

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 15-029

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): September 8, 2015 Filing Description: Modifications to the Fee Schedule for Over-the-Counter ("OTC") Interest Rate Swaps ("IRS") to Establish Fees for IRS Compression Services

**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: N/A

**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:



Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

September 8, 2015

**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: Modifications to the Fee Schedule for OTC IRS to Establish Fees for IRS  
Compression Services  
CME Submission No. 15-029**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commodity Futures Trading Commission ("CFTC" or "Commission") that it plans to modify its fee schedule applicable to OTC IRS to establish a set of fees that will apply for coupon blending services and multilateral compression services ("Fee Schedule"). The proposed fees will become effective on October 1, 2015.

Exhibit 1 sets forth the proposed modifications Fee Schedule, with additions underlined and deletions ~~overstruck~~.

CME reviewed the derivatives clearing organization ("DCO") 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.

Public Information: As required by this Core Principle, CME will publish the Fee Schedule on the CME Group website to ensure that market participants have been advised of the fees that will apply for coupon blending services and multilateral compression services.

Financial Resources: The proposed fees will not impact CME's ability to discharge its financial, operational, or managerial responsibilities as a DCO.

CME certifies that the proposed modifications to the Fee Schedule comply with the CEA and the 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](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact Rachel Johnson at 312-466-4393 or via e-mail at [Rachel.Johnson@cmegroup.com](mailto:Rachel.Johnson@cmegroup.com). Please reference our CME Submission No. 15-029 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## OTC INTEREST RATE SWAPS CUSTOMER FEE SCHEDULE

### STANDARD TRANSACTION FEE SCHEDULE

#### Clearing Fees:

- Charged on all cleared trades (including new, terminations, and back-loaded transactions)<sup>1</sup>
- There are no transaction fees for transfers
- Fees will be billed in the same currency as the swap notional, and are subject to the below schedule:

Transaction Maturity	Rate Per Million Notional In Transaction's Currency
0 – 3 months	0.25
3+ – 6 months	0.50
6+ – 12 months	1.00
1+ – 3 years	2.50
3+ – 6 years	4.50
6+ – 9 years	6.00
9+ – 12 years	8.00
12+ – 16 years	10.00
16+ – 21 years	12.50
21+ – 26 years	15.00
26+ – 31 years	17.50
31+ – 51 years	24.00

“**Transaction Maturity**” shall be calculated for a transaction as the lesser of

- (x) the number of full months from the clearing date for the transaction to the transaction maturity date, and
- (y) the number of full months from the transaction effective date to the transaction maturity date.

#### Maintenance Fee:

- 2.00 per million notional, charged in the same currency as the swap notional.
- Maintenance fees are charged annually, on the anniversary date of each line item.
  - If that anniversary date is not a valid business day, then the fee will be charged on the next good business day.
  - If the swap is maturing within six months of the anniversary, maintenance fee will not be applied.
  - Maintenance fees will not be charged for trades which are terminated before the anniversary date

**Coupon Blending Fee:** Participants using coupon blending services will be charged 1.00 per million notional (in the currency of the product) based on the trades that are submitted for blending.

<sup>1</sup> Customer fees are assessed on back-loaded trades the same as other trades. Back-loaded trades are eligible for rebates if the following criteria are met:

- Entire back-loaded portfolio has an aggregate gross notional equal to or greater than \$500 billion (or US Dollar equivalent);
- Customer notifies CME five (5) days in advance by contacting OTCFees@cmegroup.com;
- All back-loaded trades are back-loaded submitted over a period of twenty (20) business days or less;
- Back-loaded trades result in a net increase in customer open interest during back-loading period.

### Volume Discounts:

Each calendar quarter, customers may qualify to receive a fixed discount applicable to base OTC IRS fees for the following calendar quarter on the basis of the USD equivalent base fees incurred during the current quarter. The discount applicable to the following calendar quarter will be calculated on a weighted average basis using the USD equivalent base fees for the current calendar quarter and the discount percentages set forth in the table below. ~~Additionally, from September 1, 2012 to December 31, 2013, a customer will be eligible to receive a one-time rebate on current calendar quarter activity during the first calendar quarter that its weighted average discount is equal to or greater than 15%.~~

- Look back period is based on calendar quarters, ending 15 days prior to the beginning of the next quarter
- New Discount percentage becomes effective on the first business day of each calendar quarter

<b>Single Beneficial Account Owner Schedule</b> <i>Quarterly USD or USD equivalent base fees incurred</i>	<b>Multiple Accounts Owner Schedule</b> <i>Quarterly USD or USD equivalent base fees incurred</i>	<b>Discount Earned</b>
<b>\$0 – \$75,000</b>	\$0 – \$225,000	0%
<b>\$75,000 – \$150,000</b>	\$225,000 – \$450,000	15%
<b>\$150,000 – \$300,000</b>	\$450,000 – \$900,000	30%
<b>\$300,000+</b>	\$900,000+	60%

- Single Beneficial Account Owner Schedule applies to customers with one or many accounts all with the same beneficial account owner
- Multiple Accounts schedule applies to an Investment Manager who manages many accounts with different beneficial account owners

### ALTERNATE FEE SCHEDULE

Subject to the timing requirements below, customers may elect to be subject to an alternate fee schedule for OTC IRS.

- Firms that elect the alternative fee schedule will be charged:
  - A \$25.00 *per ticket* fee on all cleared trades
  - Monthly charge of Ten (10) basis points annualized on the client's initial margin requirement (360 day count)
  - No volume discount offered on the alternate fee schedule
  - A \$50.00 per ticket fee for coupon blending services
- Election of the alternative fee schedule requires notice to CME which must be given
  - During the firm's onboarding process, or
  - At least fifteen (15) days prior to a calendar month that the firm elects to receive the alternative fee schedule. Provide notice to [OTCFees@cmegroup.com](mailto:OTCFees@cmegroup.com).

## OTC INTEREST RATE SWAPS IRS CLEARING MEMBER FEE SCHEDULE

### STANDARD TRANSACTION FEE SCHEDULE

#### Clearing Fee:

- \$250 fee charged on all trades cleared at CME on a pre-allocation basis (Dealer side of a trade will be treated as one trade even if it is allocated and cleared as multiple trades).
  - o The fee will always be charged in U.S. dollars regardless of the denomination of currency of the swap.
  
- The following exceptions will apply:
  - o The clearing fee will be waived on all back-loaded trades, defined as where the Trade Date is at least five (5) days prior to the Cleared Date (if a trade is resubmitted for clearing, its Cleared Date is the original submission date for this purpose).
  
  - o The clearing fee will be waived on all trades executed to facilitate client terminations, defined as where the Effective Date is no more than the Standard Day Offset for that currency denomination after the Trade Date.

“Standard Day Offset” for a swap denominated in a currency shall mean the number of Business Days specified below for that currency:

<b>Standard Day Offset</b>	
0 Business Days	CAD, GBP, HKD, ZAR
1 Business Day	MXN, AUD
2 Business Days	All other currencies