



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67743; File No. SR-CME-2012-33)

August 28, 2012

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Fee Schedule Applicable 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 thereunder² notice is hereby given that on August 17, 2012, Chicago Mercantile Exchange Inc. (“CME”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as 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)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 amend the fee schedule that currently applies to its OTC Interest Rate Swap clearing offering.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

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.

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. This filing proposes to amend the current fee schedule that applies to CME's OTC Interest Rate Swap ("IRS") clearing offering. Specifically, CME will be adding; (i) an optional alternative fee schedule, (ii) progressive fee tiers for the standard fee schedule, and (iii) fee waivers for CME OTC IRS clearing member's back-loaded trades.

Under the new optional alternative fee schedule, house or customer accounts will be able to elect to be subject to an alternate transaction fee schedule for OTC IRS that includes certain per ticket transaction fee and certain monthly charges measured in basis points annualized on the client's initial margin requirement. Election of the alternative transaction fee schedule requires notice to CME which must be given (i) during the firm's onboarding process, or (ii) at least fifteen (15) days prior to a calendar quarter that the firm elects to receive the alternative fee schedule.

The second feature of the proposed changes relates to new progressive fee tiers. Under these changes, each calendar quarter, firms may qualify to receive a fixed discount applicable to base OTC IRS fees for the following calendar quarter on the basis of the USD equivalent base fees incurred during the current quarter. The discount applicable to the following calendar quarter will be calculated on a weighted average basis using the USD equivalent base fees for the current calendar quarter and certain discount percentages. Additionally, from September 1, 2012

to December 31, 2013, the proposed changes would provide for a one-time rebate on current calendar quarter activity during the first calendar quarter that its weighted average discount is equal to or greater than 15%.

Finally, for IRS Clearing Members, the proposed rule changes would provide for certain fee waivers for back-loaded trades. A backloaded trade is a trade accepted for clearing where the effective date for the trade is prior to the date the trade was accepted for clearing.

The proposed changes are related to fees and therefore will become effective immediately.

However, the proposed fee changes will become operative as of September 1, 2012. CME has also certified the proposed rule changes that are the subject of this filing to the Commodity Futures Trading Commission (“CFTC”), in CFTC Submission 12-254.

The proposed CME rule amendments establish or change a member due, fee or other charge imposed by CME under Section 19(b)(3)(A)(ii)⁵ of the Act and Rule 19b-4(f)(2)⁶ thereunder. CME believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder and, in particular, to Section 17A(b)(3)(D),⁷ in that it provides for the equitable allocation of reasonable dues, fees and other charges among participants. The proposed changes apply to all IRS Clearing Members or customers, as applicable. The modifications should encourage firms to submit additional volume into the system which should help ensure readiness and also help build open interest ahead of a regulatory mandate. CME notes that it operates in a highly competitive market in which market participants can readily direct business to competing venues.

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(f)(2).

⁷ 15 U.S.C. 78q-1(b)(3)(D).

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)⁸ of the Act and Rule 19b-4(f)(2)⁹ thereunder and thus became effective upon filing because it effects a change in a due, fee, or other charge applicable only 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

- Use the Commission's Internet comment form

(<http://www.sec.gov/rules/sro.shtml>); or

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File No. SR-CME-2012-33 on the subject line.

Paper comments

- Send 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-2012-33. 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 filings will also be available for inspection and copying at the principal office of CME and on CME's website at http://www.cmegroup.com/market-regulation/files/SEC_19B-4_12-33.pdf.

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-2012-33 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).