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Lisa Dunsky  
Director and Associate General Counsel  
Legal Department

March 7, 2012

**BY ELECTRONIC FILING**

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

**RE: Amendments to CME/CBOT/NYMEX Rules 970.B and 982, CME Rule 8F010,  
Submission #12-067**

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), Chicago Mercantile Exchange Inc. (CME), the Chicago Board of Trade (CBOT) and New York Mercantile Exchange, Inc. (NYMEX) hereby notify the Commodity Futures Trading Commission that they will adopt revisions to CME, CBOT and NYMEX Rules 970.B and 982, and to CME Rule 8F010. The proposed effective date for these revisions is May 7, 2012.

The Commission has adopted a number of new regulations designed to implement the core principles for derivatives clearing organizations (DCOs) in the Commodity Exchange Act, as amended by the Dodd-Frank Act. Certain of these new DCO regulations become effective on May 7, 2012, including CFTC Regulation 39.12(a)(5)(B), which provides that:

"(B) A derivatives clearing organization shall require clearing members that are not futures commission merchants to make the periodic financial reports provided pursuant to paragraph (a)(5)(i) of this section available to the Commission upon the Commission's request or, in lieu of imposing this requirement, a derivatives clearing organization may provide such financial reports directly to the Commission upon the Commission's request."

In order to comply with Regulation 39.12(a)(5)(B), we plan to amend CME, CBOT and NYMEX Rule 970.B. The text of this rule amendment is set forth on Attachment A, with additions underlined and deletions overstruck.

New DCO regulations effective on May 7, 2012 also include Regulation 39.13(h)(5), which requires each DCO to adopt rules that:

"(B) Ensure that it has the authority to request and obtain information and documents from its clearing members regarding their risk management policies, procedures, and practices, including, but not limited to, information and documents relating to the liquidity of their financial resources and their settlement procedures; and  
(C) Require its clearing members to make information and documents regarding their risk management policies, procedures, and practices available to the Commission upon the Commission's request."

Mr. David Stawick  
March 7, 2012  
Page 2

In order to comply with Regulation 39.13(h)(5), we propose to amend CME, CBOT and NYMEX Rule 982 and CME Rule 8F010. The text of these rule amendments is set forth on Attachment B, with additions underlined and deletions overstruck.

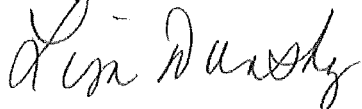
The proposed rule amendments comport with DCO Core Principle C (Participant and Product Eligibility) and Core Principle D (Risk Management), and with the above-referenced DCO regulations.

No substantive opposing views regarding these rule amendments were expressed to CME, CBOT or NYMEX.

CME, CBOT and NYMEX certify that this submission has been concurrently posted on their website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. CME, CBOT and NYMEX further certify that these rule amendments comply with the Commodity Exchange Act and regulations promulgated thereunder.

Should you have any questions regarding this submission, please contact me at (312) 338-2483 or via e-mail at [lisa.dunsky@cmegroup.com](mailto:lisa.dunsky@cmegroup.com). Please reference our Submission No. 12-067 in any related correspondence.

Sincerely,



Lisa Dunsky  
Director and Associate General Counsel

Enclosures: Attachment A - Rule Revisions to Comply with CFTC Regulation 39.12(a)(5)(B)  
Attachment B - Rule Revisions to Comply with CFTC Regulation 39.13(h)(5)(B)-(C)

# ATTACHMENT A

## Rule Revisions to Comply with CFTC Regulation 39.12(a)(5)(B)

### CME, CBOT and NYMEX Rulebooks

#### Chapter 9. Clearing Members

#### Rule 970. FINANCIAL REQUIREMENTS

A. Subject to exemptions granted by Exchange staff, all clearing members, including non-FCMs, must comply with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18. This includes, but is not limited to, the following:

1. Maintenance of minimum capital requirements of at least \$5 million except that a clearing member that is a bank must maintain minimum Tier I Capital (as defined in accordance with regulation applicable to the relevant bank) of at least \$5 billion;
2. Submission of a Form 1-FR, FOCUS Report or other requested information within the specified period of time;
3. Notification requirements when a clearing member:
  - a. Fails to maintain minimum capital requirements;
  - b. Fails to maintain early warning capital requirements;
  - c. Fails to maintain current books and records; or
  - d. Determines the existence of a material inadequacy as specified in CFTC Regulation 1.16(d)(2);
  - e. Changes its fiscal year; or
  - f. Changes its public accountant;In addition to the notifications required by CFTC regulations, all clearing members must provide written notice to the Audit Department of the above events.
4. Completely and accurately computing and recording the balances in the net capital computation including capital requirements;
5. Subordination agreement requirements, including the filing of such agreements; and
6. Preparation of a monthly computation of adjusted net capital and minimum financial requirements.

B. For non-FCMs, all filing, notification, and approval requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18 and in the rules of the Exchange must be submitted to or obtained from the Audit Department, if necessary, rather than the Commission. Non-FCM clearing members shall make available to the CFTC, upon the CFTC's request, copies of financial reports required to be submitted to the Audit Department under this Rule.

C. In conjunction with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17, and 1.18, clearing members must comply with the following requirements:

1. Submit a monthly Form 1-FR or FOCUS Report and the Exchange Supplementary Information schedule including an unaudited monthly Form 1-FR or FOCUS Report as of the clearing member's fiscal year-end, within the time requirements set forth in CFTC Regulation 1.10. A clearing member must include with its Form 1-FR or FOCUS Report a Statement of Income (loss) for the period between the date of the most recent financial statement or, at the option of the clearing member, the most recent certified financial statement filed with the Audit Department and the date for which the report is made.

2. Submit a certified Form 1-FR or FOCUS Report as of the clearing member's fiscal year-end within the time requirements set forth in CFTC Regulation 1.10. A clearing member must include with its certified Form 1-FR or FOCUS Report, a reconciliation from the certified Form 1-FR or FOCUS Report to the monthly Form 1-FR or FOCUS Report as of the same date or a statement that no differences were noted.

3. A clearing member for which CME is the designated self-regulatory organization may request the Audit Department's permission to change its fiscal year. Such request will only be granted for good cause and in accordance with the requirements of CFTC Regulation 1.10(e)(2). The Audit Department's grant of the change in fiscal year will fulfill the approval requirements of CFTC Regulation 1.10(e)(2).

4. A clearing member for which CME is the designated self-regulatory organization may request an extension of time to file a monthly Form 1-FR, monthly FOCUS Report, certified Form 1-FR or certified FOCUS Report from the Audit Department. Such extension will only be granted for good cause and in accordance with the requirements of CFTC Regulations 1.10(f) and 1.16(f). The Audit Department's grant of an extension will fulfill the approval requirements of CFTC Regulations 1.10(f) and 1.16(f).

D. Exchange staff may prescribe additional accounting, reporting, and other financial and/or operational requirements and clearing members must comply with such requirements. All clearing members must provide notice to the Audit Department of a failure to comply with the additional accounting, reporting, financial, and/or operational requirements. The Audit Department must receive immediate written notification when a clearing member knows or should know of such failure.

E. Financial statement filing requirements under this Rule must be met through Exchange-approved electronic transmissions, except for certified Form 1-FRs or FOCUS Reports. Personal Identification Numbers (PINs) must be submitted by authorized signers of the Form 1-FR or FOCUS Report. The PIN will constitute and become a substitute for the manual signature of the authorized signer to the electronically filed Form 1-FR or FOCUS Report. The PIN is a representation by the authorized signer that, to the best of his or her knowledge, all information contained in the statement being transmitted under the PIN is true, correct and complete. The unauthorized use of a PIN for electronic attestation by an unauthorized party is expressly prohibited.

F. Exchange staff may grant exceptions to the financial and reporting requirements of Rule 970 for good cause if it is determined that such exceptions will not jeopardize the financial integrity of the Exchange.

# ATTACHMENT B

## Rule Revisions to Comply with CFTC Regulation 39.13(h)(5)(B)-(C)

### CME, CBOT and NYMEX Rulebooks

#### **Chapter 9. Clearing Members**

#### **Rule 982. RISK MANAGEMENT**

All clearing members must have written risk management policies and procedures in place to ensure they are able to perform certain basic risk and operational functions at all times. At a minimum, the following areas must be considered in the firm's policies and procedures, depending on the firm's size and its business and product mix:

A. Trade Submission and Account Monitoring. Clearing members must have procedures in place to demonstrate compliance in the following areas for trades executed through both electronic platforms and open outcry:

1. Monitoring the credit risks of accepting trades, including give-up trades, of specific customers.
2. Monitoring the risks associated with proprietary trading.
3. Limiting the impact of significant market moves through the use of tools such as stress testing or position limits.
4. Maintaining the ability to monitor account activity on an intraday basis, including overnight.
5. Ensuring order entry systems include the ability to set automated credit controls or position limits or requiring a firm employee to enter orders.
6. Defining sources of liquidity for increased settlement obligations.

B. Additional and/or Alternative Requirements. Exchange or Clearing House staff may prescribe additional and/or alternative requirements in order for clearing members to comply with this Rule.

C. Each clearing member shall promptly provide to Clearing House staff, upon request, information and documents regarding its risk management policies, procedures and practices, including, without limitation, information and documents relating to the liquidity of its financial resources, settlement procedures and operational issues.

D. Each clearing member shall make information and documents regarding its risk management policies, procedures and practices available to the CFTC upon the CFTC's request.

### CME Rulebook

#### **Chapter 8F. Over-the-Counter Derivative Clearing**

#### **Rule 8F010. RISK MANAGEMENT**

OTC Clearing Members will be subject to risk management and monitoring practices by CME relating to transactions submitted to the Clearing House. OTC Clearing Members shall promptly provide all information requested by Clearing House staff, including, without limitation, information respecting risk, settlement, liquidity, and operational issues. OTC Clearing Members shall make information and documents regarding their risk management policies, procedures and practices available to the CFTC upon the CFTC's request.

In limited circumstances, the Clearing House may decline to accept certain OTC Derivatives trades or migration positions if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, the Clearing House should not accept the OTC Derivatives trades or migration positions. In the event that the Clearing House declines to accept certain OTC Derivative trades or migration positions, it shall incur no liability with respect to the trades and positions that are not accepted. It shall be the sole responsibility of the OTC Clearing Members who are parties to such trades or positions to take action as they deem necessary or proper for their own protection.

In addition, if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, that an OTC Clearing Member poses undue risk to the Clearing House based on its OTC Derivatives portfolio, the Clearing House may take any or all of the following actions with respect to such OTC Clearing Member: 1) impose an additional performance bond requirement; 2) prohibit the addition of any new OTC Derivative positions, or 3) require the reduction or unwinding of OTC Derivatives positions.

OTC Clearing Members shall permit on-site risk reviews in accordance with CME Rules and subject to reasonable standards of confidentiality. OTC Clearing Members will also be subject to on-going oversight by the Clearing House Risk Committee regarding their activities related to the CME Clearing House. All such inquiries shall be conducted in a manner consistent with oversight of CME Clearing Members and in accordance with reasonable standards of confidentiality.