

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-003

Organization: CME Clearing Europe Limited (“CMECE”)

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/07/17 Filing Description: Change to Minimum IRS Clearing Member IRS Guarantee Fund Contribution

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers: CMECE Clearing Procedures (section 8.2 of Membership Procedure and section 3.2 of the Guarantee Funds Procedure)

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name:

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

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

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

Rule Numbers:



February 7, 2017

VIA ELECTRONIC PORTAL

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

RE: CFTC Regulation 40.6(a) Certification. Change to Minimum Interest Rate Swap ("IRS") Clearing Member IRS Guarantee Fund Contribution. CMECE Submission No. 17-003

Dear Mr. Kirkpatrick:

CME Clearing Europe Limited ("CMECE"), a registered derivatives clearing organization ("DCO") under the Commodity Exchange Act, as amended ("CEA" or "Act"), pursuant to Commission Regulation 40.6(a), hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission") a proposal to reduce the minimum IRS Guarantee Fund Contribution to €5m for all IRS Clearing Members of CMECE. The proposed changes will be effective on February 23, 2017, or on such later date as determined by CMECE.

CMECE periodically reviews its requirements for clearing membership and has determined that it is appropriate to reduce the minimum IRS Guarantee Fund Contribution from €10m to €5m for IRS Clearing Members. CMECE considers that the current minimum, established at the time of launch of the IRS clearing service, can be reduced without increasing risk to CMECE and whilst maintaining robust financial safeguards for IRS products. The change could also encourage more entities to apply for IRS clearing membership at CMECE which would further the diversification of IRS Clearing Members and provide additional liquidity to the default management process. No other changes to IRS clearing membership requirements are being proposed. This change has been approved by the CMECE Risk Committee. In addition, the Bank of England has confirmed that it has no objection to the proposed change and CMECE has not received any comments following a public consultation on the changes, which included existing CMECE Clearing Members.

Core Principle Review

CMECE reviewed the derivatives clearing organization core principles ("Core Principles") as set forth in the Act and identified the following Core Principles as potentially being impacted:

- Core Principle C – Participant and Product Eligibility Procedures. CMECE has determined that a lower minimum IRS Guarantee Fund Contribution minimum is appropriate to encourage more entities to take on IRS clearing membership at CMECE whilst maintaining a robust financial safeguards package. Consistent with CFTC Regulation 39.12(a)(1)(i), CMECE believes that the objective of a minimum requirement will still be achieved at the new level and that the change will not materially increase risk to CMECE. IRS Clearing Members will still be subject to all of CMECE's robust IRS clearing membership requirements, as laid out in chapter 3 of the CMECE Clearing Rules, including requirements on minimum capital, compliance with relevant laws, maintenance of necessary permissions, etc.

- Core Principle B – Financial Resources. CMECE will continue to maintain financial resources sufficient to cover its exposures with a high degree of confidence. The change will only impact the minimum requirement and the allocation of the IRS Guarantee Fund among IRS Clearing Members, and Clearing Members with large exposures would be required to contribute more.
- Core Principle L – Public Information. The proposed rule changes will be added to the publicly available CMECE Clearing Procedures available on the CMECE website.

Exhibit A, which is attached hereto, sets forth the applicable amendments to the Clearing Procedures, with additions underscored and deletions ~~overstruck~~.

CMECE certifies these changes comply with the Act and regulations thereunder. There were no substantive opposing views to this action in public consultation conducted by CMECE.

CMECE certifies that this submission has been concurrently posted on the CMECE website at <http://www.cmegroup.com/europe/clearing-europe/resources.html>.

If you require any additional information regarding this submission, please contact me at +44(0) 203 379 3811 or via e-mail at CMECESubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Simon Tyrrell
Chief Compliance Officer

Attachment: Exhibit A – CMECE Amendments to Clearing Procedures

Exhibit A

CMECE CLEARING PROCEDURES

GUARANTEE FUNDS PROCEDURE

PARAGRAPH 3 CALCULATION OF CONTRIBUTIONS

PARAGRAPH 3.2

3.2 Subject to paragraph 3.3 of this Guarantee Funds Procedure, unless otherwise communicated by the Clearing House, an IRS Clearing Member's Contribution is the higher of:

- (a) the minimum Contribution of the equivalent of EUR ~~40~~ 5 million at the Clearing House's discretion; or
- (b) such IRS Clearing Member's proportionate share of the current IRS Guarantee Fund, derived from application of the IRS Contribution Formula.

MEMBERSHIP PROCEDURE

PARAGRAPH 8 CONTRIBUTIONS

PARAGRAPH 8.2

8.2 IRS Clearing Members must deposit with the Clearing House the IRS Contribution to the IRS Guarantee Fund. The amount of the Contribution to the IRS Guarantee Fund is determined by the Clearing House and re-assessed on at least a monthly basis. The minimum Contribution to the IRS Guarantee Fund is EUR ~~40~~ 5 million.