



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69956; File No. SR-CME-2013-09)

July 10, 2013

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Interest Rate Swap Clearing Changes

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 28, 2013, 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) of the Act³ and Rule 19b-4(f)(4)(ii)⁴ thereunder, so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

CME is filing proposed rules changes that are limited to its business as a derivatives clearing organization offering interest rate swap (“IRS”) clearing services. More specifically, the proposed rule changes that are the subject of this filing would facilitate the addition of new IRS products for clearing and would also include certain changes to its existing IRS clearing offering.

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)(4)(ii).

The text of the proposed rule changes is also available at the CME's Web site 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, the self-regulatory organization 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. The self-regulatory organization 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 the Purpose of, and Statutory Basis for, the Proposed Rule Change

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission and currently offers clearing services for interest rate swaps ("IRS"). With this filing, CME proposes to accept the following swaps for clearing beginning July 1, 2013:

- Fixed-Floating IRS denominated in Hong Kong Dollar ("HKD"), New Zealand Dollar ("NZD") and Singapore Dollar ("SGD") with Termination Dates up to 15 years.

Additionally, CME will amend CME Rules 90002.F and 90102.E to add the following swap specifications to its existing offering of IRS:

- OIS swaps with Termination Dates up to 30 years;
- Variable notional amounts (amortizing, roller coaster and accreting) for fixed-floating and basis swaps;
- Swaps with straight and spread compounding; and

- New Zealand as an acceptable calendar adjustment for Business Day Conventions.

The changes to CME Rule 90002.F reflect the addition of variable notional amounts. The changes to CME Rule 90102.E reflect the addition of certain Floating Rate Options for HKD, NZD and SGD swaps and certain addition OIS rates. The Manual of Operations for CME Cleared Interest Rate Swaps (the “IRS Manual”) is also being updated in connection with these proposed changes described in this filing.

The changes that are described in this filing are limited to CME’s IRS clearing offering and do not materially impact CME’s credit default swap clearing business in any way. CME notes that it has also submitted the proposed rule changes that are the subject of this filing to its primary regulator, the Commodity Futures Trading Commission (“CFTC”), in CME Submission 13-164.

CME believes the proposed rule changes are consistent with the requirements of the Exchange Act including Section 17A of the Exchange Act. The proposed rule changes involve enhancements to CME’s interest rate swap product offering for investors, including new products for clearing, and as such are designed to promote the prompt and accurate clearance and settlement of securities transactions and derivatives agreements, contracts and transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency and, in general, help to protect investors and the public interest. Furthermore, the proposed changes are limited to listing new IRS for clearing and making changes to CME’s existing IRS clearing offering. IRS is under the exclusive jurisdiction of the CFTC. As such, the proposed CME changes are limited to CME’s activities as a derivatives clearing organization clearing swaps that are not security-based swaps; CME notes that the policies of the CFTC with

respect to administering the Commodity Exchange Act are comparable to a number of the policies underlying the Exchange 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. In summary, the proposed CME changes do not significantly affect the security-based swap clearing operations of CME or any related rights or obligations of CME security-based swap clearing participants. The changes are therefore consistent with the requirements of Section 17A of the Exchange and are properly filed under Section 19(b)(3)(A) and Rule 19b-4(f)(4)(ii) thereunder.

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. The rule changes simply add new types of interest rates swaps to the CME rulebook and make certain other additions to the existing swap certifications in the CME Rulebook.

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 has been filed pursuant to Section 19(b)(3)(A)⁵ of the Act and paragraph (f)(4)(ii) of Rule 19b-4⁶ thereunder and will become effective on filing. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is

⁵ Supra note 3.

⁶ Supra note 4.

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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CME-2013-09 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CME-2013-09. 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 and on CME's website (http://www.cmegroup.com/market-regulation/files/sec_19b-4_13-09.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-2013-09 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.⁷

Kevin M. O'Neill
Deputy Secretary

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⁷ 17 CFR 200.30-3(a)(12).