



Special Executive Report

S-7455

10 September 2015

Initial Listing of 7-Year US Dollar Interest Rate Swap Futures and 20-Year US Dollar Interest Rate Swap Futures

The Board of Trade of the City of Chicago, Inc. (“CBOT” or “Exchange”) will list 7-Year US Dollar Interest Rate Swap (“7-Year USD IRS”) futures and 20-Year US Dollar Interest Rate Swap (“20-Year USD IRS”) futures for trading on the CME Globex electronic trading platform (“CME Globex”) and for submission of block transactions via CME ClearPort effective on Sunday, 27 September 2015, for first trade date of Monday, 28 September 2015.

Initial listings of these futures products shall be as follows:

7-Year USD IRS futures for December 2015 delivery (S1UZ5) and for March 2016 delivery (S1UH6) shall be fulfilled by delivery of corresponding contract-grade interest rate swaps for which the fixed interest rate is 2.25 percent per annum.

20-Year USD IRS futures for December 2015 delivery (E1UZ5) shall be fulfilled by delivery of contract-grade interest rate swaps with a fixed interest rate of 2.50 percent per annum.

20-Year USD IRS futures for March 2016 delivery (E1UH6) shall be fulfilled by delivery of contract-grade interest rate swaps with a fixed interest rate of 2.75 percent per annum.

Fixed interest rates that standardize interest rate swaps that are deliverable in fulfillment of expiring CBOT US Dollar Interest Rate Swap futures are set by the Exchange, in its sole discretion, and may be found at <http://www.cmegroup.com/trading/interest-rates/files/dsf-coupons.pdf>.

Exhibit 1 sets forth the CME Globex non-reviewable trading ranges that will apply to 7-Year USD IRS futures and 20-Year USD IRS futures. Exhibit 2 summarizes futures contract specifications.

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Exhibit 1 -- CBOT Rule 588.H. Globex Non-Reviewable Trading Ranges

Instrument Name	Globex Symbol	Globex Non-Reviewable Ranges (NRR)	NRR: Globex Format	NRR: Ticks
7-Year Deliverable Interest Rate Swap Futures	S1U	20/32 of 1 point (\$1,000)	0.625	40
20-Year Deliverable Interest Rate Swap Futures	E1U	30/32 of 1 point (\$1,000)	0.9375	30

Exhibit 2
Contract Specifications for 7-Year US Dollar Interest Rate Swap Futures
and 20-Year US Dollar Interest Rate Swap Futures

Trading Unit	An interest rate swap (IRS), cleared by CME Clearing, with notional principal equal to \$100,000 and tenor equal to Reference Tenor, that exchanges semiannual fixed interest payments at a rate per annum equal to Contract Fixed Rate for quarterly floating interest rate payments based on the 3-month London interbank offered rate.	
Reference Tenors	7-Year or 20-Year	
Delivery Months	March Quarterly cycle (March, June, September, December)	
Contract Fixed Rate	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.	
Price Basis	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 rd Wednesday of Delivery Month. Par is on the basis of 100 points.	
Contract Size	\$1,000 per point (\$100,000 per contract)	
Minimum Price Increment	<i>Reference Tenor</i>	<i>Minimum Price Increment</i>
	20-Year	1/32 nd point (\$31.25 per contract)
	7-Year	½ of 1/32 nd point (\$15.625 per contract)
Last Trading Day	2 nd London business day before 3 rd Wednesday of futures Delivery Month	
Delivery Day	3 rd Wednesday of Delivery Month	
Delivery Standard	IRS cleared by CME Clearing House, 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 rd Wednesday of Delivery Month = Futures Delivery Day
	<i>Currency</i>	USD
	<i>Notional Amount</i>	Futures Contract Size = \$1,000 per point (\$100,000 per futures contract)
	<i>Business Day(s)</i>	New York and London
	<i>Business Day Convention</i>	Modified Following
	<i>Termination Date</i>	Anniversary of IRS Effective Date at futures Reference Tenor
	<i>Fixed Rate Payment Dates</i>	Semiannually, from IRS Effective Date
	<i>Fixed Rate</i>	Contract Fixed Rate
	<i>Fixed Rate Day Count</i>	30/360
	<i>Floating Rate Paymt Dates</i>	Quarterly, from IRS Effective Date
	<i>Floating Rate Option</i>	USD-LIBOR-BBA
	<i>Designated Maturity</i>	3 Month
	<i>Spread</i>	None
	<i>Floating Rate Day Count</i>	Actual/360
	<i>Compounding</i>	None
Delivery Method	Physical delivery of IRS that meets Delivery Standard. Clearing Acceptance Date and Clearing Effective Date = First CME Clearing Business Day preceding 3 rd Wednesday of Delivery Month.	
	Delivery invoice price = IRS Initial Payment Amount, as determined by contract final settlement price, P:	
	If $100 < P$, then IRS Floating Rate Payer pays, and IRS Fixed Rate Payer receives, \$1,000 x (P – 100) per contract, rounded to nearest penny.	
	If $P \leq 100$, then IRS Fixed Rate Payer pays, and IRS Floating Rate Payer receives, \$1,000 x (100 – P) per contract, rounded to nearest penny.	
Delivery Eligibility	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.).	

Position Accountability	5,000+ contracts		
Reportable Positions	1+ contracts		
Block Trade Minimum Size Thresholds and Reporting Requirements	20-Year	500 contracts	
	7-Year	1,250 contracts	
	Each block trade must be reported to the Exchange by the seller within 15 minutes of transaction.		
Trading Hours and Venue	CME Globex: 5pm to 4pm Chicago Time (CT), Sun-Fri.		
	Block trades may be submitted for clearing via CME ClearPort: 5pm to 4pm CT, Sun-Fri		
	Trading in expiring futures terminates at 2pm CT on Last Trading Day.		
	USD Interest Rate Swap futures will trade on, and according to the rules of, CBOT.		
Globex Trade Matching Algorithm	K: Split FIFO/Pro-Rata, with 100% FIFO Allocation.		
Ticker Symbols		<i>Initial Contract Fixed Rate</i>	<i>Secondary Contract Fixed Rate</i>
	20-Year	E1U	E2U
	7-Year	S1U	S2U