Eris Exchange
The Future of Swaps

Advisory Notice

TO:	Eris Exchange Market Participants
FROM:	Eris Exchange Control Center and Market Regulation Department
ADVISORY:	#13-06
DATE:	September 13, 2013
SUBJECT:	Notification of Eris Exchange Product Certification for Eris Standards

This Advisory Notice serves to notify Participants of Eris Exchange, LLC ("Eris Exchange" or "Exchange") that:

I. The Exchange is listing the 7 Year Standard Eris Interest Rate Swap Futures Contract (the "Contract") for trading in Eris SwapBook.
II. The Exchange has included the Contract specifications in Eris Exchange Rule 1101.
III. The Exchange has filed a notification with the Commodity Futures Trading Commission to amend the aforementioned rule (the "Amendment"). **The Contract will be listed for trading on September 17, 2013.**

Attached to this Advisory as Appendix A are the specifications for the Contract as it will appear in Rule 1101.

If you have any questions regarding this Exchange Advisory Notice, please contact Eris Control Center at 888-587-2699, Option 1, ErisControlCenter@erisfutures.com.

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Appendix A

7Y Eris Standard Swap Future Contract Specifications

Trading Hours	Eris Exchange standard trading hours are currently 8:20 AM to 4:30 PM Eastern Time.
Contract Structure	$100,000 notional principal whose value is based upon the difference between a stream of semi-annual fixed interest payments and a stream of quarterly floating interest payments based on 3 month US Dollar LIBOR, over a term to maturity.
Underlying Swap Tenor	7 Years
Contract Short Name	7Y Stnd <Month> <YY>, where the <Month> will be the first three characters of the month of the Effective Date and the <YY> will be last two digits of the year of the Effective Date For example, the 7Y Standard with an Effective Date in December 2013 and a Maturity Date in December 2020 will have a short code of "7Y Stnd Dec 13"
Fixed Rate	Pre-determined rate set by Eris Exchange which will remain static throughout the life of the contract • Determined just prior to quarterly listing • Multiple fixed rates may be pre-determined
Contract Size	1 Contract = 1 lot = $100,000 face
Trading Conventions	Buy = Pay Fixed Sell = Receive Fixed
Swap Futures Leg Conventions	Fixed Leg • Reset Frequency Semi-Annual • Day Count Convention 30/360 • Currency USD • Holiday Calendar(s) New York, London • Business Day Convention Modified Following with adjustment to period end dates Floating Leg • Reset Frequency Quarterly • Day Count Convention Actual/360 • Currency USD • Holiday Calendar(s) New York, London • Business Day Convention Modified Following with adjustment to period end dates

Effective Dates	Quarterly IMM Dates (3rd Wednesday of each March, June, September, December)

Monthly dates as provided by the Exchange in an Exchange Advisory. |
| **Cash Flow Alignment Date ("CFAD")** | The date used for aligning all fixed and floating Reset Dates, and for determination of the Maturity Date.

CFAD can be derived by adding 7 Years to the Effective Date.

For example, an Eris Interest Rate Swap Future with an Effective Date of 09/19/2012 and a tenor of 7 years implies a Cash Flow Alignment Date of 09/19/2019. Note that the Cash Flow Alignment Date may fall on any calendar day, including weekends and holidays. The CFAD is used to determine the Maturity Date, but the two terms are distinct, as the Maturity Date must fall on a valid business day from the joint holiday calendar. |
| **Maturity Date** | The final date to which fixed and floating amounts accrue. The last date of the contract.

Maturity Date is determined by applying the Modified Following rule to the Cash Flow Alignment Date. If the Cash Flow Alignment Date is a non-business day in either NY or London, go forward to the next day that is a business day in both NY and London. If the next valid business day is in the following month, the preceding valid business day on both the NY and London holiday calendars will be the Maturity Date.

Eris PAI^{TM} accrues up to and including the Maturity Date.

The Maturity Date may also be referred to as Termination Date. |
| **Underlying Tenor** | The duration of time from the Effective Date to the Cash Flow Alignment Date. |
| **Remaining Tenor** | The duration of time from today to the Cash Flow Alignment Date. |
| **Reset Dates** | Dates utilized to determine fixed and floating amounts throughout the life of the Contract. Reset Dates define the beginning and end of fixed and floating interest accrual periods. Floating Rate Reset Dates facilitate the determination of the LIBOR Fixing Dates.

The Cash Flow Alignment Date will be used as the basis for determining Reset Dates. Each Reset Date is subject to adjustment based on Modified Following convention.
  - For example, if the CFAD is 09/19/2019, the Reset |

	Dates will be on the 19th of December, March, June and September, subject to the Modified Following convention.
Last Trading Day	The last day on which the Contract can be traded is the NY business day preceding the Maturity Date.
First LIBOR Fixing Date	2 London business days prior to the Effective Date.
Other LIBOR Fixing Dates	For all periods other than the first floating rate period, the LIBOR Fixing Date is 2 London business days prior to each Reset Date.
Floating Rate Index	3 Month USD LIBOR announced by the British Bankers' Association.
Daily Settlement Price (Futures-Style Price)	Eris Interest Rate Swap Futures are priced on a basis of 100, similar to market practice for bonds and other futures contracts. The settlement value for each Contract is defined as: S_t = $100 + A_t + B_t - C_t$ S_t = settlement price at time t A_t = net present value of the future cash flows at time t, based on OIS discounting B_t = value of the historical fixed and floating amounts since contract inception C_t = Eris Price Alignment Interest (or Eris PAI™). Eris Exchange and CME Clearing calculate Daily Settlement Price to 4 decimals of precision (e.g., 100.1234). Eris PAI™ is a cumulative value calculated daily by applying the overnight Fed Funds effective rate to the contract's NPV, using an Actual/360 daycount convention. Eris PAI™ will start accruing on the first listing date.
Final Settlement Price	S_{final} = $100 + B_{final} - C_{final}$ S_{final} = Settlement price at maturity B_{final} = Historical fixed and floating amounts since contract inception through maturity C_{final} = Eris PAI™, at maturity
Quoting Convention	Net Present Value (NPV) per Contract will be used for trade execution. NPV is expressed in per contract terms for the Buyer (fixed rate payer). Each Swap Future negotiated in NPV terms has an implicit futures-style trade price of

	$Trade\ Price\ = 100 + A_{negotiated} + B_t - C_t$ where $A_{negotiated}$ is the NPV per Contract agreed upon between the counterparties (divided by 1,000 to normalize units to $100 face amount), B_t is the value of the historical fixed and floating amounts, and C_t is Eris PAI^{TM} at time t. The B and C components are calculated once daily and applied by the Exchange, and are not subject to negotiation by the counterparties. The NPV per Contract can be negotiated in the following increments/tick sizes: • $1 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is less than two years. • $2 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 2 years and less than 4 years. • $5 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 4 years and less than 7 years. • $10 for Contracts where the lesser of Remaining Tenor/Underlying Tenor is greater than or equal to 7 years and less than 20 years.
Listed Spreads	Listed Spreads (or Discrete Spreads), composed of Standard Contracts, may be traded using the SwapBook Discrete Spread functionality
Block Trades	Eris Interest Rate Swap Futures are eligible to be traded as privately negotiated, off-exchange Block Trades and reported to Eris Exchange. Block Trades must be executed and reported pursuant to Rule 601 in the Eris Exchange Rulebook.
Exchange of Derivatives for Related Positions	Eris Interest Rate Swap Futures are eligible to be traded as privately negotiated, off-exchange Exchange of Derivatives for Related Positions (EDRPs) and reported to Eris Exchange. EDRPs must be executed and reported pursuant to Rule 602 in the Eris Exchange Rulebook.
Ticker Symbol Convention	Maturity Code (Period Code) will be YYYYMMDD Product Code: ZC9107; initial contract fixed rate Product Code: ZC9207; secondary contract fixed rate For example, the 7Y contract with Product Code of ZC9107 and Maturity Date of 12/19/19 will have a ticker symbol of ZC910720191219