

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 16-109R (1 of 5)

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): March 15, 2016 Filing Description: Amendments to CME/CBOT/NYMEX/COMEX Rule 913 ("Withdrawal from Clearing Memberships") and CME Rule 8G913 ("Withdrawal from IRS Clearing Membership); Adoption of New CME Rule 8G18.C. ("Withdrawal from IRS Swaptions Clearing Membership")

**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: CME/CBOT/NYMEX/COMEX 913; CME Rules 8G913 and 8G18.C

**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:**

March 15, 2016

**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. Amendments to CME/CBOT/NYMEX/COMEX Rule 913 (“Withdrawal from Clearing Memberships”) and CME Rule 8G913 (“Withdrawal from IRS Clearing Membership); Adoption of New CME Rule 8G18.C. (“Withdrawal from IRS Swaptions Clearing Membership”). CME Submission No. 16-109R (1 of 5)**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME”), The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”), and Commodity Exchange, Inc. (“COMEX”) (collectively, the “Exchanges”) hereby notify the Commission that they are self-certifying (i) amendments to CME/CBOT/NYMEX/COMEX Rules 913 (“Withdrawal from Clearing Membership”) and CME Rule 8G913 (“Withdrawal from IRS Clearing Membership”) and (ii) adoption of new CME Rule 8G18.C. (“Withdrawal from IRS Swaptions Clearing Membership”) (collectively, the “Rule Amendments”). The Rule Amendments will be effective on Monday, April 11, 2016.

Please note that this Submission No. 16-109R corrects a typographical error and makes certain clarifying non-substantive amendments to the Rule text set forth in Exhibit A. Such changes are noted by grey highlight in Exhibit A. No other changes are being made to the original submission.

The amendments to Rules 913 and 8G913 harmonize the clearing member voluntary withdrawal procedures for Base Clearing Members, IRS Clearing Members and CDS Clearing Members. New Rule 8G18.C. establishes a similar procedure for an IRS Clearing Member to voluntarily withdraw from the clearing of Swaptions while continuing to clear non-swaption IRS.

The Exchanges are harmonizing the voluntary withdrawal rules for clearing members for all product classes to the CDS procedures. The proposed changes would modify the procedures for the voluntary withdrawal of Base and IRS Clearing Members by (i) expressly requiring written notice of intent to withdraw to the CME Clearing House and relevant risk committee, (ii) removing the requirement of risk committee ratification and establishing an effective date of withdrawal to be the earlier of (a) the approval of CME Clearing House Staff, or (b) 10 business days following the clearing cycle in which the withdrawing clearing member liquidates or transfers all of its open house and customer positions, and (iii) expressly clarifying that the withdrawing Base/IRS clearing member remains liable for its respective guaranty fund contributions and assessments during the cooling-off period in which it withdraws.

New CME Rule 8G18.C. provides for similar procedures for the voluntary withdrawal of an IRS Clearing Member from clearing swaptions. It also permits an IRS Swaptions Clearing Member to withdraw from clearing swaptions without withdrawing as an IRS Clearing Member for non-swaption IRS.

## Core Principle Review

The Exchanges reviewed the designated contract market core principles (“DCM Core Principles”) and the derivatives clearing organization core principles (“DCO Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the new rule and rule amendments may have some bearing on the following principles:

- DCM Core Principle 11 – Financial Integrity of Transactions. The Exchanges have determined that the Rule Amendments are consistent with the requirement to establish and enforce rules and procedures to ensure financial integrity.
- DCM Core Principle 7 – Availability of General Information. The Rule Amendments will continue to be posted publicly on the CME Group website in satisfaction of this Core Principle. In addition, the Exchanges will release a notice to the marketplace regarding this proposal in advance of the effective date.
- DCO Core Principle C – Participant and Product Eligibility. The Exchanges have determined that the Rule Amendments are consistent with the requirement to establish standards for clearing membership admission and withdrawal as a clearing member.
- DCO Core Principle L – Public Information. The Rule Amendments will be added to the publicly available CME Rulebook available on the CME Group website. In addition, the Exchanges will release a notice to the marketplace regarding the amendments in advance of the effective date.
- DCO Core Principle R – Legal Risk. The Exchanges have determined that the Rule Amendments are consistent with the requirement to have a well-founded, transparent and enforceable legal framework for each aspect of the activities of the DCO.

Exhibit A, which is attached hereto, sets forth the Rule Amendments in blackline format.

The Exchanges certify that proposed changes comply with the Act and regulations thereunder. There were no substantive opposing views to this action.

The Exchanges certify 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 contact me at 212-299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Rule Amendments (blackline format)

## Exhibit A

### CME/CBOT/NYMEX/COMEX Rulebooks

#### Chapter 9 Clearing Members

(additions underlined; deletions are ~~overstruck~~)

### 913. WITHDRAWAL FROM CLEARING MEMBERSHIP

#### 913.A. Voluntary Withdrawal

A clearing member ~~may that intends to~~ withdraw from clearing membership ~~upon approval for Base Guaranty Fund Products shall provide written notice of Clearing House staff, and ratification by such intent to~~ the Clearing House and the Clearing House Risk Committee. A clearing member's withdrawal shall be effective on the earlier of (i) the date Clearing House staff shall approve Staff approves such withdrawal ~~after or (ii) the 10th Business Day following the date of the clearing cycle in which the withdrawing clearing member liquidates or transfers to an appropriate clearing member all of its open customer and proprietary house positions. The withdrawal shall be effective on the date that the~~ in Base Guaranty Fund Products (such earlier date, the "Base Withdrawal Date"); provided that the withdrawing clearing member shall remain liable for Base Guaranty Fund contributions and assessments in accordance with Rule 913.B802.B. Promptly following the Base Withdrawal Date, the Clearing House shall post a notice of the clearing member's withdrawal is posted.

#### 913.B. Release of Guaranty Fund Deposit, Membership Proceeds and Assignments

When a clearing member withdraws from clearing membership for Base Guaranty Fund Products (whether voluntarily or involuntarily), its ~~guaranty fund~~ Base Guaranty Fund deposit, the proceeds from the sale of its memberships assigned for clearing qualification or any other deposits required by the Clearing House, and any remaining assets available to the Exchange Clearing House associated with Base Guaranty Fund Products including, but not limited to, memberships will be released when Exchange Clearing House staff determines that the following has occurred: (1) all contracts and obligations with the Exchange have been settled and paid, (2) all sums owing to the Exchange have been paid, (3) all obligations to other members and customers arising out of claims directly related to ~~futures transactions~~ Base Guaranty Fund Products cleared on the Exchange have been paid or otherwise provided for, ~~and~~ (4) all obligations to other members and customers arising out of other arbitration claims for Base Guaranty Fund Products filed pursuant to Chapter 6 have been paid or otherwise provided for and (5) the requisite liquidity providers for the Exchange have released the security interest in such clearing member's "Assets" associated with the clearing of Base Guaranty Fund Products contemplated by Rule 817 in accordance with the terms of the liquidity facility ~~contemplated described in Rule 817~~ thereby; provided, however, that in the event that Exchange staff determines that all of the foregoing other than (4) have occurred, the Clearing House Risk Committee may in its discretion authorize the release of such property.

Generally, no such property shall be released prior to the 60th day following the ~~effective date posting of the notice~~ of the clearing member's withdrawal ~~from membership in the Clearing House.~~ Notwithstanding the above, Exchange Clearing House staff may grant an exemption to the above restriction for good cause shown. Further, for purposes of the paragraph above, if the withdrawing clearing member will not remain a clearing member in any other capacity with the Exchange, all obligations of the withdrawing clearing member to the Exchange, of whatever nature or kind, shall be accelerated and become due and payable upon the effective date ~~provided for in the Clearing House Risk Committee decision to approve the~~

withdrawal of withdrawal. If the clearing member will remain a clearing member for other product classes other than Base Guaranty Fund Products, the foregoing sentence shall apply only to obligations related to the clearing of Base Guaranty Fund Products.

For purposes of Rules 802 and 816, the Base Guaranty Fund contributions and assessments of a non-defaulted clearing member that has withdrawn shall not be accessible by the Clearing House to satisfy any losses in respect of the default of another clearing member where such default occurred after the Base Cooling Off Period as of which the withdrawing clearing member had liquidated or transferred all of its open customer and house positions in Base Guaranty Fund Products. For the avoidance of doubt, a withdrawing clearing member shall be subject to assessments for all defaults occurring during the Base Cooling Off Period in which such clearing member withdraws.

**CME Rulebook**  
**Chapter 8G**  
**Interest Rate Derivative Clearing**

(additions underlined; deletions are ~~overstruck~~)

**8AG913. WITHDRAWAL FROM IRS CLEARING MEMBERSHIP**

**8G913.A. Voluntary Withdrawal**

An IRS Clearing Member ~~may~~that intends to withdraw from clearing membership for IRS Products ~~upon approval~~shall provide written notice of such intent to the Clearing House staff, ~~and ratification by the IRS Risk Committee.~~ An IRS Clearing Member ~~may withdraw from serving as an IRS Clearing Member without withdrawing as a CME, CBOT, NYMEX or COMEX clearing member, if applicable.~~Member's withdrawal shall be effective on the earlier of (i) the date Clearing House staff ~~shall approve a withdrawal promptly after the~~Staff approves such withdrawal or (ii) the 10th Business Day following the date of the clearing cycle in which the withdrawing IRS Clearing Member liquidates or transfers to an appropriate IRS Clearing Member all of its open customer and house positions in IRS Contracts. ~~Following ratification of (such earlier date, the withdrawal by "IRS Withdrawal Date"); provided that the IRS Risk Committee~~withdrawing IRS Clearing Member shall remain liable for IRS Guaranty Fund contributions and IRS Assessments in accordance with Rule 8G913.B. Promptly following the IRS Withdrawal Date, the Clearing House shall post a notice of the IRS Clearing Member's withdrawal. ~~Withdrawal shall be effective on the date of ratification by the IRS Risk Committee.~~

An IRS Clearing Member may withdraw from serving as an IRS Clearing Member clearing IRS Products without withdrawing as a CME, CBOT, NYMEX or COMEX clearing member for any other ~~product classes~~products, if applicable.

**8G913.B. Release of Guaranty Fund Deposit, Membership and Assignments**

When an IRS Clearing Member withdraws from clearing membership for IRS Products (whether voluntarily or involuntarily), its IRS Guaranty Fund deposit or any other deposits required by the Clearing House, and any remaining assets available to the Clearing House associated with IRS Products will be released when Clearing House staff determines that the following has occurred: (1) all contracts and obligations with the Clearing House relating to IRS Products have been settled and paid, (2) all sums owing to the Clearing House relating to IRS Products have been paid, (3) all obligations to other members and customers arising out of claims directly related to IRS Contracts have been paid or otherwise provided for, (4) all obligations to other members and customers arising out of other arbitration claims relating to IRS Products filed pursuant to Chapter 6 or Rule 8G600 have been paid or otherwise provided for, and (5) the requisite liquidity providers for the Clearing House have released the security interest in such IRS Clearing Member's "assets" associated with the clearing of IRS Products in accordance with the terms of the liquidity facility described in Rule 817; provided, however, that in the event that Clearing House staff determines that all of the foregoing other than (4) have occurred, the IRS Risk Committee may in its discretion authorize the release of such property.

Generally, no such property shall be released prior to the 60th day following the posting of the notice effective date of the IRS Clearing Member's withdrawal. Notwithstanding the above, Clearing House staff may grant an exemption to the above restriction for good cause shown. Further, for purposes of the paragraph above, if the withdrawing IRS Clearing Member will not remain a clearing member in any other

capacity with the Exchange, all obligations of the withdrawing IRS Clearing Member to the Exchange, of whatever nature or kind, shall be accelerated and become due and payable upon the effective date of withdrawal. If the IRS Clearing Member will remain a clearing member for other product classes other than IRS Products, the foregoing sentence shall apply only to obligations related to the clearing of IRS Products.

For purposes of Rule 8G802 and 8G07, the IRS Guaranty Fund contributions and IRS Assessments of a non-defaulted IRS Clearing Member that has withdrawn shall not be accessible by the Clearing House to satisfy any losses in respect of the default of another IRS Clearing Member where such default occurred after the IRS Cooling Off Period as of which the withdrawing IRS Clearing Member had liquidated or transferred all of its open customer and house positions in IRS. For the avoidance of doubt, a withdrawing IRS Clearing Member shall be subject to IRS Assessments for all defaults occurring during the Cooling Off Period in which such IRS Clearing Member withdraws.

#### 8G18. IRS SWAPTIONS MEMBERSHIP

(8G18.A. AND 8G18.B. shall become effective on April 11, 2016 pursuant to CME Submission No. 14-327 dated September 4, 2014.)

#### **8G18.C. Withdrawal from IRS Swaptions Clearing Membership**

An IRS Swaptions Clearing Member that intends to no longer be eligible to clear IRS Swaptions shall provide written notice of such intent to the Clearing House. The IRS Swaptions Clearing Member's withdrawal shall be effective on the earlier of (i) the date Clearing House Staff approves such withdrawal and (ii) the 10th Business Day following the date of the clearing cycle in which the withdrawing IRS Swaptions Clearing Member liquidates or transfers to an appropriate IRS Swaptions Clearing Member all of its open customer and house positions in IRS Swaptions (such earlier date, the "IRS Swaptions Withdrawal Date"). Promptly following the IRS Swaptions Withdrawal Date, the Clearing House shall post a notice of the IRS Swaptions Clearing Member's withdrawal from its eligibility to clearing IRS Swaptions.

An IRS Swaptions Clearing Member withdrawing with an IRS Swaptions Withdrawal Date that is not during an IRS Cooling Off Period will not be responsible for the requirements of an IRS Swaptions Clearing Member following the IRS Swaptions Withdrawal Date. An IRS Swaptions Clearing Member withdrawing with an IRS Swaptions Withdrawal Date during an IRS Cooling Off Period shall remain liable for all requirements of IRS Swaptions Clearing Members until the end of the IRS Cooling Off Period in which it withdraws ~~from~~ from eligibility to clearing IRS Swaptions.

An IRS Swaptions Clearing Member may withdraw from ~~eligibility to clearing~~ IRS Swaptions without withdrawing as an IRS Clearing Member.

#### **8G189.-24. [RESERVED]**