

**SUBMISSION COVER SHEET**

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

Registered Entity Identifier Code (optional): 22-492

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

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 11/17/22 Filing Description: Modifications to CME Clearing's Risk Management Framework

**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:

November 17, 2022

**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 Risk Management Framework.  
CME Submission No. 22-492**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), Chicago Mercantile Exchange Inc. ("CME" or "Clearing House"), as a derivatives clearing organization ("DCO"), certifies to the Commission modifications to CME's Risk Management Framework ("RMF) effective on December 5, 2022 (collectively, the "Amendments").

The RMF, maintained in accordance with CFTC Regulation 39.13(b), is approved by CME's Board of Directors ("Board") and the Clearing House Oversight Committee ("CHOC") (i.e., committee established by the Board), as applicable, pursuant to the governance arrangements established under the RMF. The Amendments to the RMF were approved by CHOC.

The Amendments primarily are related to the responsibilities of the Chief Compliance Officer of the Clearing House.<sup>1</sup> In particular, these Amendments relate to the following areas:

- **Approval Authority:** The Amendments provide that the Chief Compliance Officer of the Clearing House will have the same approval authorities (e.g., approve non-substantive changes to the RMF) as the Global Head of Clearing & Post-Trade Services and Chief Risk Officer of the Clearing House.
- **Enterprise Risk Management ("ERM"):** Currently, the Chief Risk Officer of the Clearing House serves as the Enterprise Risk Officer of the Clearing House. The Amendments provide that the Chief Compliance Officer of the Clearing House shall instead serve as the Enterprise Risk Officer of the Clearing House. This will create and enhance synergies between the duties of the Chief Compliance Officer of the Clearing House with respect to controls testing and establish a distinct independent second line risk management oversight function within the Clearing House.

In line with the above, the Amendments also include incorporating a description of CME Clearing's use of a three lines of defense model to manage and mitigate risk. Under this model, as reflected in the Amendments, the roles and responsibilities of staff are categorized into three lines of defense

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<sup>1</sup> Note, the title of the current CCO of the Clearing House is the Clearing Chief Compliance Officer & Head of Policy, which subject to the Amendments would become the Clearing CCO, ERO & Policy.

relating to control and monitoring, oversight and challenge, and assurance.

- **CHOC's Responsibilities:** The Amendments more clearly reflect CHOC's oversight of changes to core processes and core systems that significantly impact the risk profile of the Clearing House.

*DCO Core Principle Review*

CME reviewed the DCO core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the Amendments may have some bearing on the following principles:

- DCO Core Principle A – Compliance: The Amendments enhance the Clearing House's ERM practices and identify the Chief Compliance Officer of the Clearing House as the Enterprise Risk Officer of the Clearing House.
- DCO Core Principle O – Governance Fitness Standards: The Amendments clearly document the Clearing House's governance arrangements, including the responsibilities of CHOC and provide additional approval authority to the Chief Compliance Officer of the Clearing House.

CME has requested confidential treatment with respect to revisions to the RMF, which has been submitted concurrently with this submission. CME certifies that the 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 312-930-8167 or via email at [sean.downey@cmegroup.com](mailto:sean.downey@cmegroup.com).

Sincerely,

/s/Sean Downey  
Clearing Chief Compliance Officer & Head of Policy  
CME Clearing

Attachment: Exhibit A – Modifications to the Risk Management Framework (blackline format) (attached under separate cover) (confidential treatment requested)