



Jason Silverstein
Director and Associate General Counsel
Legal Department

March 29, 2012

VIA E-MAIL

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

CONFIDENTIAL TREATMENT
REQUESTED

**RE: Rule 39.5(b) and 40.6 Certification. Notification of the Acceptance of JPY, ZHF and AUD denominated Interest Rate Swaps for Clearing and related interbank rates; Associated Fees; IRS Manual Changes
CME Submission No. 12-100**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") pursuant to Commodity Futures Trading Commission (the "Commission") Regulation 39.5 and 40.6 hereby notifies the Commission of the acceptance of Japanese Yen ("JPY"), Swiss Franc ("ZHF") and Australian Dollar ("AUD") interest rate swaps ("IRS") and related interbank rates for clearing beginning April 16, 2012.

CME previously notified the Commission in CME Submission 11-361 that it intended to accept JPY and ZHF denominated interest rate swaps for clearing by the end of 2011. The acceptance of such swaps was delayed to April 16, 2012.

Rule 90102.E is being amended to add the following AUD Rate Options as set forth on Exhibit 1:

AUD-BBR-BBSW
AUD-LIBOR-BBA
AUD-AONIA-OIS-COMP

Pursuant to Regulation 39.5(b)(3)(i), CME states that it is eligible to accept JPY, ZHF and AUD denominated interest rate swaps for clearing as such swaps are in a group, category type or class of swaps that is already clears. Should the Commission determine that such swaps are required to be cleared, CME will be able to maintain compliance with the DCO core principles set forth in Section 5b(c)(2) of the Commodity Exchange Act and the regulations promulgated thereunder.

This filing supplements our previous submission to the Commission, dated February 22, 2012 (Mandatory Clearing Determination for Pre-Enactment Swaps and Swaps Cleared as of February 1, 2012, CME Submission No. 12-053) which included information for such swaps pursuant to Commission Regulation 39.5(b)(3). The information submitted in Submission No. 12-053 with respect to interest rate swaps are incorporated herein. As supplement to Submission No. 12-053, (i) pursuant to Regulation 39.5(b)(3)(ii)(A), attached as Exhibit 2 are recent statistics for JPY, CHF and AUD from the Bank for International Settlements Quarterly Review of amounts outstanding of OTC single-currency interest rate derivatives¹ and (ii) pursuant to Regulation 39.5(b)(3)(iii), the product specifications for JPY, ZHF and AUD denominated interest rate swaps are attached hereto as Exhibit 3.

¹ The most recent BIS statistics can be found at <http://www.bis.org/statistics/otcder/dt21a21b.pdf>

In connection with the acceptance of such swaps, CME is amending the fee schedules for OTS IRS to reflect the fees for JPY, ZHF and AUD denominated IRS. Exhibit 4A sets forth the new fee schedule that will be applicable to IRS Clearing Members clearing OTC IRS transactions. Exhibit 4B sets forth the new fee schedule that will be applicable to customers of IRS Clearing Members clearing OTC IRS transactions. The fee changes will become effective on April 16, 2012.

The Manual of Operations for CME Cleared Interest Rate Swaps (the "IRS Manual") is being updated to reflect the new denominations and rate options and is being revised to reflect operational changes and the specified changes below.

- Chapter 3 (The Clearing System; Getting Started) - Removed trade acceptance language
- Chapter 5 (Operations Timeline and Reports) – Update list of Reports
- Chapter 6 (Account Configuration, Money Calculations, and Collateral) – Clarification to PAI processing when overnight rate is negative
- Chapter 8 (End-Of-Day Valuations) - Addition of table of OIS Rates
- Chapter 10 (Governance) – Deletion of chapter
- Chapter 10 (IRS Default Management) (previously Chapter 11) – Amendments to certain default management processes
- Chapter 11 (Portfolio Margining) – Addition of portfolio margining processing for proprietary positions

The IRS Manual changes are reflected in Exhibit 5 and will be effective on April 16, 2012.

CME reviewed the designated clearing organization core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME identified the following Core Principles as potentially being impacted:

Participant and Product Eligibility. JPY, ZHF and AUD denominated interest rate swaps and the associated fee changes apply to all market participants clearing OTC IRS contracts at CME. CME believes that the fees are appropriate to encourage customers to submit additional volume into the system to ensure system readiness and help build open interest ahead of a regulatory mandate.

Rule Enforcement. CME does not believe the acceptance of JPY, ZHF and AUD denominated interest rate swaps and the associated fee changes and the changes to the IRS Manual incentivize market abuse in any way and does 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.

The text of the proposed changes is reflected on the attached Exhibits, with additions underlined and deletions ~~stricken through~~.

CME certifies that the above rules and rule amendments comply with the Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views.

Notice of this submission has been concurrently posted on CME Group's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>

If you require any additional information regarding this submission, please contact Sasha Rozenberg at 212-299-2106 or via e-mail at sasha.rozenberg@cmegroup.com, or contact me at 212-299-2228. Please reference our CME Submission No. 12-100 in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Director & Associate General Counsel

EXHIBIT 1

CME Rule 90102.E. Rate Options

With respect to an IRS Contract, the Rate Option elected by the IRS Clearing Participant in accordance with Rule 90002.F from the following Rate Options:

1. USD-LIBOR-BBA
2. EUR-EURIBOR-Reuters
3. EUR-EURIBOR-Telerate (as defined in the 2000 ISDA Definitions, as published by ISDA)
4. GBP-LIBOR-BBA
5. JPY-LIBOR-BBA
6. CHF-LIBOR-BBA
7. CAD-BA-CDOR
8. AUD-BBR-BBSW
9. AUD-LIBOR-BBA
10. AUD-AONIA-OIS-COMP

EXHIBIT 2

BIS Quarterly Review: December 2011

Table 21B: Amounts outstanding of OTC single-currency interest rate derivatives

By currency (In billions of US dollars)

| | Notional amounts outstanding | | | | | | |
|-------------------|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Jun.2008 | Dec.2008 | Jun.2009 | Dec.2009 | Jun.2010 | Dec.2010 | Jun.2011 |
| All currencies | 458,304 | 432,657 | 437,228 | 449,875 | 451,831 | 465,260 | 553,880 |
| Australian dollar | 2,549 | 1,791 | 1,720 | 2,379 | 2,654 | N/A | N/A |
| Japanese yen | 58,056 | 61,588 | 57,452 | 53,855 | 55,395 | 59,509 | 65,491 |
| Swiss franc | 5,253 | 5,088 | 4,713 | 4,807 | 4,650 | 5,114 | 6,173 |
| | | | | | | | |
| | Gross market values | | | | | | |
| | Jun.2008 | Dec.2008 | Jun.2009 | Dec.2009 | Jun.2010 | Dec.2010 | Jun.2011 |
| All currencies | 9,263 | 20,087 | 15,478 | 14,020 | 17,533 | 14,746 | 13,244 |
| Australian dollar | 58 | 93 | 44 | 49 | 46 | N/A | N/A |
| Japanese yen | 380 | 927 | 800 | 843 | 980 | 1,022 | 1,012 |
| Swiss franc | 71 | 120 | 121 | 128 | 138 | 140 | 144 |
| | | | | | | | |

Source: BIS website

<http://www.bis.org/statistics/otcder/dt21a21b.pdf>

EXHIBIT 3

§ 39.5(b)(3)(iii)
Product specifications

| Cleared OTC Interest Rate Swaps – CHF | |
|--|--|
| Product Description | OTC Interest Rate Swaps – Swiss Franc Swaps |
| Symbols | CHF |
| Supported Calendar (ISDA Code) | Zurich Swiss (CHZU) |
| Leg Pay Frequency | 1M, 3M, 6M, 1Y |
| Leg Index Tenor | 1M, 3M, 6M, 1Y |
| Leg Calculation Frequency | 1W, 2W, 1M, 2M, 3M, 6M, 1Y (Fixed Only) |
| Leg Day Count | 30/360, ACT/360, ACT/365.FIXED, ACT/ACT.ISDA, 30E/360 30E/360.ISDA |
| Maturity | Up to 30 years |
| Settlement Procedures | IRS Manual of Operations |
| Rulebook Chapter | <u>8G. Interest Rate Swaps Clearing Rules</u> |
| Exchange Rule | <u>CME Rulebook</u> |

| Cleared OTC Interest Rate Swaps – JPY | |
|--|--|
| Product Description | OTC Interest Rate Swaps – Japanese Yen Swaps |
| Symbols | JPY |
| Supported Calendar (ISDA Code) | Tokyo Calendar (JPTO) |
| Leg Pay Frequency | 1M, 3M, 6M, 1Y |
| Leg Index Tenor | 1M, 3M, 6M, 1Y |
| Leg Calculation Frequency | 1W, 2W, 1M, 2M, 3M, 6M, 1Y (Fixed Only) |
| Leg Day Count | 30/360, ACT/360, ACT/365.FIXED, ACT/ACT.ISDA, 30E/360 30E/360.ISDA |
| Maturity | Up to 30 years |
| Settlement Procedures | IRS Manual of Operations |
| Rulebook Chapter | <u>8G. Interest Rate Swaps Clearing Rules</u> |
| Exchange Rule | <u>CME Rulebook</u> |

| Cleared OTC Interest Rate Swaps – AUD | |
|--|--|
| Product Description | OTC Interest Rate Swaps – Australian Dollar Swaps |
| Symbols | AUD |
| Supported Calendar (ISDA Code) | Sydney Calendar (AUSY) |
| Leg Pay Frequency | 1M, 3M, 6M, 1Y |
| Leg Index Tenor | 1M, 3M, 6M, 1Y |
| Leg Calculation Frequency | 1W, 2W, 1M, 2M, 3M, 6M, 1Y (Fixed Only) |
| Leg Day Count | 30/360, ACT/360, ACT/365.FIXED, ACT/ACT.ISDA, 30E/360 30E/360.ISDA |
| Maturity | Up to 30 years |
| Settlement Procedures | IRS Manual of Operations |
| Rulebook Chapter | <u>8G. Interest Rate Swaps Clearing Rules</u> |
| Exchange Rule | <u>CME Rulebook</u> |

EXHIBIT 4A

OTC Interest Rate Swaps IRS Clearing Member Fee Schedule

Transaction Fee Schedule

| Transaction Maturity | Base Fee Rates* | | |
|----------------------|------------------------|-----------|--------|
| | (Per Million Notional) | | |
| | AUD | CHF | JPY |
| 0 - 1 Year | A\$0.75 | CHF 0.75 | ¥0.75 |
| 1+ - 3 Years | A\$1.88 | CHF 1.88 | ¥1.88 |
| 3+ - 6 Years | A\$3.38 | CHF 3.38 | ¥3.38 |
| 6+ - 9 Years | A\$4.50 | CHF 4.50 | ¥4.50 |
| 9+ - 12 Years | A\$6.00 | CHF 6.00 | ¥6.00 |
| 12+ - 16 Years | A\$7.50 | CHF 7.50 | ¥7.50 |
| 16+ - 21 Years | A\$9.38 | CHF 9.38 | ¥9.38 |
| 21+ - 26 Years | A\$11.25 | CHF 11.25 | ¥11.25 |
| 26+ - 31 Years | A\$13.13 | CHF 13.13 | ¥13.13 |
| 31+ - 50 Years | N/A | N/A | N/A |

*All fees are charged in the same currency as the swap notional

EXHIBIT 4B

OTC Interest Rate Swaps Customer Fee Schedule

Transaction Fee Schedule

| Transaction Maturity | Base Fee Rates* | | |
|----------------------|------------------------|-----------|--------|
| | (Per Million Notional) | | |
| | AUD | CHF | JPY |
| 0 - 1 Year | A\$1.00 | CHF 1.00 | ¥1.00 |
| 1+ - 3 Years | A\$2.50 | CHF 2.50 | ¥2.50 |
| 3+ - 6 Years | A\$4.50 | CHF 4.50 | ¥4.50 |
| 6+ - 9 Years | A\$6.00 | CHF 6.00 | ¥6.00 |
| 9+ - 12 Years | A\$8.00 | CHF 8.00 | ¥8.00 |
| 12+ - 16 Years | A\$10.00 | CHF 10.00 | ¥10.00 |
| 16+ - 21 Years | A\$12.50 | CHF 12.50 | ¥12.50 |
| 21+ - 26 Years | A\$15.00 | CHF 15.00 | ¥15.00 |
| 26+ - 31 Years | A\$17.50 | CHF 17.50 | ¥17.50 |
| 31+ - 50 Years | N/A | N/A | N/A |

*All fees are charged in the same currency as the swap notional

| Maintenance Fee | | |
|--|----------|-------|
| (per million notional, rounded to the nearest .01) | | |
| AUD | CHF | JPY |
| A\$2.00 | CHF 2.00 | ¥2.00 |

EXHIBIT 5

Manual of Operations for CME Cleared Interest Rate Swaps

CONFIDENTIAL

[Redacted]