

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67922; File No. SR-CME-2012-37)

September 25, 2012

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Allow FCM Clearing Member CEOs and CFOs to Designate Authorized Representatives to Approve Certain Disbursements of Customer Funds

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 September 24, 2012, 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. The Commission is publishing this notice 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 make amendments to CME Rule 971 regarding the CME’s segregation, secured and sequestered requirements for swaps as part of an industry wide initiative that is designed to further safeguard customer funds held at the futures commission merchant (“FCM”) level.

The text of the proposed rule change 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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organizations 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 of 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 III 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 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 ("CFTC") and operates a substantial business clearing futures and swaps contracts subject to the jurisdiction of the CFTC. CME proposes to make rule changes to CME Rule 971 in coordination with the implementation by the National Futures Association ("NFA") of parallel revisions to NFA rules. The proposed rule changes are designed to further safeguard customer funds held at the FCM level.

CME notes that it recently amended Rule 971 to, among other things, add new subsection D, which requires the chief executive officer ("CEO") or chief financial officer ("CFO") of a futures commission merchant ("FCM") clearing member to pre-approve any disbursement from customer segregated, secured or sequestered funds that exceeds 25% of the excess of such origin and was not for the benefit of a customer.³ In a continuing effort to enhance regulation of customer funds at the FCM level, and to harmonize industry requirements, CME in this filing

³ On November 5, 2012, in connection with implementation of the CFTC's Part 22 Regulations, references to "sequestered" accounts in Rule 971 will be changed to Cleared Swaps Customer accounts, and references to CME rules for sequestered accounts will be deleted. These changes were the subject of a separate CME filing with the Commission, SR-CME-2012-30. The text of the proposed changes associated with this filing contains the current "sequestered" terminology.

now proposes to allow authorized representatives of the FCM's CEO or CFO to pre-approve such disbursements. The FCM's CEO and CFO will remain responsible for any pre-approvals by their authorized representative. The filing would also separately amend Rule 971.A to include a reference to CFTC Regulation 1.49.

CME intends to make the proposed changes effective on September 28, 2012. CME also made a filing, CME Submission 12-281, with its primary regulator, the CFTC, with respect to the proposed changes.

CME believes the proposed changes are consistent with the requirements of the Exchange Act. First, CME, a derivatives clearing organization, is implementing the proposed changes in furtherance with applicable CFTC regulations and Commodity Exchange Act ("CEA"), which contains a number of provisions that are comparable to the policies underlying the Exchange Act, including, for example, promoting market transparency for derivatives markets, promoting the prompt and accurate clearance of transactions and protecting investors and the public interest. Second, CME believes the proposed changes are specifically designed to protect investors and the public interest because the requirements help safeguard customer funds held at the FCM level.

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. 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-2012-37 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-2012-37. 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 also will be available for inspection and copying at the

principal office of CME and on CME's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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-2012-37 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 Act⁴ 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. The Commission finds that the proposed rule change is consistent with the requirements of the Act, in particular the requirements of Section 17A of the Act, and the rules and regulations thereunder applicable to CME.⁵ Specifically, the Commission concludes that the proposed rule changes are consistent with Section 17A(b)(3)(F) of the Act, which requires, among other things, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible and to protect investors and the public interest.⁶

⁴ 15 U.S.C. 78s(b).

⁵ 15 U.S.C. 78q-1. In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁶ 15 U.S.C. 78q-1(b)(3)(F).

In its filing, CME requested that the Commission approve these proposed rule changes on an accelerated basis, so they can become effective on September 28, 2012. CME cites as the reason for this request that the proposed changes are part of an industry wide initiative that is specifically designed to protect investors and the public interest through adoption of requirements that help safeguard customer funds held at the FCM level.

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,⁷ for approving the proposed rule change prior to the 30th day after the date of publication of notice in the Federal Register because the rule change is designed to protect investors and the public interest.

⁷ 15 U.S.C. 78s(b)(2).

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CME-2012-37) be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).