

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 14-441

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): November 20, 2014 Filing Description: Modifications to the Fee Schedule for Over-the-Counter ("OTC") Credit Default Swaps ("CDS")

**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: **Not Applicable**

**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:

November 20, 2014

**VIA ELECTRONIC PORTAL**

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 the Fee Schedule for Over-the-Counter (“OTC”) Credit Default Swaps (“CDS”).  
CME Submission No. 14-441**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. (“CME”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it plans to modify the fee schedule (“Fee Schedule”) that applies to over-the-counter (“OTC”) Credit Default Swaps (“CDS”) cleared at CME.

The first set of modifications specifies the fees that will apply for iTraxx Index Products, which will take effect on December 8, 2014 or once the product is made available for clearing. In general, iTraxx products will have the same fee schedule as the similar North American CDX products, but will be charged in Euros as opposed to U.S. Dollars. Additionally, we will be offering a temporary discount on the products to all clients, to facilitate adoptions and seed an initial pool of liquidity.

The second set of modifications is to the volume-based tiers that are offered in North American CDX products. In general, some of the thresholds were too high and were not attainable by market participants in the current marketplace. These changes will take effect January 1, 2015.

Exhibit 1 sets forth the Fee Schedule that will be applicable to OTC CDS transactions cleared at CME, with additions underscored and deletions ~~overstruck~~.

CME reviewed the derivatives clearing organization 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:

- **Participant and Product Eligibility**: The Fee Schedule sets forth fees that apply to all market participants and the proposed modifications describe the criteria and conditions necessary to qualify for the proposed fee changes. CME believes the modifications should encourage customers to submit additional volume into the system and would promote increased central clearing of OTC CDS transactions.
- **Rule Enforcement**: CME does not believe the Fee Schedule or proposed modifications incentivize market abuse in any way and do not otherwise impact any aspects of CME’s risk management, settlement procedures, treatment of funds or default rules or procedures. Chapter 4 of CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices.

CME certifies that the Fee Schedule and proposed modifications set forth in Exhibit 1 comply with the CEA and the regulations thereunder. There were no substantive opposing views to the Fee Schedule or proposed modifications.

CME certifies that this submission has been concurrently posted on the Exchange's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

If you require any additional information regarding this submission, please contact me at 312-466-7478 or via e-mail at [tim.elliott@cmegroup.com](mailto:tim.elliott@cmegroup.com). Please reference our CME Submission No. 14-441 in any related correspondence.

Sincerely,

/s/ Tim Elliott  
Executive Director and Associate General Counsel

Attachment: Exhibit 1

# EXHIBIT 1

## OTC CREDIT DEFAULT SWAP NORTH AMERICAN INDEX CLEARING FEE SCHEDULE

(Additions Underlined and Deletions ~~Overstruck~~)

### OTC CREDIT DEFAULT SWAP NORTH AMERICAN INDEX CLEARING FEE SCHEDULE

North American Index CDS Fee Schedule A	
Monthly Volume cleared (\$B)	Base Fee* (max of) \$ per million notional
0 - 1.0	\$6.00
1.0 - 3.0	\$5.40
3.0 - 10	\$4.80
10 - 20	\$4.20
<del>20 - 35</del> <u>20+</u>	\$3.60
35+	\$3.00

~~\*All market participants that clear OTC North American Index CDS products will be entitled to receive a 25% discount off their base clearing fees through December 31, 2014.~~

North American Index CDS Fee Schedule B	
Monthly Volume cleared (\$B)	Base Fee* (max of) \$ per million notional
<del>0 - 3</del> <u>0 - 2</u>	\$6.00
<del>3 - 9</del> <u>2 - 5</u>	\$5.30
<del>9 - 30</del> <u>5 - 15</u>	\$4.70
<del>30 - 60</del> <u>15 - 30</u>	\$4.10
<del>60 - 105</del> <u>30+</u>	\$3.50
105+	\$2.00

\*All market participants that clear OTC North American Index CDS products will be entitled to receive a 25% discount off their base clearing fees through December 31, 2015.

Fee Schedule A is the default fee schedule for all market participants clearing OTC North American Index CDS products at CME Group. Market participants may elect to participate in Fee Schedule B, the Flat Rate program, which charges base clearing fees via a single blended flat rate for each transaction cleared during a subsequent period.

## OTC CREDIT DEFAULT SWAPS EUROPEAN ITRAXX FEE SCHEDULE

(Additions Underlined)

<b>European iTraxx Index CDS Fee Schedule A</b>	
<b><u>Monthly Volume cleared (€B)</u></b>	<b><u>Base Fee* (max of) € per million notional</u></b>
<u>0 - 1.0</u>	<u>€ 6.00</u>
<u>1.0 – 3.0</u>	<u>€ 5.40</u>
<u>3.0 – 10</u>	<u>€ 4.80</u>
<u>10 – 20</u>	<u>€ 4.20</u>
<u>20+</u>	<u>€ 3.60</u>

<b>European iTraxx Index CDS Fee Schedule B</b>	
<b><u>Monthly Volume cleared (€B)</u></b>	<b><u>Base Fee* (max of) € per million notional</u></b>
<u>0 – 2</u>	<u>€ 6.00</u>
<u>2 – 5</u>	<u>€ 5.30</u>
<u>5 – 15</u>	<u>€ 4.70</u>
<u>15 – 30</u>	<u>€ 4.10</u>
<u>30+</u>	<u>€ 3.50</u>

\*All market participants that clear OTC European iTraxx Index CDS products will be entitled to receive a 50% discount off their base clearing fees through June 30, 2015.

All market participants that clear OTC European iTraxx Index CDS products will be entitled to receive a 25% discount off their base clearing fees from June 30, 2015 through December 31, 2015.

Fee Schedule A is the default fee schedule for all market participants clearing OTC European iTraxx Index CDS products at CME Group. Market participants may elect to participate in Fee Schedule B, the Flat Rate program, which charges base clearing fees via a single blended flat rate for each transaction cleared during a subsequent period.