

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 24-051

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

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): January 17, 2024 Filing Description: Modifications to the Fee Schedule for Over-the-Counter ("OTC") Interest Rate Swaps ("IRS")

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: N/A

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:



Timothy Elliott
Managing Director and Chief Regulatory Counsel
Legal Department

January 17, 2024

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 Over-the-Counter (“OTC”) Interest Rate Swaps (“IRS”)
CME Submission No. 24-051**

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”) Interest Rate Swaps (“IRS”) cleared at CME. The modifications to the Fee Schedule will be effective on February 1, 2024.

Exhibit 1 sets forth the modified Fee Schedule that will be applicable to OTC IRS transactions cleared at CME, with additions underscored 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 modifications.
- **Financial Resources**: The proposed modifications will not impact CME’s ability to discharge its financial, operational, or managerial responsibilities as a DCO.

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 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 or contact Rachel Johnson at 312-466-4393 or via e-mail at Rachel.Johnson@cmegroup.com. Please reference our CME Submission No. 24-051 in any related correspondence.

Sincerely,

/s/ Timothy Elliott
Managing Director and Chief Regulatory Counsel

Attachment: Exhibit 1

EXHIBIT 1

CLEARED OTC INTEREST RATE SWAPS

The following applies to the election of a fee schedule set forth below:

- Affiliates of an existing clearing member may register under either the Standard Customer Fee Schedule or the Standard IRS Clearing Member Fee Schedule. As of February 1, 2022, these accounts will no longer be eligible for the Alternate Customer Fee Schedule.
- Investment Advisors must choose a single fee schedule for all underlying registered accounts.

STANDARD CUSTOMER FEE SCHEDULE

Clearing Fee:

- Charged on all cleared trades (including new, terminations, and back-loaded transactions)¹ with the exception of activity related to multilateral compression and coupon blending which receive clearing fee waivers
- There are no transaction fees for transfers
- Clearing fees will be billed in the same currency as the swap notional, and are subject to the below schedule:

Product Maturity	Rate Per Million Notional In Currency of Product
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

“**Product 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 swap maturity date, and
- (y) the number of full months from the transaction effective date to the transaction maturity date.

¹ 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 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.

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 same currency as the swap) based on the trades that are submitted for blending, no charge on the remnant trades created from blending activity.

Multilateral Compression Fee: Participants using multilateral compression services will be charged 1.00 per million notional (in the currency of the product) based on the trades that are submitted for compression. Any residual trades resulting from vendor compression will not be charged clearing or compression fees.

For Non-Deliverable Swap products (BRL, INR, KRW), all four fee types will be assessed in USD using a fixed exchange rate based on the normal schedule per the below table. Beginning Q4 2022, to ensure that rates are reflective of current market conditions, the local exchange rates will be calculated on a quarterly basis. The local exchange rates will be calculated fifteen (15) days prior to each new calendar quarter. Once determined, the fixed exchange rates will remain in place for the subsequent calendar quarter. Participants will be notified of the updated rates when quarterly volume discounts (set forth below) are calculated. The local exchange rates will be published on CME's website here: <https://www.cmegroup.com/trading/interest-rates/cleared-otc-irs-customer-fees.html>.

Non-Deliverable Swaps Fixed - Exchange Rate for Fees

	Local	USD
BRL	TBD	\$1.00
KRW	TBD	\$1.00
INR	TBD	\$1.00
CLP	TBD	\$1.00
COP	TBD	\$1.00
CNY	TBD	\$1.00

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.

- 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

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

\$150,000 – \$300,000	\$450,000 – \$900,000	30%
\$300,000+	\$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 in accordance with the following:
 - A \$25.00 *per ticket* fee on all cleared trades with the exception of activity related to multilateral compression and coupon blending which receive clearing fee waivers
 - Monthly charge of ~~ten (10)~~ fifteen (15) 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 line items submitted to coupon blending
 - A \$50.00 per line item fee for multilateral compression services. Any residual trades resulting from vendor compression will not be charged clearing or compression fees.
- 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.

SWAPTION FEE SCHEDULE

Clearing Fee:

- Charged on all cleared trades (including new, terminations, and backloads)
- There are no transaction fees for transfers.
- Clearing fees are billed in the same currency as the swap notional, subject to the below schedule:

Product Maturity	Rate Per Million Notional In Currency of Product
0 – 3 months	0.38
3+ – 6 months	0.75
6+ – 12 months	1.50
1+ – 3 years	3.75

“**Product Maturity**” is calculated as the number of full months from the clearing date for the transaction to the swap expiration date maturity date.

- For standard fee schedule clients, the \$2.00 per trade annual maintenance fee and all quarterly volume discounts will apply to all swaptions activity.
- Upon exercise/assignment, each party will pay their standard clearing fee for the interest rate swap that results from exercise. There is no additional surcharge for exercise/assignment

- There are no charges for abandonment of a swaption.
- Each leg of a straddle is charged a fee, regardless of whether they are traded as a single line item or as two separate line items.

ALTERNATE FEE SCHEDULE

- Clients on the alternate fee schedule for swaps will also be on the alternate fee schedule for options. A client's fee schedule selection must be the same for swaps and swaptions.
- Customers on the high turnover schedule will incur a \$100.00 per ticket fee for swaptions.
- The monthly charge of 10 basis points on the client's initial margin applies to the entire portfolio.

LIBOR CONVERSION FEE SCHEDULE

INDEX CONVERSION FEE SCHEDULE

With respect to fees for the conversion of ~~cleared USD LIBOR swaps~~ legacy swaps to risk-free benchmarks, CME intends to charge a fee of ~~\$25~~ \$50 per line item for conversion. This fee will be charged on the resulting RFR trades with the exception of single unit trades booked for the specific purposes of preserving additional payments, which will not be charged. The same ~~\$25~~ \$50 fee applies to the Customer Fee Schedule and the Alternate Fee Schedule.

Note: for bilateral swaption exercises that result in a cleared swap indexed to a legacy benchmark ~~IBOR rate (CHF/GBP/JPY/USD)~~, CME will conduct a daily conversion of these trades to the respective RFR rate. A charge of ~~\$25~~ \$50 per converted trade will be applied to the position in addition to the new trade clearing fees.

CLEARED OTC INTEREST RATE SWAPS

STANDARD IRS CLEARING MEMBER 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 non-USD 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. This does not apply for Swaptions.

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

Standard Day Offset	Applicable Currencies
0 Business Days	USD, CAD, GBP, HKD, ZAR, BRL
1 Business Day	MXN, AUD
2 Business Days	All other currencies

- o All CLP TNA swaps and COP IBR swaps will have a \$125 fee charged on all trades cleared at CME on a pre-allocation basis.

- Effective 2024, an annual fee cap of \$1,500,000 will apply per parent firm on transactions between two IRS Clearing Members for the following:
 - o MXN TIIE and F-TIIE swaps, BRL CDI swaps, CLP TNA swaps, and COP IBR swaps
 - o ~~For 2023, the annual fee cap will be pro-rated to \$1,437,500~~

Multilateral Compression Fee: Participants using multilateral compression services will be charged a \$10 per line item fee. Any residual trades resulting from vendor compression will not be charged clearing or compression fees.

Coupon Blending Fee: Participants using coupon blending services will be charged a \$10 per line item fee.

LIBOR CONVERSION FEE SCHEDULE

INDEX CONVERSION FEE SCHEDULE

With respect to fees for the conversion of ~~cleared USD LIBOR swaps~~ legacy swaps to risk-free benchmarks, CME intends to charge a fee of \$10 per line item for conversion. This fee will be charged on

the resulting RFR trades with the exception of single unit trades booked for the specific purposes of preserving additional payments, which will not be charged.

Note: for bilateral swaption exercises that result in a cleared swap indexed to a legacy benchmark IBOR rate (~~CHF/GBP/JPY/USD~~), CME will conduct a daily conversion of these trades to the respective RFR rate. A charge of \$10 per converted trade will be applied to the position in addition to the new trade clearing fees.