

September 13, 2012

BY ELECTRONIC FILING

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Amendments to CME/CBOT/NYMEX Rule 971, Submission #12-281

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), Chicago Mercantile Exchange Inc. (CME), the Board of Trade of the City of Chicago (CBOT) and the New York Mercantile Exchange, Inc. (NYMEX) hereby notify the Commodity Futures Trading Commission that they will adopt revisions to CME/CBOT/NYMEX Rule 971 (Segregation, Secured and Sequestered Requirements).¹ The proposed effective date for these revisions is September 28, 2012 (*i.e.*, immediately after the Commission's 10-business-day review period).

On September 1, 2012, Rule 971 was amended to 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. In a continuing effort to enhance regulation of customer funds at the FCM level, and to harmonize industry requirements (as similar rules have been proposed by National Futures Association), we now propose 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.

We also propose to amend Rule 971.A to include a reference to Commission Regulation 1.49. The text of the amendments to Rule 971 is attached, with additions underlined and deletions overstruck. The amendments comport with DCO Core Principle F (Treatment of Funds).

No substantive opposing views regarding these proposed rule revisions were expressed to CME, CBOT or NYMEX. CME, CBOT and NYMEX certify that this submission has been concurrently posted on their website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. CME, CBOT and NYMEX further

¹ On November 5, 2012, in connection with implementation of the Commission'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. The attached redline of Rule 971 contains the current "sequestered" terminology.

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certify that these rule amendments comply with the Commodity Exchange Act and regulations promulgated thereunder.

Should you have any questions regarding this submission, please contact me at (312) 338-2483 or via e-mail at Lisa.Dunsky@cmegroup.com; or Debbie Kokal at (312) 930-3235 or via e-mail at Debbie.Kokal@cmegroup.com. Please reference our Submission No. 12-281 in any related correspondence.

Sincerely,



Lisa Dunsky
Executive Director and Associate General Counsel

Revisions to CME/CBOT/NYMEX Rule 971

Rule 971. SEGREGATION, SECURED AND SEQUESTERED REQUIREMENTS

A. All clearing members must comply with the requirements set forth in CFTC Regulations 1.20 through 1.30, 1.32, 1.49 and 30.7, and CME Rules 8F100 through 8F136. This includes, but is not limited to, the following:

1. Maintaining sufficient funds at all times in segregation, secured 30.7 and sequestered accounts;
2. Computing, recording and reporting completely and accurately the balances in the:
 - a. Statement of Segregation Requirements and Funds in Segregation;
 - b. Statement of Secured Amounts and Funds Held in Separate Accounts; and
 - c. Statement of Sequestration Requirements and Funds Held in Sequestered Accounts.
3. Obtaining satisfactory segregation, secured 30.7 and sequestered account acknowledgment letters and identifying segregated, secured 30.7 and sequestered accounts as such; and
4. Preparing complete and materially accurate daily segregation, secured 30.7 and sequestered amount computations in a timely manner.

B. All FCM clearing members must submit a daily segregated, secured 30.7 and sequestered amount statement, as applicable, through Exchange-approved electronic transmissions by 12:00 noon on the following business day.

C. All FCM clearing members must submit a report of investments in a manner as prescribed through Exchange-approved electronic transmissions as of the 15th of the month (or the following business day if the 15th is a holiday or weekend) and last business day of the month by the close of business on the following business day. The report of investments shall be prepared and shall identify separately for segregated, secured 30.7 and sequestered funds held:

1. The dollar amount of funds held in cash and each permitted investment identified in CFTC Regulation 1.25(a); and
2. The identity of each depository holding funds and the dollar amount held at each depository.

D. All disbursements not made for the benefit of a customer from a segregated, secured 30.7 or sequestered account which exceed 25% of the FCM clearing members excess segregated, secured 30.7 or sequestered of the respective origin must be pre-approved in writing by the clearing member's Chief Executive Officer, ~~or Chief Financial Officer~~ or their authorized representative with knowledge of the firm's financial requirements and position.

1. In determining if a disbursement exceeds the 25% level, such disbursement must be:

a. Compared to the most recent calculation of excess segregated, secured 30.7 and sequestered amounts; and

b. A single disbursement must be reviewed individually and in the aggregated with all other disbursements not made for the benefit of a customer of the respective segregated, secured 30.7 or sequestered origin since the last calculation of excess funds.

2. Upon approval of a single disbursement or the disbursement which in the aggregated exceeds the 25% level as defined in Rule 971.D.1., the FCM clearing member must provide immediate notification to the Audit Department through Exchange-approved electronic transmissions. Such notification shall include:

a. Confirmation that the FCM clearing member's Chief Executive Officer, ~~or~~ Chief Financial Officer or their authorized representative with knowledge of the firm's financial requirements and position pre-approved in writing the disbursement(s);

b. The amount(s) and recipient(s) of such disbursement(s); and

c. A description of the reasons for the single or multiple transaction(s) that resulted in the disbursement(s).

3. The FCM clearing member's Chief Executive Officer and Chief Financial Officer will remain responsible for the pre-approvals by their authorized representative and for compliance with this rule.

[The remainder of Rule 971 remains unchanged.]