

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested ☐

Registered Entity Identifier Code (optional): 15-070

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

Filing as a: ☐ DCM ☒ SEF ☐ DCO ☐ SDR Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): February 12, 2015 Filing Description: Adoption of CME SEF Rule 502 and Amendments to CME SEF Rules 526 and 528

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: 502, 526 and 528

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: _____

February 12, 2015

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. Adoption of CME SEF Rule 502 and
Amendments to CME SEF Rules 526 and 528.
CME SEF Submission No. 15-070**

Dear Mr. Kirkpatrick:

The Swap Execution Facility Division of Chicago Mercantile Exchange Inc. ("CME SEF"), pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), hereby notifies the Commission that it is self-certifying amendments to CME SEF Rules 526 (Block Trades) and 528 (Price Reporting) and self-certifying new CME SEF Rule 502 (Information Provided by Market Participants), effective on March 2, 2015, in order to better comply with CFTC Regulations Parts 43 and 45.

CME SEF Rule 502

CME SEF is set up to capture certain information from applicants for Participant status at onboarding, including: legal entity identifier, whether the applicant is a Swap Dealer, whether the applicant is a Major Swap Participant, whether the applicant is a financial entity as defined in Commodity Exchange Act ("CEA") section 2(h)(7)(c), and whether the applicant is a U.S. person. In order to better comply with Regulation 45.8(h), which requires SEFs to gather this information to enable them to report all swap creation data and to identify a reporting counterparty, CME SEF is adopting Rule 502, which specifically requires Participants to provide this information to CME SEF at onboarding. Rule 502 further requires participants to notify CME SEF promptly of any changes in this information, thereby ensuring that CME SEF reports and utilizes up-to-date information.

CME SEF staff and the CME Legal Department collectively reviewed the swap execution facility core principles ("Core Principles"), as set forth in the CEA, and identified the following Core Principles as potentially being impacted:

- Compliance with Rules – Rule 502 requires Participants to provide information to CME SEF at onboarding and to promptly notify CME SEF of any changes to that information.
- Ability to Obtain Information – Rule 502 ensures that CME SEF collects information necessary to fulfill its reporting responsibilities.
- Timely Publication of Trading Information – Rule 502 ensures that CME SEF can collect and retain accurate Participant information necessary to report swap creation data and identify reporting parties for swaps executed pursuant to its rules.

- Reporting and Recordkeeping – CME SEF will gather information pursuant to Rule 502 that will allow it to keep complete records regarding the status of its Participants and the swaps executed on its facility.

CME SEF Rule 526

CFTC Regulation 43.5(d)(2) requires block trades executed pursuant to the rules of a swap execution facility to be reported within 15 minutes following execution of a publicly reportable swap transaction. CME SEF Rule 526 previously required block trades to be reported to CME SEF within 15 minutes of execution. Following such reporting of a block trade, CME SEF must transmit information to CME SDR, which then must publicly disseminate the information. As such, in order to ensure that information regarding block trades is not only reported to CME SEF but also publicly disseminated within 15 minutes of execution, CME SEF is amending Rule 502 to require block trades to be reported to it within 12 minutes, thus allowing 3 additional minutes for transmission to CME SDR and public dissemination. This three minute window should allow for transmission to CME SDR and public dissemination of block trade information even in the unlikely event of transmission delays.

CME SEF staff and the CME Legal Department collectively reviewed the Core Principles, as set forth in the CEA, and identified the following Core Principles as potentially being impacted:

- Compliance with Rules – Rule 526 specifies procedures to be used in executing block trades on CME SEF.
- Timely Publication of Trading Information – Revised Rule 526 ensures that information regarding block trades executed pursuant to the rules of CME SEF is made public in a timely fashion in accordance with CFTC regulations.

CME SEF Rule 528

CME SEF is adding section B to CME SEF Rule 528 to explicitly require its Participants to comply with CFTC Regulation 43.3(e)(ii), which requires a reporting party to a swap that becomes aware of an error or omission in swap transaction pricing data which was reported by a SEF to an SDR with respect to that swap to promptly submit corrected data to the SEF. Further, CME SEF is changing the title of CME SEF Rule 528 to “Swap Data Repository and Commission Reporting” in order to more clearly alert market participants to the content of the rule.

CME SEF staff and the CME Legal Department collectively reviewed the Core Principles, as set forth in the CEA, and identified the following Core Principles as potentially being impacted:

- Compliance with Rules – Rule 528(B) requires Participants to alert CME SEF if pricing data they have reported to CME SDR is incorrect. The change in title of Rule 528 better alerts Participants to the requirements falling under the rule.
- Timely Publication of Trading Information – Rule 526(B) ensures that CME SEF will be alerted to any errors in reporting of data regarding swap transactions executed pursuant to its rules and thus assists in ensuring that accurate swap transaction data is transmitted to CME SDR and publicly reported.
- Recordkeeping and Reporting – Rule 526(B) ensures that CME SEF holds accurate records of swaps executed pursuant to its rules.

Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.6(a), CME SEF certifies that the proposed amendments to CME SEF Rules 526 and 528 and the proposed adoption of CME SEF Rule 502 comply with the CEA and regulations thereunder. CME SEF is not aware of any substantive opposing views to the proposed amendments.

CME SEF certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please e-mail MEGSubmissionInquiry@cmegroup.com or contact me at 212-299-2200.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – CME SEF Rule 502 and Amendments to CME SEF Rules 526 and 528

EXHIBIT A

CME SEF Rulebook

(additions underlined; deletions ~~overstruck~~)

502. INFORMATION PROVIDED BY PARTICIPANTS

Each Participant must provide CME SEF with the following information at onboarding:

1. the applicant's LEI;
2. whether the applicant is a Swap Dealer;
3. whether the applicant is a Major Swap Participant;
4. whether the applicant is a financial entity as defined in CEA section 2(h)(7)(C); and
5. whether the applicant is a U.S. person;

Participants must promptly notify CME SEF of any changes to information provided under Rule 502.

526. BLOCK TRADES

- A. Block Trades are privately negotiated transactions initiated and executed outside of the Order Book or the RFQ System and as such, will not trigger unexecuted Orders in the Order Book.
- B. Each party to a Block Trade shall comply with all Rules applicable to Transactions other than those which by their terms apply only to Required Transactions executed on or through the Order Book or RFQ System.
- C. A Block Trade shall be entered into solely by an ECP, satisfy any minimum contract size or notional value requirements as may be implemented by CME SEF under this Rule, and comply with all other applicable CFTC Regulations governing block trades. Implemented minimum contract size and notional value requirements are set forth in the Block Trade Level Table in the Interpretations Section at the end of Chapter 5.
- D. The Participants to a block trade or, in the case of a brokered transaction, the Authorized Broker or an Authorized Manager handling the block trade, must ensure that each block trade is reported to the CME SEF in a manner and within the deadlines prescribed from time to time by the CME SEF, and in any event within ~~45~~ twelve minutes of the time of execution.
- E. An Order for a Block Trade must explicitly indicate that the Order is to be executed or executable as a Block Trade.
- F. Orders may not be aggregated across multiple accounts or multiple Participants in order to meet any applicable minimum contract size or notional value requirement for a Block Trade, except that

- (i) a commodity trading advisor registered with the Commission pursuant to the Act or excluded or exempt from registration under the Act or the CFTC Regulations, except for entities exempt under CFTC Regulation 4.14(a)(3);
- (ii) an investment adviser registered with the SEC pursuant to the Investment Advisers Act of 1940 or with a state pursuant to applicable state law or excluded or exempt from registration under the Investment Advisers Act of 1940 or applicable state law or rule;
- (iii) a bank, insurance company, trust company, or savings and loan association subject to federal or state regulation;
- (iv) a foreign adviser that exercises discretionary trading authority solely over the accounts of non-U.S. persons, as defined in CFTC Regulation 4.7(a)(1)(iv);
- (v) a futures commission merchant registered with the Commission pursuant to the CEA; or
- (vi) an introducing broker registered with the Commission pursuant to the CEA., if otherwise authorized to arrange Block Trades on CME SEF and granted investment discretion to do so, may aggregate Orders across multiple accounts or multiple Participants to meet any applicable minimum contract size or notional value requirement for a Block Trade.

G. Block Trades are, and each party to a Block Trade is, subject to all applicable CME SEF books and records requirements. Each party to a Block Trade shall upon a request from the CME SEF produce satisfactory evidence that the Block Trade meets the requirements set forth in this Rule and any additional requirements implemented under this Rule.

528. PRICE REPORTING SWAP DATA REPOSITORY AND COMMISSION REPORTING

- A. CME SEF will report all Trades (including accepted block trades) subject to reporting by CME SEF under applicable CFTC Regulations to CME SDR as required by applicable CFTC Regulations. CME SEF will record and report to the CFTC all data required to be reported to the CFTC under Part 16 of the CFTC Regulations in the form and manner required by such regulations. The parties to a Trade will be responsible for compliance with their own reporting obligations, if any, with respect to such Trade under applicable CFTC Regulations.
- B. If a reporting party becomes aware of an error or omission in the swap transaction or pricing data which was reported to CME SDR by CME SEF with respect to such swap, the reporting party shall promptly submit corrected data to CME SEF.