

Chapter 37

Credit Default Swap Index Futures

37100. SCOPE OF CHAPTER

This chapter is limited in application to futures trading of Credit Default Swap (“CDS”) Index futures. The procedures for trading, clearing, inspection, delivery and settlement, and any other matters not specifically covered herein or in Chapter 7 shall be governed by the general rules of the Exchange.

37101. CONTRACT SPECIFICATIONS

The contract grade shall be the final settlement value of the Unit of Trading (as defined in Rule 37103.) for the Last Day of Trading (as defined in Rule 37102.F.), as determined and furnished to the Exchange by the Exchange’s designated index provider. The value of the Contract Reference Index (“CRI”), as defined in Rule 37102.B., shall be represented in interest rate basis points and hundredths (1/100) of basis points.

If the Exchange’s designated index provider fails to report a value for the CRI for the Last Day of Trading, then the contract’s final settlement price shall be based upon the value of the CRI for the first preceding U.S. business day for which a value has been reported by the Exchange’s designated index provider.

37102. TRADING SPECIFICATIONS

Trading in CDS Index futures may be scheduled in such months as determined by the Exchange.

37102.A. Trading Schedule

The hours of trading in CDS Index futures shall be determined by the Exchange. Trading in an expiring CDS Index futures contract shall cease at 4:00 pm Chicago time on the Last Day of Trading in said futures contract.

37102.B. Trading Unit

The Unit of Trading shall be the Contract Reference Index. The Contract Reference Index shall be referenced hereafter as the CRI. CRI shall be constituted and maintained by the Exchange’s designated index provider.

The designated index provider shall constitute and maintain a distinct CRI for each distinct CDS Index futures contract month.

The CRI shall be an arithmetic average of interest rate credit default spreads, as reflected in prices of over-the-counter credit default swap contracts with five (5) years to expiry as of the CDS Index futures contract’s Last Day of Trading. Each credit default swap spread that is selected for inclusion as a CRI component shall reference senior, unsecured, taxable, investment-grade debt securities that are denominated in U.S. dollars and that are issued by a firm domiciled in the U.S.

37102.C. Price Increments

The prices of CDS Index futures contracts shall be quoted in interest rate basis points and hundredths (1/100) of basis points. One basis point shall equal \$500. The minimum price fluctuation shall be one one-hundredth (1/100) of one basis point (\$5 per contract). Contracts shall not be made on any other price basis.

37102.D. Reserved

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37102.F. Termination of Trading

The Last Day of Trading in a CDS Index futures contract shall be the second London business day before the third Wednesday of the contract's delivery month. After trading has ceased in expiring contracts, outstanding contracts shall be liquidated by cash settlement as prescribed in Rule 37103.

37103. DELIVERY ON FUTURES CONTRACTS

Delivery against expiring CDS Index futures shall be made by cash settlement through the Clearing House following normal variation margin procedures.

The final settlement price shall be \$500 times the final settlement value of the CRI for the Last day of Trading, as furnished by the Exchange's designated index provider.

The final settlement price for an expiring CDS Index futures contract shall be determined on the business day following the Last Day of Trading. For exceptions to this schedule, see Rule 37101.