

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 18-057

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 02/23/18 Filing Description: Amendments to CME Chapter 901 ("Interest Rate Swaps Contract Terms") for the BRL Interest Rate Swaps Contract

**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: See filing.

**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 23, 2018

**VIA ELECTRONIC PORTAL**

Mr. 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 CME Chapter 901 (“Interest Rate Swaps Contract Terms”).  
CME Submission No. 18-057**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is self-certifying amendments to CME Rule 90104. (“BRL Interest Rate Swaps Contract Terms”) located in CME Chapter 901 (“Interest Rate Swaps Contract Terms”) (collectively, the “Rule Amendments”) effective March 11, 2018 for trade date March 12, 2018. The BRL Interest Rate Swaps contract (Commodity Code: ZCSBRL) (the “Contract”) is available for submission for clearing via CME ClearPort.

EMTA (the association for Emerging Markets) has published its Recommended FX and Currency Derivatives Market Practice No 81 on New Terms, for BRL/USD Non-Deliverable FX Forward and Currency Option Transactions. Market Practice No. 81 addresses, specifically, the revisions to the BRL/USD Template Terms for Non-Deliverable FX Forward and Currency Option Transactions, and, in particular, the inclusion of a new Disruption Event, “Exchange Rate Divergence.”

CME is revising its rules to include exchange rate divergence as a rate source disruption event to maintain its alignment with the OTC FX market.

Exhibit 1 provides the amendments to CME Rule 90104. (“BRL Interest Rate Swaps Contract Terms”) in blackline format.

CME reviewed the derivatives clearing organization (“DCO”) core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the amendments may have some bearing on the following principles:

- DCO Core Principle B – Financial Resources: These rulebook chapter changes will not have a material impact on the financial resources of CME. As such, it will not prevent CME Clearing from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as DCO.
- DCO Core Principle L – Public Information: The rulebook amendments will be added to the publicly available CME Rulebook available on the CME Group website. In addition, CME will release a notice to the marketplace regarding the amendments in advance of the effective date which will also be posted on the CME Group website.

- DCO Core Principle R – Legal Risk: CME has determined that the rulebook chapter changes are consistent with the requirement to have a well-founded, transparent and enforceable legal framework for each aspect of the activities of the DCO.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), CME hereby certifies that the Rule Amendments comply with the Act, including all regulations under the Act. There were no substantive opposing views to this proposal.

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

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or [CMESubmissionInquiry@cmegroup.com](mailto:CMESubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Exhibit 1: CME Rule 90104. ("BRL Interest Rate Swaps Contract Terms")

## **Exhibit 1**

### **Chapter 901 Interest Rate Swaps Contract Terms**

#### **90104. BRL INTEREST RATE SWAPS CONTRACT TERMS**

##### **90104.C. FURTHER TERMS OF BRL IRS CONTRACTS**

Each BRL IRS Contract shall be further supplemented and amended with the following provisions of this Rule 90104.C.

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##### **90104.C.12. Fallback Reference Price**

[In the event of a Price Source Disruption \(which shall include the term “Exchange Rate Divergence” as defined in the EMTA Template Terms for BRL/USD Non-Deliverable FX Forward Transactions\)](#), ~~the~~ Fallback Reference Price shall be (in the following order of priority):

- (a) the Spot Rate determined on the Business Day first succeeding the day on which the Price Source Disruption ceases to exist, unless the Price Source Disruption continues to exist (measured from the date, that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for a consecutive number of calendar days equal to 30 calendar days; [or](#)
- (b) determined by the Calculation Agent.