

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65634; File No. SR-CME-2011-11)

October 26, 2011

Self-Regulatory Organizations; Chicago Mercantile Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish a Fee Waiver Program Applicable to its OTC Credit Default Swap Index 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 October 17, 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)³ of the Act and Rule 19b-4(f)(4)(ii)⁴ thereunder.

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

The text of the proposed rule change is below. Underscored text indicates additions; bracketed text indicates deletions.

FEE WAIVER PROGRAM FOR OTC CREDIT DEFAULT SWAP CLEARING

Program Purpose.

The purpose of this Program is to encourage market participants to increase their OTC

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).

clearing activity for the product listed below.

Product Scope

OTC Credit Default Swap Clearing (“Product”).

Eligible Participants

All market participants including CME CDS Clearing Members and their customers are eligible. The fee incentives described below will be automatically applied to all cleared trades in the Product.

Program Term

Start date is October 31, 2011. End date is December 31, 2011.

Hours

The incentives will apply to transactions cleared in the Product.

Program Incentives

Fee Waivers. All market participants that clear the Product will have their clearing fees waived.

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.

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

CME proposes to implement a fee waiver program that will apply to OTC credit default swap index clearing at CME (the “Program”). The Program will be a general fee waiver that

would apply equally to all market participants, including CDS Clearing Members and their customers. The Program by its terms would become operative on October 31, 2011 and extend through December 31, 2011.

In July 2011, CME lifted certain volume caps applicable to its OTC credit default swap index clearing business that were initially implemented in December, 2009. CME followed up with a launch of a broader set of credit default swap index products available for clearing in September, 2011. CME expects that the combination of its recently expanded breadth of products, the termination of the volume caps and the establishment of the Program will encourage customers to place more volume into the system to ensure readiness and help build open interest in credit default swap index products prior to implementation of the upcoming centralized clearing mandate.

The proposed rule changes that are the subject of this filing are related to fees and therefore will become effective immediately. However, the Program will become operative as of October 31, 2011. CME has also certified the proposed rule changes that are the subject of this filing to its primary regulator, the Commodity Futures Trading Commission (“CFTC”), and CME expects that those certified proposed rule changes will become effective on October 31, 2011. The text of the proposed rule amendments is in Section 1 of this notice, with additions underlined and deletions in brackets.

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) of the Securities Exchange Act of 1934 and Rule 19b-4(f)(ii) thereunder. CME believes that the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder

and, in particular, to 17A(b)(3)(iv),⁵ 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 market participants can readily direct business to competing venues. CME further notes that the proposed change is non-discriminatory in that it is equally applicable to all market participants.

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

The proposed rule change does not 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) of the Act and paragraph (f)(ii) of Rule 19b-4 and became effective on filing. At any time within 60 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-](#)

⁵ The Commission notes that the correct citation is Section 19(b)(3)(A).

comments@sec.gov. Please include File No. SR-CME-2011-11 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-2011-11. 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-2011-11 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.⁶

Kevin M. O'Neill
Deputy Secretary

⁶ 17 CFR 200.30-3(a)(12).