and that specifies whether such IRS Product account is either (1) a proprietary account of an IRS Clearing Member or (2) held by a customer registered with CME by an IRS Clearing Member as an IRS Participant (CME Rule 8F009. and CME Rule 90005.B.).

55104.C. Clearing Member Obligations in Delivery

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

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

4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 55104.C.2. that such IRS Clearing Member shall guarantee and assume complete responsibility for the performance of all delivery requirements in respect of such expiring futures (CBOT Rule 55104.E.).

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

#### 55104.D. Clearing Member Reporting Obligations Prior to Delivery

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

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets, or does not meet, the requirements set forth in CBOT Rule 55104.A.;
3. where such account meets the requirements set forth in CBOT Rule 55104.A., (a) the IRS Product account number, and the IRS Product account origin (house or customer), and the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 55104.C.2., and (b) confirmation that such IRS Clearing Member has been notified as required by CBOT Rule 55104.C.3., and has made such acknowledgements as are required by CBOT Rule 55104.C.4.

#### 55104.E. Notification of IRS Clearing Members in Delivery

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

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

#### 55104.F. IRS Clearing Member Obligations in Delivery

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

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

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55104.G. Clearing House Financial Safeguards

A futures contract made under these Rules shall be a Base Guaranty Fund Product subject to the Clearing House financial safeguards provided by the General Guaranty Fund (CME Rule 802.A.). An IRS Contract that is delivered or accepted for delivery in fulfillment of a futures contract made under these Rules shall be an IRS Product subject to the Clearing House financial safeguards provided by the IRS Guaranty Fund (CME Rule 8G07.).

55105. (RESERVED)

55106. (RESERVED)

55107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 55101.B.), an IRS Clearing Member that is determined as an Initial Payment Payer shall pay to the Clearing House, and an IRS Clearing Member that is determined as the receiver of an Initial Payment Amount shall receive from the Clearing House, an amount equal to such Initial Payment Amount on the Date of Delivery (CBOT Rule 55103.) at such time as the Clearing House may designate. If such Initial Payment Amount is equivalent to \$100,000,000 or greater, then the IRS Clearing Member that is determined as the Initial Payment Payer shall pay such Initial Payment Amount to the Clearing House no later than 6:00pm on the Acceptance Date of the IRS Contracts that are delivered, and accepted for delivery, in fulfillment of such expiring futures contract (CBOT Rule 55103.B. and CME Rule 90102.C.)

**Appendix 2**  
**CBOT Rulebook Chapter 56 –**  
**Contract Terms and Conditions for CBOT 5-Year Euro Interest Rate Swap Futures**

56100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 5-Year Euro Interest Rate Swap (“EUR IRS”) futures. The procedures for trading, clearing, delivery, and settlement, and any other matters not specifically covered herein, shall be governed by the general rules of the Exchange (“Rules”).

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

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

56101. CONTRACT SPECIFICATIONS

56101.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 56104., an account required to deliver on a short position in such expiring futures contract shall be the Fixed Rate Payer to the Clearing House. Where such account is required to accept delivery on a long position in such expiring futures contract, the Clearing House shall be the Fixed Rate Payer to such account.
2. Floating Rate Payer: Subject to CBOT Rules 56104., an account required to accept delivery on a long position in such expiring futures contract shall be the Floating Rate Payer to the Clearing House. Where such account is required to deliver on a short position in such expiring futures contract, the Clearing House shall be the Floating Rate Payer to such account.
3. IRS Effective Date: Third (3rd) Wednesday of futures contract delivery month (CBOT Rules 56102. and 56103.A.).
4. Currency: Euros (CME Rule 90102.B.).
5. Notional Amount: €100,000.
6. Business Day(s): TARGET Settlement Days.
7. Business Day Convention: Modified Following.
8. Termination Date: Fifth (5th) anniversary of IRS Effective Date. (CBOT Rule 56101.A.3.).
9. Initial Payment Amount: See CBOT Rule 56101.B.
10. Initial Amount Payer: See CBOT Rule 56101.B.

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11. Fixed Rate Payment Dates: Annually from IRS Effective Date (CBOT Rule 56101.A.3.) subject to CBOT Rules 56101.A.6. and 56101.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 56102.).

13. Fixed Rate Day Count: 30/360.

14. Floating Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 56101.A.3.) subject to CBOT Rules 56101.A.6. and 56101.A.7.

15. Floating Rate Option: EUR-EURIBOR-Reuters (CME Rule 90102.E.4.).

16. Designated Maturity: Six (6) months.

17. Floating Rate Day Count: Actual/360.

18. Spread: None.

19. Compounding: None.

#### 56101.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 56101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract (CBOT Rules 56104.), the IRS Initial Payment Amount (CBOT Rule 56101.A.9.) due upon delivery (CBOT Rule 56103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 56101.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 56102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (CBOT Rule 56102.C.).

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

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

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

$(\text{€}1,000 \text{ per point}) \times (100 \text{ points} - \text{P points})$  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 100.210 (ie, 100.210 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 €210 per contract, equal to  $(\text{€}1,000 \text{ per point}) \times (100.210 \text{ points} - 100 \text{ points})$ . Conversely, the holder of a short futures position making delivery (the Fixed Rate

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Payer in the delivered IRS Contract) shall receive from the Clearing House an Initial Payment Amount of €210 per contract.

#### 56102. 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 56101.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.

##### 56102.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 56102.F.), the close of the expiring contract shall begin at 5:14 pm Central Europe time, and trading shall be permitted thereafter for a period not to exceed one minute.

##### 56102.B. Trading Unit

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 56101.A.), having notional amount of one hundred thousand Euros (€100,000) or multiples thereof.

##### 56102.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 one-hundredth (1/100th) of one point (equal to €10 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one half of one-hundredth (1/2 of 1/100th) of one point (equal to €5 per intermonth spread contract pair). Contracts shall not be made on any other price basis.

##### 56102.D. Reserved

##### 56102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to CBOT Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

##### 56102.F. Termination of Trading

Trading in an expiring futures contract shall terminate no later than 5:15pm Central Europe time (CBOT Rule 56102.A.) on the second TARGET Settlement Day before the third Wednesday of the contract delivery month (where TARGET signifies the Trans-European Automated Real-time Gross settlement Express Transfer system).

#### 56103. DATE OF DELIVERY

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Subject to CBOT Rules 56104., 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 56102.).

56103.A. IRS Effective Date

Such Date of Delivery shall be the Effective Date (CBOT Rule 56101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

56103.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.

56104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

56104.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 56104.B. and 56104.C., upon termination of trading in such expiring futures (CBOT Rule 56102.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 56101.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.

56104.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.).

56104.C. Clearing Member Obligations in Delivery

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, as of the termination of trading in an expiring futures contract (CBOT Rule 56102.F.), each clearing member that carries accounts holding long or short interest in such expiring futures contract shall:

1. ensure that the requirements set forth in CBOT Rule 56104.A. are met.
2. in accord with the requirements set forth in CBOT Rule 56104.B., ensure that the holder of each such account has designated (a) the IRS Product account(s) in which the holder shall make or accept any deliveries on expiring futures contracts and (b) the IRS Clearing Member(s) carrying such IRS Product account(s).
3. ensure that any IRS Clearing Member carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 56104.C.2. has been notified of such designation.



4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 56104.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 56104.E.).

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 56104.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.

#### 56104.D. Clearing Member Reporting Obligations Prior to Delivery

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

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets, or does not meet, the requirements set forth in CBOT Rule 56104.A.;
3. where such account meets the requirements set forth in CBOT Rule 56104.A., (a) the IRS Product account number, and the IRS Product account origin (house or customer), and the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 56104.C.2., and (b) confirmation that such IRS Clearing Member has been notified as required by CBOT Rule 56104.C.3., and has made such acknowledgements as are required by CBOT Rule 56104.C.4.

#### 56104.E. Notification of IRS Clearing Members in Delivery

Following the termination of trading in an expiring futures contract (CBOT Rule 56102.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 56104.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.

#### 56104.F. IRS Clearing Member Obligations in Delivery

In the event that an IRS Clearing Member disputes such notification of delivery on expiring futures as it may receive from the Clearing House, pursuant to CBOT Rule 56104.E., such IRS Clearing Member shall promptly notify the Clearing House, and the dispute must be settled no later than 12:30 p.m. Chicago time on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of such expiring futures (CBOT Rule 56103.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 56104.A, 56104.B., 56104.C., 56104.D. and 56104.E.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

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56104.G. Clearing House Financial Safeguards

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

56105. (RESERVED)

56106. (RESERVED)

56107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 56101.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 56103.) at such time as the Clearing House may designate. If such Initial Payment Amount is equivalent to \$100,000,000 or greater, then the IRS Clearing Member that is determined as the Initial Payment Payer shall pay such Initial Payment Amount to the Clearing House no later than 6:00pm on the Acceptance Date of the IRS Contracts that are delivered, and accepted for delivery, in fulfillment of such expiring futures contract (CBOT Rule 56103.B. and CME Rule 90102.C.).

**Appendix 3**  
**CBOT Rulebook Chapter 57 –**  
**Contract Terms and Conditions for CBOT 10-Year Euro Interest Rate Swap Futures**

57100. SCOPE OF CHAPTER

This chapter is limited in application to trading of 10-Year Euro Interest Rate Swap (“EUR IRS”) futures. The procedures for trading, clearing, delivery, and settlement, and any other matters not specifically covered herein, shall be governed by the general rules of the Exchange (“Rules”).

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

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

57101. CONTRACT SPECIFICATIONS

57101.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 57104., an account required to deliver on a short position in such expiring futures contract shall be the Fixed Rate Payer to the Clearing House. Where such account is required to accept delivery on a long position in such expiring futures contract, the Clearing House shall be the Fixed Rate Payer to such account.
2. Floating Rate Payer: Subject to CBOT Rules 57104., an account required to accept delivery on a long position in such expiring futures contract shall be the Floating Rate Payer to the Clearing House. Where such account is required to deliver on a short position in such expiring futures contract, the Clearing House shall be the Floating Rate Payer to such account.
3. IRS Effective Date: Third (3rd) Wednesday of futures contract delivery month (CBOT Rules 57102. and 57103.A.).
4. Currency: Euros (CME Rule 90102.B.).
5. Notional Amount: €100,000.
6. Business Day(s): TARGET Settlement Days.
7. Business Day Convention: Modified Following.
8. Termination Date: Tenth (10th) anniversary of IRS Effective Date. (CBOT Rule 57101.A.3.).
9. Initial Payment Amount: See CBOT Rule 57101.B.
10. Initial Amount Payer: See CBOT Rule 57101.B.

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11. Fixed Rate Payment Dates: Annually from IRS Effective Date (CBOT Rule 57101.A.3.) subject to CBOT Rules 57101.A.6. and 57101.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 57102.).

13. Fixed Rate Day Count: 30/360.

14. Floating Rate Payment Dates: Semiannually from IRS Effective Date (CBOT Rule 57101.A.3.) subject to CBOT Rules 57101.A.6. and 57101.A.7.

15. Floating Rate Option: EUR-EURIBOR-Reuters (CME Rule 90102.E.4.).

16. Designated Maturity: Six (6) months.

17. Floating Rate Day Count: Actual/360.

18. Spread: None.

19. Compounding: None.

#### 57101.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 57101.A.).

For an IRS Clearing Member carrying an account that is required to make or accept delivery on an expiring futures contract (CBOT Rules 57104.), the IRS Initial Payment Amount (CBOT Rule 57101.A.9.) due upon delivery (CBOT Rule 57103.) of such IRS Contract, and the Initial Amount Payer (CBOT Rule 57101.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 57102.F.), where such Final Settlement Price is expressed in points and fractions of points, with par on the basis of 100 points (CBOT Rule 57102.C.).

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

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

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

$(\text{€}1,000 \text{ per point}) \times (100 \text{ points} - \text{P points})$  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 100.210 (ie, 100.210 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 €210 per contract, equal to  $(\text{€}1,000 \text{ per point}) \times (100.210 \text{ points} - 100 \text{ points})$ . Conversely, the holder of a short futures position making delivery (the Fixed Rate

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Payer in the delivered IRS Contract) shall receive from the Clearing House an Initial Payment Amount of €210 per contract.

#### 57102. 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 57101.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.

##### 57102.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 57102.F.), the close of the expiring contract shall begin at 5:14 pm Central Europe time, and trading shall be permitted thereafter for a period not to exceed one minute.

##### 57102.B. Trading Unit

The unit of trading shall be IRS Contracts that meet Contract Grade (CBOT Rule 57101.A.), having notional amount of one hundred thousand Euros (€100,000) or multiples thereof.

##### 57102.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 one-hundredth (1/100th) of one point (equal to €10 per contract), except for intermonth spreads for which the minimum price fluctuation shall be one half of one-hundredth (1/2 of 1/100th) of one point (equal to €5 per intermonth spread contract pair). Contracts shall not be made on any other price basis.

##### 57102.D. Reserved

##### 57102.E. Position Limits, Exemptions, Position Accountability and Reportable Levels

The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5.

A Person seeking an exemption from position limits for bona fide commercial purposes shall apply to the Market Regulation Department on forms provided by the Exchange, and the Market Regulation Department may grant qualified exemptions in its sole discretion.

Refer to CBOT Rule 559 for requirements concerning the aggregation of positions and allowable exemptions from the specified position limits.

##### 57102.F. Termination of Trading

Trading in an expiring futures contract shall terminate no later than 5:15pm Central Europe time (CBOT Rule 57102.A.) on the second TARGET Settlement Day before the third Wednesday of the contract delivery month (where TARGET signifies the Trans-European Automated Real-time Gross settlement Express Transfer system).

#### 57103. DATE OF DELIVERY

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Subject to CBOT Rules 57104., 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 57102.).

57103.A. IRS Effective Date

Such Date of Delivery shall be the Effective Date (CBOT Rule 57101.A.3.) of the IRS Contract that is delivered or accepted for delivery in fulfillment of such expiring futures contract.

57103.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.

57104. DELIVERIES ON EXPIRING FUTURES CONTRACTS

57104.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 57104.B. and 57104.C., upon termination of trading in such expiring futures (CBOT Rule 57102.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 57101.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.

57104.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.).

57104.C. Clearing Member Obligations in Delivery

Subject to the provisions of CBOT Rulebook Chapters 7, 8, and 9, as of the termination of trading in an expiring futures contract (CBOT Rule 57102.F.), each clearing member that carries accounts holding long or short interest in such expiring futures contract shall:

1. ensure that the requirements set forth in CBOT Rule 57104.A. are met.
2. in accord with the requirements set forth in CBOT Rule 57104.B., ensure that the holder of each such account has designated (a) the IRS Product account(s) in which the holder shall make or accept any deliveries on expiring futures contracts and (b) the IRS Clearing Member(s) carrying such IRS Product account(s).
3. ensure that any IRS Clearing Member carrying such IRS Product account(s) as may be designated pursuant to CBOT Rule 57104.C.2. has been notified of such designation.

4. obtain acknowledgement from each IRS Clearing Member designated pursuant to CBOT Rule 57104.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 57104.E.).

Where a clearing member carries accounts holding interest both long and short in such expiring futures contract, the clearing member must fulfill these Rules 57104.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.

#### 57104.D. Clearing Member Reporting Obligations Prior to Delivery

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

1. declaration of the number of expiring futures contracts held long, and the number of expiring futures contracts held short, in such account;
2. confirmation whether such account meets, or does not meet, the requirements set forth in CBOT Rule 57104.A.;
3. where such account meets the requirements set forth in CBOT Rule 57104.A., (a) the IRS Product account number, and the IRS Product account origin (house or customer), and the IRS Clearing Member carrying such IRS Product account, as designated pursuant to CBOT Rule 57104.C.2., and (b) confirmation that such IRS Clearing Member has been notified as required by CBOT Rule 57104.C.3., and has made such acknowledgements as are required by CBOT Rule 57104.C.4.

#### 57104.E. Notification of IRS Clearing Members in Delivery

Following the termination of trading in an expiring futures contract (CBOT Rule 57102.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 57104.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.

#### 57104.F. IRS Clearing Member Obligations in Delivery

In the event that an IRS Clearing Member disputes such notification of delivery on expiring futures as it may receive from the Clearing House, pursuant to CBOT Rule 57104.E., such IRS Clearing Member shall promptly notify the Clearing House, and the dispute must be settled no later than 12:30 p.m. Chicago time on the Acceptance Date and Clearing Effective Date for delivery in fulfillment of such expiring futures (CBOT Rule 57103.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 57104.A, 57104.B.,

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57104.C., 57104.D. and 57104.E.) shall guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules.

57104.G. Clearing House Financial Safeguards

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

57105. (RESERVED)

57106. (RESERVED)

57107. PAYMENT

Where an Initial Payment Amount is required in fulfillment of delivery on an expiring futures contract (CBOT Rule 57101.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 57103.) at such time as the Clearing House may designate. If such Initial Payment Amount is equivalent to \$100,000,000 or greater, then the IRS Clearing Member that is determined as the Initial Payment Payer shall pay such Initial Payment Amount to the Clearing House no later than 6:00pm on the Acceptance Date of the IRS Contracts that are delivered, and accepted for delivery, in fulfillment of such expiring futures contract (CBOT Rule 57103.B. and CME Rule 90102.C.)