

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 19-261

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): June 20, 2019 Filing Description: Implementation of the U.S. Dollar ("USD") Interest Rate Swap ("IRS") House Liquidity Program

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: **Not Applicable**

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:



Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

June 20, 2019

VIA ELECTRONIC PORTAL

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

**RE: Implementation of the USD IRS House Liquidity Program
CME Submission No. 19-261**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") of plans to implement the USD IRS House Liquidity Program ("Program"). The proposed Program will become effective on August 1, 2019.

Exhibit 1 sets forth the terms of the Program.

CME reviewed the derivatives clearing organization core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME staff identified the following Core Principles as potentially being impacted: Financial Resources, Participant and Product Eligibility, Rule Enforcement, Recordkeeping, and Public Information.

The incentives in the Program will have a non-material impact on the financial resources of CME. As such, the Program will not prevent CME from demonstrating that it has adequate financial, operational, and managerial resources to discharge its responsibilities as a derivatives clearing organization. Further, the incentives provided under the Program will not impact CME's ability to perform its monitoring or enforcement obligations under the CEA. Chapter 4 of the CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The Program will be subject to these rules. Participants in the Program will be selected by CME staff using criteria as set forth in Exhibit 1. All participants must execute a contractual agreement with CME in which each participant will expressly agree to comply with, and be subject to, applicable regulations and CME rules. Additionally, the Program is subject to CME's record retention policies, which comply with the CEA. The Program will be publicly posted on CME's website.

Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.6(a), the Exchange hereby certifies that this Program complies with the CEA, including regulations thereunder. There were no substantive opposing views to this proposal.

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

If you require any additional information regarding this submission, please e-mail CMEGSubmissionInquiry@cmegroup.com or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our CME Submission No. 19-261 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

USD IRS House Liquidity Program

Program Purpose

The purpose of this Program is to incentivize firms to support and build liquidity in CME's USD IRS products. Additional liquidity benefits all participant segments of the market.

Product Scope

All USD IRS products cleared by the CME Clearing House ("Products").

Eligible Participants

There is no limit to the number of participants that may participate in the Program. Participants must be CME IRS Clearing Members' House Accounts only. Participants are required to submit an application to CME to enroll in this Program. Once enrolled, participants must remain in the Program for the entire Program Term.

Program Term

Start date is August 1, 2019. End date is July 31, 2020.

Hours

N/A

Incentive

*Fixed Monthly Clearing Fee**: Participants enrolled in the Program will pay a Fixed Monthly Clearing Fee of \$83,333.33 for transactions in the Products, which will be billed to participants at the beginning of each month of the Program Term. Fees and transactions will be aggregated by Clearing Firm.

*Participants may only enroll in the Program on the first day of any month.