

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-273

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

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

Filing Date (mm/dd/yy): July 17, 2014 Filing Description: Amendments to SEF Rule 803 to Reflect Recent Expiration of CFTC No-Action Relief

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: 803

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: _____

July 17, 2014

VIA ELECTRONIC PORTAL

Ms. Melissa Jurgens
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 SEF Rule 803 to Reflect Recent Expiration of CFTC No-Action Relief.
CME SEF Submission No. 14-273**

Dear Ms. Jurgens:

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 Rule 803 ("Failure to Clear") to reflect the expiration of CFTC No-Action Letter 13-66.

On September 26, 2013, the Division of Market Oversight ("DMO") and the Division of Clearing and Risk ("DCR") jointly issued Staff Guidance on Swaps Straight-Through Processing ("Guidance"). The Guidance provided that trades executed on a swap execution facility ("SEF") and not accepted for clearing must be deemed void *ab initio*. On October 25, 2013, DCR also issued No-Action Letter 13-66, which allowed the re-submission of a trade executed on or subject to the rules of a SEF to a clearing house on the original terms where the trade had previously been rejected for clearing due to operational or clerical errors or an omission resulting in a mismatch of the terms of the trade. On January 15, 2014, CME SEF self-certified changes to CME SEF Rule 803 to allow for the resubmission of trades that fail to clear under the circumstances prescribed by No-Action Letter 13-66.

On June 30, 2014, No-Action Letter 13-66 expired. CME SEF is amending its Rule 803 to reflect the expiration of this no-action relief and to comply with the Guidance. To this end, CME SEF is proposing to remove language in Rule 803 allowing for the re-submission of trades that fail to clear under the circumstances prescribed by No-Action Letter 13-66. Revised Rule 803 states that trades that fail to clear are void *ab initio*, in compliance with the Guidance.

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

- Compliance with Rules – Rule 803(a) continues to specify that trades that fail to clear are void *ab initio*, in compliance with the Guidance. The deletion of subsections (b)-(e) of Rule 803 remove language that allowed resubmission of certain trades under the expired relief granted by No-Action Letter 13-66.
- Financial Integrity of Transactions – Specifying that trades that fail to clear are void *ab initio* protects the expectations of the parties as to the material terms of a swap.

- Timely Publication of Trading Information – Revised Rule 803 specifies that, in the event that a trade is cancelled, CME SEF will submit notice of the cancellation to the SDR.

Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.6(a), CME SEF certifies that the proposed amendments 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 contact me at 212-299-2200 or via email at Christopher.Bowen@cmegroup.com, or Grey Tanzi at 312-930-2326 or via email at Grey.Tanzi@cmegroup.com. Please reference CME SEF Submission No. 14-273 in any related correspondence.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit A – Amendments to CME SEF Rule 803

EXHIBIT A

(deletions struck through)

Chapter 8 - Clearing

803. FAILURE TO CLEAR

- (a) If a Cleared Swap is submitted to a Clearing House and fails to clear, the trade will be void *ab initio*. In the event a trade is cancelled, CME SEF agrees to submit notice of such cancellation to the SDR.
- ~~(b) If a Cleared Swap is submitted to the Clearing House and fails to clear due to correctable clerical or operational error or omission resulting in a mismatch of the terms of a trade, the counterparties to the Cleared Swap and their guaranteeing Clearing Members may agree, on a case-by-case basis and pursuant to the procedures of this Rule 803, to resubmit the Swap ("Resubmitted Swap") to the Clearing House. The Resubmitted Swap shall reflect the terms and conditions as originally agreed to by the counterparties and be resubmitted to the Clearing House as a new trade as soon as technologically practicable, but not later than 30 minutes after the Clearing House issues a notice to the Clearing Members that the original Cleared Swap was rejected.~~
- ~~(c) Resubmitted Swaps are subject to the requirements of Rule 525 and processing requirements established under Applicable Law.~~
- ~~(d) CME SEF will report required swap transaction data for Resubmitted Swaps to the SDR and link the original trade to the Resubmitted Swap data as required by Parts 43 and 45.~~
- ~~(e) In the event a Resubmitted Swap is not accepted for clearing, the Resubmitted Swap is void *ab initio* and is ineligible for resubmission under this Rule 803.~~