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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67362; File No. SR-CME-2012-27)

July 6, 2012

Self-Regulatory Organizations; Chicago Mercantile Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Amend Rules Relating to Interest Rate Swaps Clearing

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 June 25, 2012, the Chicago Mercantile Exchange, Inc. (“CME”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I and II, below, which items have been prepared primarily by CME. The Commission is publishing this Notice and Order to solicit comments on the proposed rule change from interested persons, and to approve the proposed rule change on an accelerated basis.

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

CME proposes to amend certain rules relating to its interest rate swap (“IRS”) cleared only offering. The proposed changes make certain clarifying amendments and corrections to Chapter 8G of the CME Rulebook. The text of the proposed rule changes is available on the CME’s website at <http://www.cmegroup.com>, at the principal office of CME, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the 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 changes and discussed any comments it received

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

on the proposed rule changes. The text of these statements and comments may be examined at the places specified in Item III below. CME has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

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

CME proposes to make certain clarifying rule amendments related to its IRS offering. The first proposed change would correct an inadvertent omission in Rule 8G07 resulting from a previous filing. The new language makes clear that the methodology for allocating the IRS Guaranty Fund³ among IRS Clearing Members⁴ is based on the 30-day trailing average of an IRS Clearing Member's potential residual loss ("PRL").

The second proposed change makes corrections to CME Rule 8G26, which currently refers to an IRS Advisory Committee that has never been formed. The IRS Advisory Committee referenced in Rule 8G26 has been superseded by other CME IRS working groups.

CME also notes that it is making certain updates to its Manual of Operations for IRS in connection with these proposed changes. These changes can be summarized as follows:

- Eligible maturity dates for IRS denominated in Canadian Dollars, Japanese Yen, Swiss Francs and Australian Dollars are being extended to

³ CME's Rulebook defines a "Guaranty Fund Deposit" as "[t]he amount required to be deposited with the [CME] Clearing House by the clearing member as a guaranty of its obligations to the Clearing House."

⁴ CME's Rulebook defines a "Clearing Member" as "[a] firm meeting the requirements of, and approved for, clearing membership at the Exchange. The term 'clearing member' as used in the Rules shall include all clearing member categories set forth in Rule 900, unless otherwise specified."

31 years from the clearing date, primarily to accommodate forward-starting 30 year swaps;

- The earliest weekly submission time for submission of IRS is being extended from 1:15 a.m. Eastern Time Monday to 6 p.m. Eastern Time Sunday;
- The daily end-of-day report sent to IRS clearing members is being updated to include listed futures and FX pricing information and changed to align the tenors of certain curves to enhance the reporting applicable to CME's portfolio margining of futures of IRS; and
- Several sample reports, field descriptions and product tables have been removed to simplify the IRS Manual; and
- Certain typographical and grammatical corrections.

CME notes that it has also submitted the proposed rule changes that are the subject of this filing to the Commodity Futures Trading Commission ("CFTC"), in CME Submission 12-204.

CME believes the proposed rule changes are consistent with the requirements of the Act, including Section 17A,⁵ and the rules and regulations thereunder, because they involve improvements to CME's IRS offering for investors that help to: (i) promote the prompt and accurate clearance and settlement of securities transactions and derivatives agreements, contracts and transactions; (ii) assure the safeguarding of securities and funds that are in CME's custody or control; and (iii) protect investors and the public interest. CME also observes that the proposed rule changes are limited to the clearing of

⁵ 15 U.S.C. 78q-1.

swaps, and thus relate solely to the CME's swaps clearing activities pursuant to its registration as a derivatives clearing organization under the Commodity Exchange Act ("CEA"), and do not significantly affect any of CME's securities clearing operations, or any related rights or obligations of CME or persons using such service. CME further notes that the policies of the CEA with respect to clearing are comparable to a number of the policies underlying the Act, such as promoting market transparency for over-the-counter derivatives markets, promoting the prompt and accurate clearance of transactions and protecting investors and the public interest.

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

CME does not believe that the proposed rule changes 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 these proposed rule changes. CME has not received any unsolicited written comments from interested parties.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule changes are 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 by sending an e-mail to rule-comments@sec.gov. Please include File No. SR-CME-2012-27 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., 20549-0609.

All submissions should refer to File Number SR-CME-2012-27. 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 inspection and copying in the Commission's Public Reference Room, 100 F Street, N.E., 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-2012-27 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

Section 19(b) of the Act⁶ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. In particular, Section 17A(b)(3)(F)⁷ of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds that are in the custody or control of the clearing agency, or for which it is responsible, and protect investors and the public interest. The Commission finds that the proposed clarifications to the manner in which CME allocates guaranty fund obligations among its members are consistent with the requirements of Section 17A(b)(3)(F) of the Act because the clarifications should allow CME's Members to better monitor their financial status and risk-management procedures. This, in turn, should enhance CME's ability to safeguard the securities and funds in its custody or control, or for which it is responsible.⁸

In its filing, CME requested that the Commission approve these proposed rule changes prior to the thirtieth day after the date of publication of the notice of the filing. CME has articulated three reasons for so granting approval. First, CME notes that the products covered by this filing, and CME's operations as a derivatives clearing

⁶ 15 U.S.C. 78s(b).

⁷ 15 U.S.C. 78q-1(b)(3)(F).

⁸ See 15 U.S.C. 78q-1. In approving these proposed rule changes, the Commission has considered the proposed rule changes' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

organization for such products, are regulated by the CFTC under the CEA. Second, CME observes that the proposed rule changes relate solely to interest rate swap clearing, and therefore relate solely to CME's swaps clearing activities, and do not significantly relate to the CME's functions as a clearing agency for security-based swaps. Third, CME contends that not approving this request on an accelerated basis will have a significant impact on the swaps clearing business of CME as a designated clearing organization.

The Commission finds good cause for granting approval of the proposed rule changes prior to the thirtieth day after publication of the notice of filing because: (i) the proposed rule changes do not significantly affect any of CME's securities clearing operations or any related rights or obligations of CME or persons using such service; (ii) CME has indicated that not providing accelerated approval would have a significant impact on its business as a designated clearing organization; and (iii) the activity relating to CME's non-security clearing operations for which CME is seeking approval is subject to regulation by another federal regulator.

V. Conclusion

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-CME-2012-27) be, and hereby is, APPROVED on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Elizabeth M. Murphy
Secretary

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⁹ 17 CFR 200.30-3(a)(12).