

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-540

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): December 4, 2014 Filing Description: Amendments to Chapter 8H of CME Rulebook

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: Rule 8H01, 8H04, 8H820, 8H930.C, 8H931-34, 8H938

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

- | | | |
|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | “Non-Material Agricultural Rule Change” | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:

December 4, 2014

VIA ELECTRONIC PORTAL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to Chapter 8H of CME Rulebook.
CME Submission No. 14-540**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to Chapter 8H of the CME Rulebook effective on December 19, 2014. The proposed amendments are designed to make explicit that CME will not clear security-based swaps out of CME, that is, the entity registered as a derivatives clearing organization with the CFTC.

CME currently offers clearing for over-the-counter ("OTC") credit default swap ("CDS") index products. To date, CME has not offered clearing for single name CDS products, which are categorized as security-based swaps and therefore under the exclusive jurisdiction of the Securities and Exchange Commission.

The proposed changes would amend Rule 8H01 to explicitly state that CME will not clear SBSs, with the exception of Restructuring European Single Name CDS Contracts created following the occurrence of a Restructuring Credit Event in respect of an iTraxx Component Transaction. The clearing of Restructuring European Single Name CDS Contracts will be a necessary byproduct after such time that CME begins clearing iTraxx Europe index CDS. Additionally, to remove references to SBS in the current CME Rulebooks, CME will accordingly amend or delete Rules 8H04 (CDS Clearing Member Obligations and Qualifications), 8H820 (Performance Bond for Security-Based Swaps), 8H930.C (Acceptable Performance Bond Deposits for CDS Products), 8H931 (Rule Changes Relating to Security-Based Swaps), 8H932 (Records Relating to Disciplinary Proceedings and Security-Based Swaps), 8H933 (Notice Regarding Certain Disciplinary Matters Related to Security-Based Swaps), 8H934 (Reports to CDS Clearing Members), and 8H938 (Summary Suspensions Relating to Security-Based Swap Clearing Activities).

Analysis of the Proposed Rules under Derivatives Clearing Organization ("DCO") Core Principles

CME reviewed the derivatives clearing organization core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME identified the following Core Principles as potentially being impacted.

- **Public Information:** The proposed rules will be added to CME's publicly available rulebooks, and will inform market participants that CME will not clear security-based swaps. CME does not currently clear security-based swaps; these products are under the exclusive jurisdiction of the Securities and Exchange Commission.

CME certifies that the proposed rules comply with the CEA and the regulations thereunder. There were no substantive opposing views.

Notice of this submission has been concurrently posted on CME Group's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please contact me at 212-299-2228 or Jason.Silverstein@cmegroup.com. Please reference our CME Submission No. 14-540 in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Executive Director & Associate General Counsel

Attachment: Exhibit 1

EXHIBIT 1

(Underlined text indicates additions. Overstruck text indicates deletions.)

CME RULEBOOK

CHAPTER 8-H Credit Default Swaps Clearing

Rule 8H01. SCOPE OF CHAPTER

This chapter sets forth the rules governing clearing and settlement of all CDS Products. In the event there is a conflict between a Rule in this Chapter 8H and another Rule in the Rulebooks, the Rule in this Chapter 8H shall supersede the conflicting Rule with respect to CDS Contracts. Rules 8F01-8F25 and 802, 804, 808, 813, 816, 824, 912, 913, 930 and 975 shall not apply to CDS Contracts. Chapter 6 shall be modified for CDS Contracts as set forth below. The Clearing House shall adopt, establish, publish and amend from time to time a Clearing House Manual of Operations for CME Cleared Credit Default Swaps (the “CDS Manual”). The CDS Manual shall contain, among other things, information and directions for preparing trade data, completing prescribed memoranda and meeting other Clearing House requirements for CDS Products. The CDS Manual and amendments thereto shall constitute part of the Rules. In the event of conflict between the Rules applicable to CDS Products or CDS Clearing Members acting in their capacity as such and the CDS Manual, such Rules will govern. The Clearing House will not clear Security-Based Swaps, except for Restructuring European Single Name CDS Contracts created following the occurrence of a Restructuring Credit Event in respect of an iTraxx Component Transaction.

Rule 8H02 – Rule 8H03 – No Change.

Rule 8H04. CDS CLEARING MEMBER OBLIGATIONS AND QUALIFICATIONS

CDS Clearing Members shall be subject to the requirements for CDS Clearing Members set forth in Chapter 8H, all CME Rules applicable to CDS Products, the Clearing House Manual and the CDS Manual unless an exemption has been granted by the CDS Risk Committee. In addition, CDS Clearing Members are subject to all CME, CBOT and NYMEX Rules, as applicable, when clearing products traded on, or subject to the rules of, CME, CBOT or NYMEX. CDS Clearing Members must execute all agreements and documents required by the Clearing House.

~~The Clearing House may approve an application for CDS Clearing Membership to permit the clearing of security based swaps submitted by any corporation, partnership, limited liability company, or any other type of entity, provided that it determines such applicant satisfies applicable requirements. Applicants within one of the enumerated categories of participants in Section 17A(b)(3)(B) of the Securities Exchange Act of 1934 are specifically eligible to become CDS Clearing Members for the purpose of clearing security based swaps.~~

A CDS Clearing Member must satisfy the requirements set forth below:

1. A CDS Clearing Member must be registered with its primary regulator and, if relevant under the laws of the jurisdiction of its organization, or incorporation, in “good standing” under each regulatory regime to which it is subject at the time it applies for CDS clearing membership and it

must maintain its good standing status, if applicable, while it is a CDS Clearing Member. A CDS Clearing Member and, if applicable, its parent guarantor must be subject to a legal and insolvency regime acceptable to the Clearing House.

2. A CDS Clearing Member must be in compliance with all applicable regulatory capital requirements and it must maintain minimum capital (as defined in CFTC Regulation 39.12(a)(2)) of \$50 million. For a CDS Clearing Member that is a bank, “capital” shall mean Tier 1 Capital (as defined in accordance with regulation applicable to the relevant bank and acceptable to the Clearing House or, in the absence of any such regulation, as defined by the Basel Committee on Banking Supervision of the Bank for International Settlements).

3. The capital requirement with respect to the participation of a CDS Clearing Member in the Clearing House shall be scalable to the risks posed by such CDS Clearing Member. Accordingly, a CDS Clearing Member must maintain capital (as defined in 8H04.2 above) at least equal to 20% of the aggregate performance bond requirement for its proprietary and customer CDS Contracts.

4. A CDS Clearing Member and any applicant for CDS clearing membership shall be engaged in or demonstrate immediate capacity to engage in the conduct of the business of a CDS Clearing Member and to perform all other obligations of a CDS Clearing Member as described or referenced in these Rules or in the CDS Manual; provided that, in the event that a CDS Clearing Member does not have the capabilities to perform such responsibilities or obligations, such CDS Clearing Member may contract with a third party (including an Affiliate) to fulfill certain operational or risk requirements; provided that all agreements relating to such service shall be subject to the prior review and approval by the Clearing Member utilization of service providers, including limitations on the number of CDS Clearing Members to which a service provider may provide services.

5. A CDS Clearing Member that is not also a CME, CBOT, NYMEX or COMEX Clearing Member shall maintain a membership-equivalent deposit with the Clearing House of at least \$5 million in cash or collateral, which shall be valued in the sole discretion of the Clearing House, to assure performance of all obligations arising out of CDS Products submitted by it to the Clearing House. Such deposit shall be used only for the purposes described in these Rules.

6. A CDS Clearing Member must comply with the requirements set forth in Rule 970, provided that, if the CDS Clearing Member is regulated by a regulatory authority other than the CFTC, then it shall submit to the Clearing House annual audited financial statements as well as all unaudited financial statements provided to its primary regulator within five days after such statements are provided to its regulator as well as reports of a type and frequency determined by the Clearing House and CDS Risk Committee in order to monitor compliance with the capital requirements described in Rule 8H04.2. All financial statements and other reports shall be in the English language.

7. The books and records of a CDS Clearing Member regarding CDS Products cleared by the Clearing House shall be made promptly available for inspection upon request by the Clearing House and such books and records shall be subject to reasonable standards of confidentiality.

8. Each CDS Clearing Member, regardless of whether it is a Futures Commission Merchant, shall keep the types of information and records that are described in Section 4g of the Commodity Exchange Act and CFTC regulations thereunder including, but not limited to, Regulation 1.35, with respect to all CDS Products submitted for clearing.

9. Each CDS Clearing Member shall nominate at least two officers or employees to be members to the CDS Default Management Committee. Upon Clearing House request, each CDS Clearing Member shall submit nominations for an Independent Member of the CDS Risk Committee.

10. Each CDS Clearing Member must demonstrate, at all times, either directly or through a approved service provider in accordance with Rule 8H04.4, the operational capabilities and infrastructure necessary to facilitate physical settlement of CDS Products cleared by such CDS Clearing Member.

11. Each CDS Clearing Member shall use systems and appropriate procedures to track accurately, and to provide to the Clearing House accurately, the CDS positions and collateral of each of its cleared swaps customers.

12. The Clearing House may, and in cases in which the Securities and Exchange Commission by order directs, shall, deny CDS Clearing Membership to any person subject to a statutory disqualification, as such term is defined in the Securities Exchange Act of 1934.

Rule 8H05 – Rule 8H819 – No Change.

Rule 8H820. ~~Reserved PERFORMANCE BOND FOR SECURITY-BASED SWAPS~~

~~Performance bond requirements will be as determined by Exchange staff from time to time and as set forth in Rule 820. With respect to performance bond requirements that apply to security-based swap clearing activities, the Clearing House must determine that each item that is enumerated as being acceptable performance bond pursuant to Rule 820 has been determined to assure the safety and liquidity of the Clearing House as is required by Section 17A(b)(3)(F) of the Securities Exchange Act of 1934.~~

Rule 8H821 – Rule 8H930.B – No Change.

Rule 8H930.C. Acceptable Performance Bond Deposits for CDS Products

CDS Clearing Members may, without limitation upon other assets accepted by any such CDS Clearing Member, accept from their account holders as performance bond cash currencies of any denomination, readily marketable securities (as defined by SEC Rule 15c3-1(c)(11) and applicable SEC interpretations), money market mutual funds allowable under CFTC Regulation 1.25, bank-issued letters of credit and "London Good Delivery" gold, as defined by the London Bullion Market Association.

CDS Clearing Members shall not accept as performance bond from an account holder securities that have been issued by the account holder or an affiliate of the account holder unless the CDS Clearing Member files a petition with and receives permission from Clearing House staff.

Bank-issued letters of credit must be in a form acceptable to the Clearing House. Such letters of credit must be drawable in the United States. CDS Clearing Members shall not accept as performance bond from an account holder letters of credit issued by the account holder, an affiliate of the account holder, the clearing member, or an Affiliate of the clearing member.

All assets deposited by account holders to meet performance bond requirements must be and remain unencumbered by third party claims against the depositing account holder.

Except to the extent that Clearing House staff shall prescribe otherwise, cash currency performance bond deposits shall be valued at market value. All other performance bond deposits

other than letters of credit shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Rule 240.15c3-1.

~~Acceptable performance bond assets for security based swaps and the applicable haircuts related to such assets will be set forth on a public website.] The Clearing House has discretion to make adjustments to the asset haircuts at any time. Any such adjustment to the applicable asset haircut will be promptly communicated to CDS Clearing Members. [Any adjustments to the applicable asset haircut schedule for security based swap clearing activities must be based on an analysis of appropriate factors including, for example, historical and implied price volatilities, market composition, current and anticipated market conditions, and other relevant information. The Clearing House will conduct regular reviews of its then-current haircut schedules and make any necessary adjustments.~~

Rule 8H930.D – Rule 8H930.J – No Change.

Rule 8H931. Reserved ~~RULE CHANGES RELATING TO SECURITY-BASED SWAPS~~

~~Rules that relate to the Clearing House’s activities as a clearing agency clearing security based swaps will be adopted, altered, amended or repealed in accordance with the applicable requirements of Section 19(b) of the Securities Exchange Act of 1934. The Clearing House will promptly notify all CDS Clearing Members of any proposal it has made to change, revise, add or repeal any rule that relates to its activities as a securities clearing agency. Such notice will include the text or a brief description of any such proposed rule change, along with its purpose and effect, in accordance with the requirements of the Securities Exchange Act of 1934. CDS Clearing Members may submit comments with respect to any such proposal and such comments shall be filed in accordance with the requirements the Securities Exchange Act of 1934.~~

Rule 8H932. Reserved ~~RECORDS RELATING TO DISCIPLINARY PROCEEDINGS AND SECURITY-BASED SWAPS~~

~~The Clearing House will maintain records of any disciplinary proceeding related to the activities of a CDS Clearing Member involving security based swaps in accordance with the requirements of the Securities Exchange Act of 1934 and SEC Rule 17a-1.~~

Rule 8H933. Reserved ~~NOTICE REGARDING CERTAIN DISCIPLINARY MATTERS RELATED TO SECURITY-BASED SWAPS~~

~~The Clearing House will notify the Securities and Exchange Commission and the appropriate regulatory agency, as such term is defined by Section 3(a)(34) of the Securities Exchange Act of 1934, regarding any final disciplinary sanction, denial of participation, prohibition or limitation with respect to access and/or summary suspension taken against a CDS Clearing Member relating to activities involving security based swaps.~~

Rule 8H934. Reserved ~~REPORTS TO CDS CLEARING MEMBERS~~

~~As soon as practicable after the end of each calendar year, the Clearing House will make available financial statements of CME Inc. audited by independent public accountants to all CDS Clearing Members engaged in security based swap clearing activities.~~

~~These financial statements will at a minimum include: (i) the balance of the clearing fund and the breakdown of the fund balance between the various forms of contributions to the fund, e.g., cash and secured open account indebtedness; (ii) the types and amounts of investments made with respect to the cash balance; (iii) the amounts charged to the clearing fund during the year in excess of a defaulting clearing member's Guaranty Fund contribution; and (iv) any other charges to the fund during the year not directly related and chargeable to a specific clearing member's Guaranty Fund contribution. The Clearing House will also make available to CDS Clearing Members clearing security based swaps a report of CME Group Inc. by independent public accountant regarding its system of internal accounting control, describing any material weaknesses discovered and any corrective action taken or proposed to be taken.~~

~~The Clearing House will also furnish to all CDS Clearing Members engaged in security based swap clearing activities, within 40 days following the close of each fiscal quarter, unaudited quarterly financial statements. These unaudited quarterly financial statements shall at a minimum consist of: (i) a statement of financial position as of the end of the most recent fiscal quarter and as of the end of the corresponding period of the preceding fiscal year; (ii) a statement of changes in financial position for the period between the end of the last fiscal year and the end of the most recent fiscal quarter and for the corresponding period of the preceding fiscal year; and (iii) a statement of results of operations, which may be condensed, for the most recent fiscal quarter and for the period between the end of the last fiscal year and the end of the most recent fiscal quarter and for the corresponding periods of the preceding fiscal year.~~

~~****~~

~~Rule 8H935 – Rule 8H937 – No Change.~~

~~****~~

~~**Rule 8H938. Reserved SUMMARY SUSPENSIONS RELATING TO SECURITY BASED SWAP CLEARING ACTIVITIES**~~

~~The Clearing House may only summarily suspend and close the accounts of a CDS Clearing member engaged in security based swap clearing activities who: (i) has been and is expelled or suspended from any self regulatory organization, (ii) is in default of any delivery of funds or securities to the clearing agency, or (iii) is in such financial operating difficulty that the clearing agency determines and so notifies the appropriate regulatory agency for the member that such suspension and closing of accounts are necessary for the protection of the clearing agency, its members, creditors, or investors.~~