

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 14-277

Organization: CME/CBOT/NYMEX

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

Filing Date (mm/dd/yy): 08/05/14 **Filing Description:** Clarifying amendments to CME, CBOT and NYMEX Rule 802.H

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: 802.H

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: _____

August 5, 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. Clarifying amendments to
CME/CBOT/NYMEX Rule 802.H
CME/CBOT/NYMEX Submission No. 14-277**

Dear Ms. Jurgens:

Pursuant to Commission Regulation 40.6(a), Chicago Mercantile Exchange Inc. (CME), the Board of Trade of the City of Chicago, Inc. (CBOT), and New York Mercantile Exchange, Inc. (NYMEX) (collectively, the “Exchanges”) hereby notify the Commodity Futures Trading Commission (“Commission”) that they are adopting clarifying amendments to CME, CBOT and NYMEX Rule 802.H. (Base Cooling Off Period and Multiple Defaults). The proposed effective date for these revisions is August 20, 2014.

On June 19, 2012, the Exchanges amended Rule 802 via CME/CBOT/NYMEX Submission No. 12-184, which established a fixed \$100 million amount for CME’s contribution to the financial safeguards package associated with the Base Guaranty Fund (“Base CME Contribution”). The amended rule inadvertently excluded the express language limiting CME’s corporate contribution to the Base financial safeguards package during the Base Cooling-Off Period, similar to the structure for CDS and IRS, which limit CME’s obligation during the respective cooling off periods applicable to CDS and IRS. The Exchanges are adding the clarifying language into Rule 802.H to harmonize the relevant rule text across the Base, IRS and CDS product classes and to provide clarity to the marketplace regarding CME’s obligation to replenish its Base CME Contribution during a Base Cooling-Off Period.

The Exchanges reviewed the derivatives clearing organization core principles (“Core Principles”), as set forth in the Commodity Exchange Act (“CEA”), and identified the following Core Principles as potentially impacted:

- *Public Information* – Each derivatives clearing organization (“DCO”) is required to provide to market participants sufficient information to enable them to identify and evaluate accurately the risks and costs associated with using the services of the DCO, and to have clear and comprehensive rules and procedures. The proposed amendment clarifies the operation of the clearing house’s rules and default management procedures, and further enables market participants to evaluate the costs associated with CME’s DCO services.
- *Financial Resources* – This Core Principle requires CME to possess financial resources that, at a minimum, exceed the total amount that would enable the DCO to “meet its financial obligations to its clearing members notwithstanding a default by the two clearing members creating the largest combined loss to the [DCO] in extreme but plausible market conditions.” The Base CME Contribution is one resource available to CME in order to meet financial obligations to its clearing members in accordance with CFTC Regulation 39.11. Amended Rule 802.H provides clarity on CME’s obligation to replenish this resource during a cooling off period.

The text of the amendments to CME, CBOT and NYMEX Rule 802.H is attached, with additions underlined. No substantive opposing views regarding these proposed rule amendments were expressed to the Exchanges.

The Exchanges certify that this submission has been concurrently posted on its website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. The Exchanges further certify that this rule amendment complies with the CEA and regulations promulgated thereunder.

If you require any additional information regarding this submission, please contact me at (212) 299-2228 or via e-mail at Jason.Silverstein@cmegroup.com. Alternatively, you may contact John McKinlay at (312) 930-3028 or via e-mail at John.McKinlay@cmegroup.com. Please reference our Submission No. 14-277 in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Executive Director and Associate General Counsel

Attachment: Exhibit A – Amendments to CME/CBOT/NYMEX Rule 802.H

EXHIBIT A

Amendments to CME/CBOT/NYMEX Rules 802.H (additions underlined)

CME Rule Chapter 8 Clearing House and Performance Bonds

802. PROTECTION OF CLEARING HOUSE

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802.H. Base Cooling Off Period and Multiple Defaults

The provisions set forth in Rule 802.A and 802.B shall apply with respect to each default by a clearing member. If more than one clearing member default occurs at a time or in close sequence, including a default that occurs by reason of a clearing member's failure to satisfy an assessment demand, the Clearing House shall manage the defaults separately. Upon any default, non-defaulted clearing members shall be subject to a maximum obligation during the relevant Base Cooling Off Period to contribute to the Base Guaranty Fund and to fund assessments as set forth in Rule 802.B. This maximum shall apply from the date of the original default until the later of (i) the 5th Business Day thereafter and (ii) if another clearing member defaults during the 5 Business Days following the initial or any subsequent default, the 5th Business Day following the last such default (such period, the "Base Cooling Off Period"), regardless of the number of defaults that occur during such Base Cooling Off Period.

The aggregate maximum contribution for the Base Cooling Off Period shall be based upon each clearing member's Base Guaranty Fund requirement and assessment exposure in effect at the commencement of the Base Cooling Off Period. The maximum does not limit clearing members' obligations to restore their Guaranty Fund contributions as set forth in Rule 802.F, except that if the clearing member's required Guaranty Fund contribution would exceed such maximum, the clearing member's Base Guaranty Fund requirement shall be reduced accordingly for the remainder of the Base Cooling Off Period. Following a Base Cooling Off Period, the Clearing House shall notify each clearing member of its Base Guaranty Fund deposit obligation and its assessment exposure.

The CME Contribution to the Base Guaranty Fund shall be limited to an aggregate maximum of \$100,000,000 during the Base Cooling Off Period. The Board may, at its discretion, authorize additional funds be added to the CME Contribution during the Base Cooling Off Period.

[The remainder of CME Rule 802 is unchanged]

CBOT Rule Chapter 8 Clearing House and Performance Bonds

802. PROTECTION OF CLEARING HOUSE

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802.H. Base Cooling Off Period and Multiple Defaults

The provisions set forth in Rule 802.A and 802.B shall apply with respect to each default by a clearing member. If more than one clearing member default occurs at a time or in close sequence, including a default that occurs by reason of a clearing member's failure to satisfy an assessment demand, the Clearing House shall manage the defaults separately. Upon any default, non-defaulted clearing members shall be subject to a maximum obligation during the relevant Base Cooling Off Period to contribute to the Base Guaranty Fund and to fund assessments as set forth in Rule 802.B. This

maximum shall apply from the date of the original default until the later of (i) the 5th Business Day thereafter and (ii) if another clearing member defaults during the 5 Business Days following the initial or any subsequent default, the 5th Business Day following the last such default (such period, the “Base Cooling Off Period”), regardless of the number of defaults that occur during such Base Cooling Off Period.

The aggregate maximum contribution for the Base Cooling Off Period shall be based upon each clearing member’s Base Guaranty Fund requirement and assessment exposure in effect at the commencement of the Base Cooling Off Period. The maximum does not limit clearing members’ obligations to restore their Guaranty Fund contributions as set forth in Rule 802.F, except that if the clearing member’s required Guaranty Fund contribution would exceed such maximum, the clearing member’s Base Guaranty Fund requirement shall be reduced accordingly for the remainder of the Base Cooling Off Period. Following a Base Cooling Off Period, the Clearing House shall notify each clearing member of its Base Guaranty Fund deposit obligation and its assessment exposure.

The CME Contribution to the Base Guaranty Fund shall be limited to an aggregate maximum of \$100,000,000 during the Base Cooling Off Period. The Board may, at its discretion, authorize additional funds be added to the CME Contribution during the Base Cooling Off Period.

[The remainder of CBOT Rule 802 is unchanged]

NYMEX Rule Chapter 8 Clearing House and Performance Bonds

802. PROTECTION OF CLEARING HOUSE

...

802.H. Base Cooling Off Period and Multiple Defaults

The provisions set forth in Rule 802.A and 802.B shall apply with respect to each default by a clearing member. If more than one clearing member default occurs at a time or in close sequence, including a default that occurs by reason of a clearing member’s failure to satisfy an assessment demand, the Clearing House shall manage the defaults separately. Upon any default, non-defaulted clearing members shall be subject to a maximum obligation during the relevant Base Cooling Off Period to contribute to the Base Guaranty Fund and to fund assessments as set forth in Rule 802.B. This maximum shall apply from the date of the original default until the later of (i) the 5th Business Day thereafter and (ii) if another clearing member defaults during the 5 Business Days following the initial or any subsequent default, the 5th Business Day following the last such default (such period, the “Base Cooling Off Period”), regardless of the number of defaults that occur during such Base Cooling Off Period.

The aggregate maximum contribution for the Base Cooling Off Period shall be based upon each clearing member’s Base Guaranty Fund requirement and assessment exposure in effect at the commencement of the Base Cooling Off Period. The maximum does not limit clearing members’ obligations to restore their Guaranty Fund contributions as set forth in Rule 802.F, except that if the clearing member’s required Guaranty Fund contribution would exceed such maximum, the clearing member’s Base Guaranty Fund requirement shall be reduced accordingly for the remainder of the Base Cooling Off Period. Following a Base Cooling Off Period, the Clearing House shall notify each clearing member of its Base Guaranty Fund deposit obligation and its assessment exposure.

The CME Contribution to the Base Guaranty Fund shall be limited to an aggregate maximum of \$100,000,000 during the Base Cooling Off Period. The Board may, at its discretion, authorize additional funds be added to the CME Contribution during the Base Cooling Off Period.

[The remainder of NYMEX Rule 802 is unchanged]