

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-346

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): August 3, 2015 Filing Description: Change to IRS Guaranty Fund Minimum

**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 Rule 8G07

**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:

August 3, 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. Change to IRS Clearing Member Minimum  
IRS Guaranty Fund Contribution.  
CME Submission No. 15-346**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME"), a registered derivatives clearing organization ("DCO") under the Commodity Exchange Act, as amended ("CEA" or "Act"), pursuant to Commission Regulation 40.6(a), hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission") a proposal to reduce the minimum IRS Guaranty Fund Contribution of IRS Clearing Members to \$15,000,000 for all IRS Clearing Members (including affiliates). The proposed changes will be effective on August 18, 2015, or on such later date as determined by CME.

CME periodically reviews its requirements for clearing membership and has determined that it is appropriate to change the minimum contribution to \$15,000,000 as the current minimum, established at the time of launch of the IRS clearing service to ensure a robust financial safeguards for IRS products, can be reduced due to the growth of IRS clearing activity at CME and corresponding growth of the IRS Guaranty Fund size.<sup>1</sup> The change could also encourage more entities to apply for IRS clearing membership which would further the diversification of IRS Clearing Members and provide additional liquidity to the default management process. No other changes to IRS clearing membership requirements are being proposed.

The proposed change will not affect the overall size of the IRS Guaranty Fund or Assessments.

**Core Principle Review**

CME reviewed the derivatives clearing organization core principles ("Core Principles") as set forth in the Act and identified the following Core Principles as potentially being impacted:

- Core Principle C – Participant and Product Eligibility Procedures. CME has determined that a lower IRS Guaranty Fund minimum is appropriate due to the growth of the IRS clearing service. Consistent with CFTC Regulation 39.12(a)(1)(i), CME believes that the objective of a minimum requirement will still be achieved at the new level and that the change will not materially increase risk to CME. IRS Clearing Members will still be subject to all of CME's robust IRS clearing membership requirements.

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<sup>1</sup> As of March 31, 2015, the IRS Guaranty Fund was approximately \$2.473 billion.

- Core Principle B – Financial Resources. No change is being made to overall IRS financial resources. The change will only impact the minimum requirement and the allocation of the IRS Guaranty Fund among IRS Clearing Members.
- Core Principle L – Public Information. The proposed rule changes will be added to the publicly available CME Rulebook available on the CME Group website.

Exhibit A, which is attached hereto, sets forth the applicable amendments to the Rules, with additions underscoring and deletions ~~overstruck~~.

CME certifies these changes comply with the Act and regulations thereunder. There were no substantive opposing views to this action.

CME 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 212-299-2228 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/ Jason Silverstein  
Executive Director and Associate General Counsel

Attachment: Exhibit A – CME Rulebook Amendments

## Exhibit A

### **CME RULE 8G07. IRS FINANCIAL SAFEGUARDS AND GUARANTY FUND DEPOSIT**

1. ...

(ii) Each IRS Clearing Member's minimum contribution to the IRS Guaranty Fund shall be the greater of:

(a) such IRS Clearing Member's proportionate share of the IRS Guaranty Fund based on the 30-day trailing average of its potential residual loss ("PRL") and the 30-day trailing average gross notional open interest outstanding at the Clearing House (or in either case, such other shorter time interval determined by the IRS Risk Committee); or

(b) ~~\$5015,000,000 for a non-Affiliated IRS Clearing Member or (y) \$25,000,000 for each Affiliated IRS Clearing Member, where one Affiliated IRS Clearing Member provides its primary clearing services for customers as a FCM with any proprietary business of such FCM only incidental to providing such clearing service for customers and the other Affiliated IRS Clearing Member only provides IRS clearing services through its proprietary account for itself and its Affiliates. An "Affiliated IRS Clearing Member" shall mean an IRS Clearing Member with an Affiliate that is also an IRS Clearing Member.....~~