

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66773; File No. SR-CME-2012-09)

April 9, 2012

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Comply with Revisions to CFTC Regulations Governing Derivatives Clearing Organizations

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 March 29, 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 Terms of Substance of the Proposed Rule Change

CME proposes to amend certain of its rules to comply with pending revisions to Commodity Futures Trading Commission (“CFTC”) Regulations governing derivatives clearing organizations (“DCOs”). The text of the proposed rule change is available at the CME’s Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Purpose of, and Statutory Basis for, the Proposed Rule Change

CME is registered as a DCO with the CFTC and operates a substantial business clearing futures and swaps contracts subject to the jurisdiction of the CFTC. CME proposes to amend certain of its rules to comply with pending changes to CFTC Regulations that require DCOs to make corresponding rule changes. The changes that are the subject of this filing will become effective on May 7, 2012.

1. Amendments to Comply with CFTC Regulations 39.12(a)(5)(B)

The CFTC adopted a number of new regulations designed to implement the core principles for DCOs in the Commodity Exchange Act ("CEA"), as amended by the Dodd-Frank Act. Certain of these new DCO regulations become effective on May 7, 2012, including CFTC Regulation 39.12(a)(5)(B), which provides that: "(B) A derivatives clearing organization shall require clearing members that are not futures commission merchants to make the periodic financial reports provided pursuant to paragraph (a)(5)(i) of this section available to the Commission [CFTC] upon the Commission's [CFTC's] request or, in lieu of imposing this requirement, a derivatives clearing organization may provide such financial reports directly to the Commission [CFTC] upon the Commission's [CFTC's] request."

In order to comply with CFTC Regulation 39.12(a)(5)(B), CME proposes to amend CME Rule 970.B by adding new language that makes clear that non-FCM clearing members are required to make available to the CFTC upon request copies of financial reports required to be submitted to the CME audit department.

2. Amendments to Comply with CFTC Regulations 39.13(h)(5)(B)-(C)

New CFTC Regulations effective on May 7, 2012, also include CFTC Regulation 39.13(h)(5), which requires each DCO to adopt rules that: “(B) Ensure that it has the authority to request and obtain information and documents from its clearing members regarding their risk management policies, procedures, and practices, including, but not limited to, information and documents relating to the liquidity of their financial resources and their settlement procedures; and (C) Require its clearing members to make information and documents regarding their risk management policies, procedures, and practices available to the Commission [CFTC] upon the Commission's [CFTC’s] request.”

In order to comply with Regulation 39.13(h)(5), CME proposes to amend CME Rule 982 and CME Rule 8F010 to make clear that clearing members will be required upon request to make appropriate information available regarding risk management policies, procedures, and practices.

3. Amendments to Comply with CFTC Regulation 39.12(a)(2)(iii)

New CFTC Regulations effective May 7, 2012, also include CFTC Regulation 39.12(a)(2)(iii) which provides that a DCO “shall not set minimum capital requirements of more than \$50 million for any person that seeks to become a clearing member in order to clear swaps.” In order to comply with this Regulation, CME proposes to amend CME Rule 8F04 to conform it to the new standard described above. Note that CME plans to make additional changes in the near future to the relevant chapters in its rulebook governing interest rate swap and credit default swap clearing member obligations and qualifications.

CME also made two separate filings, CME Submissions 12-067 and 12-097, with its primary regulator, the CFTC, with respect to the proposed rule changes.

CME believes the proposed changes are consistent with the requirements of the Act.

CME, a DCO, is required to implement the proposed changes to comply with recent changes to CFTC regulations. CME notes that the policies of the CEA with respect to clearing are comparable to a number of the policies underlying the Exchange Act, such as promoting market transparency for 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 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 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-comments@sec.gov. Please include File No. SR-CME-2012-09 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-2012-09. 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. 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-2012-09 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 Act³ 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

³ 15 U.S.C. 78s(b).

thereunder applicable to CME.⁴ Specifically, the Commission finds that the proposed rule change is 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 and control of the clearing agency because the proposed rule change should allow CME to better monitor the financial status and risk management procedures of its clearing members.⁵

In its filing, CME requested that the Commission approve this proposed rule change on an accelerated basis for good cause shown. CME cites as the reason for this request CME's operation as a DCO, which is subject to regulation by the CFTC under the CEA. This rule change is being made according to regulations promulgated by the CFTC, which were previously subject to notice and comment. Not approving this request on an accelerated basis would have a significant impact on CME's operations as a DCO.

The Commission finds good cause for approving the proposed rule change prior to the 30th day after the date of publication of notice in the Federal Register because the proposed rule change allows CME to implement the regulations of another federal regulatory agency, the CFTC, in accordance with those regulations' effective date.

⁴ 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).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CME-2012-09) is approved on an accelerated basis.

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).