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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67036; File No. SR-CME-2012-18)

May 21, 2012

Self-Regulatory Organizations; Chicago Mercantile Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify a Fee Program Related to its OTC Interest Rate Swap Clearing Offering

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 9, 2011, Chicago Mercantile Exchange, Inc. (“CME”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which items have been prepared primarily by CME. CME filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii)³ of the Act and Rule 19b-4(f)(2)⁴ thereunder, so that the proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

I. Self-Regulatory Organization’s Statement of Terms of Substance of the Proposed Rule Change

CME is proposing to make certain fee-related changes that would apply to its OTC Interest Rate Swap clearing offering.⁵ The text of the proposed changes is listed below.

Additions are in italics, deletions in brackets.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ CME previously established the fee program in another rule filing. See Exchange Act Release No. 34-66102 (January 5, 2012), 77 FR 1775 (January 11, 2012) [CME-2011-22].

CME Incentive Program for Over-The-Counter Interest Rate Swaps**Program Purpose**

The purpose of the Program is to incentivize participants to increase the volume in CME over-the-counter (“OTC”) interest rate swaps which will improve market liquidity. The resulting addition of liquidity for these Products (as defined below) benefits all participants in the market.

Product Scope

CME OTC Interest Rate Swaps cleared by the Clearing House (“Products”).

Eligible Participants

CME may designate up to [five (5)] six (6) participants in the Program based on their level of expertise and experience with the Products. Participants may be CME members and/or non-members. CME will also take potential participants’ experience in the Products and historical volume in the Products with the Clearing House when making its selections.

Program Term

Non-Asset Managers

Qualification Period: January 6, 2012 through December 31, 2012

Earned Incentive Period: January 1, 2013 through December 31, 2016

Asset Managers

Qualification Period: January 6, 2012 through December 31, 2012

Earned Incentive Period: January 1, 2013 through December 31, 2021

Hours

N/A

Obligations

Participants must provide designated accounts to CME in order for the account to receive consideration for the incentives described below.

Incentives

1. Fee Discounts. Once accepted into the Program, participants will be eligible to receive predetermined discounts for transaction fees and maintenance fees in the Products during the Term.
2. Volume Discount Incentives. Additionally, once accepted into the Program, participants may qualify for predetermined fee discounts based on the overall fees charged for transactions in the Products submitted to the Clearing House during the Qualification Period.

Monitoring and Termination of Status

The Clearing House shall monitor participants' activity and performance and shall retain the right to revoke Program participant status if they conclude from review that a Program participant no longer meets the eligibility requirements of the Program.

II. Self-Regulatory Organization's Statement of Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CME included statements concerning the purpose and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CME has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.⁶

A. Self-Regulatory Organization's Statement of Purpose of, and Statutory Basis for, the Proposed Rule Change

CME currently offers clearing for certain OTC Interest Rate Swap products. CME has

⁶ The Commission has modified the text of the summaries prepared by CME.

certain fee programs that apply to its OTC Interest Rate Swap (“IRS”) clearing offering. The proposed changes that are the subject of this filing modify one of its existing fee programs. The proposed changes are related to the fees CME charges for clearing and therefore will become effective upon filing. However, the Program will become operative on May 23, 2012.

The proposed changes modify a current volume incentive program that is designed to incentivize participants to increase their volume in CME OTC IRS through predetermined fee discounts for transaction fees and maintenance fees (“Program”). The Program currently may include up to five participants (including CME members and/or non-members) designated by CME based on factors including potential participants’ experience in IRS activities and historical volumes in IRS with CME. The change proposed by this filing would simply increase the number of eligible participants from five to six.

Pursuant to Commodity Futures Trading Commission (“CFTC”) regulations, the Program has been interpreted by CME as an incentive program subject to CFTC Regulation 40.6(d), requiring a self-certification filing to the CFTC, although no change to text of the CME rulebook is required. CME notes that it has already certified the proposed changes that are the subject of this filing to its primary regulator, the CFTC, in CME Submission No. 12-136. The text of the CME proposed changes is above. The proposed changes establish or change a member due, fee or other charge imposed by CME under Section 19(b)(3)(A)(ii) of the Securities Exchange Act of 1934 and Rule 19b-4(f)(2) thereunder. CME believes that the proposed changes are consistent with the requirements of the Act and the rules and regulations thereunder and, in particular, to 17A(b)(3)(D),⁷ in that it provides for the equitable allocation of reasonable dues, fees and other charges among participants. CME notes that it operates in a highly competitive market in which

⁷ 15 U.S.C. 78q-1(b)(3)(D).

market participants can readily direct business to competing venues.

B. Self-Regulatory Organization's Statement on Burden on Competition

CME does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

CME has not solicited, and does not intend to solicit, comments regarding this proposed rule change. CME has not received any unsolicited written comments from interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change was filed pursuant to Section 19(b)(3)(A)(ii)⁸ of the Act and Rule 19b-4(f)(2)⁹ thereunder and thus became effective upon filing because it establishes or changes a due, fee, or other charge applicable to a member. At any time within sixty days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

- Electronic comments may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to [rule-](#)

⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

⁹ 17 CFR 240.19b-4(f)(2).

comments@sec.gov. Please include File No. SR-CME-2012-18 on the subject line.

- Paper comments should be sent in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C., 20549-1090.

All submissions should refer to File Number SR-CME-2012-18. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of CME. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-CME-2012-18 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Kevin M. O'Neill
Deputy Secretary

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¹⁰ 17 CFR 200.30-3(a)(12).