

**SUBMISSION COVER SHEET**

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

**Registered Entity Identifier Code (optional):** 21-481

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

**Filing as a:**  DCM  SEF  DCO  SDR

**Please note - only ONE choice allowed.**

**Filing Date (mm/dd/yy):** 11/08/21 **Filing Description:** Modifications to CME Clearing's Collateral Policy

**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:** See filing.

**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:**



Timothy J. Maher  
Chief Compliance Officer  
CME Clearing

November 8, 2021

**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. Modifications to CME  
Clearing's Collateral Policy.  
CME Submission No. 21-481**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME Clearing" or "Exchange") certifies to the Commission modifications to the CME Clearing's Collateral Policy (the "Policy") (collectively, the "Rule Amendments") effective on November 24, 2021.

Specifically, CME Clearing, as a registered derivatives clearing organization, maintains the Policy consistent with CFTC Regulation 39.13(g) which limits the type of assets it accepts as initial margin, appropriate valuations of the assets and reductions in value, and apply appropriate limitations. The Policy is established by CME Clearing and approved by the CME Clearing House Risk Committee and the Clearing House Oversight Committee.

The Rule Amendments provide modifications and clarifications of existing practices, administrative changes, changes to align with the CME Clearing Advisory contained in Submission 21-487, and a change to the Short-Term U.S. Treasury ETF (Short-Term UST ETF) section of the Policy, specifically:

- Clarifications around Stocks, ETFs, and corporate bonds as eligible collateral and the daily monitoring process (p.8-9);
- Clarification to Short-Term UST ETF acceptance criteria (p.10);
- A substantive change requiring access to the primary market for Short-Term UST ETFs as performance bond (p.10);
- Consistent with current practice, clarified the filing of a UCC-1 financing statement prior to participation in the COMEX gold warrant collateral program (p.11);
- Consistent with current practice, clarified the size of a LOC limit exemption for clearing members with qualifying commercial end-users (p.12);
- Consistent with current practice, added more details on the specific U.S. Treasury instruments accepted as Guaranty Fund collateral (p.14);
- Consistent with current practice, specified the monthly review of collateral limit metrics (p.14);

- Consistent with current practice, added language on governance approvals for collateral haircuts (p.16);
- Consistent with current practice, added language on governance approvals for collateral valuation logic (p.16);
- Modified FX currency mismatch limit on FX cash and the applicable currencies (p.17);
- Removal of Treasury Inflation-Protected Securities (TIPS) from the \$7 billion collateral limit (p. 18); and
- Miscellaneous administrative changes (throughout).

CME Clearing reviewed the derivatives clearing organization core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may have some bearing on the following principles:

- DCO Core Principle D – Risk Management: The Rule Amendments enhance the Policy to accept only liquid collateral, within conservative concentration limits, that carry minimal credit and market risk to cover CME Clearing’s exposure and the ability of the Exchange to manage the risks associated with discharging the responsibilities of the derivatives clearing organization.

As described herein, the modifications consist of changes to the CME Collateral Policy. CME has requested confidential treatment with respect to the revised policy, which has been submitted concurrently with this self-certification. CME Clearing certifies that the Rule Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to this action.

If you require any additional information regarding this submission, please contact me at 312-930-2730 or via email at [timothy.maher@cmegroup.com](mailto:timothy.maher@cmegroup.com).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Timothy Maher', written in a cursive style.

/s/Timothy Maher  
Chief Compliance Officer  
CME Clearing

Attachment Exhibit A – Modifications to the CME Clearing Collateral Policy (attached under separate cover)  
(blackline format) (confidential treatment requested)