



Lisa Dunsky  
Executive Director and Associate General Counsel  
Legal Department

April 11, 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: CME, CBOT and NYMEX Enhanced Reporting Requirements, Submission #12-112**

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), Chicago Mercantile Exchange Inc. (CME), the Board of Trade of the City of Chicago, Inc. (CBOT) and the New York Mercantile Exchange, Inc. (NYMEX) hereby notify the Commodity Futures Trading Commission that they will require all FCM clearing members to file daily, segregated, secured 30.7 and "sequestered" (or customer cleared swaps) statements, as applicable, on a daily basis. The proposed effective date for this new requirement is May 1, 2012.

As further described in the enclosed Audit Information Bulletin 12-04, CME (together with CBOT and NYMEX) will be adopting several enhanced reporting requirements to further safeguard customer funds held at the FCM level. Daily segregation reporting requirements, which are being adopted under CME/CBOT/NYMEX Rule 970.D (Financial Requirement), are the first such enhancement. They are consistent with recent recommendations put forward by the National Futures Association and the Futures Industry Association, among others.

The proposed daily reporting requirements comport with DCO Core Principle F (Treatment of Funds), which requires each DCO to "have standards and procedures designed to ensure the safety of member and participant funds."

No substantive opposing views regarding the proposed daily reporting requirements were expressed to CME.

CME certifies that this submission has been concurrently posted on its website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. CME further certifies that this rule amendment complies with the Commodity Exchange Act and regulations promulgated thereunder.

Mr. David Stawick

April 11, 2012

Page 2

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. 12-112 in any related correspondence.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Dunsky".

Lisa Dunsky

Executive Director and Associate General Counsel



## Memorandum

### AUDIT INFORMATION BULLETIN

TO: Chief Executive Officers  
Chief Compliance Officers  
Chief Financial Officers

#12-04

DATE: April 2, 2012

SUBJECT: Enhanced Customer Protections

As a leader in the industry, and in conjunction with recommendations we have developed with several industry groups to further safeguard customer funds at the firm level, CME is adopting several enhancements to its reporting requirements. Customer segregation is the cornerstone of the futures industry, and it is critical to ensure the protections afforded under segregation are as strong as they can be for our market participants. In conjunction with recommendations already put forward by National Futures Association, Futures Industry Association and others, the following enhancements are being adopted.

#### Additional Reporting

Effective May 1, 2012 CME is requiring all FCM clearing members:

To file daily segregated, secured 30.7 and sequestered statements, as applicable, through WinJammer™ by 12:00 noon on the following business day. These daily statements must be electronically submitted and signed off by the firm's Chief Executive Officer, Chief Financial Officer or their designated representative as allowed under self-regulatory organization ("SRO") rules and as authorized on the "User Identification Request Form". The daily segregated, secured 30.7 and sequestered statement filings will be identified in WinJammer under two new reports: "Daily Seg 1-FR" and "Daily Seg FOCUS II" for FCMs and dually registered FCMs/Broker Dealers respectively. The first required filing as of May 1, 2012 will be due on May 2, 2012 by 12:00 noon.

CME is adopting these additional reporting requirements under CME, CBOT and NYMEX Rule 970.D. Financial Requirements while specific rules requiring the above are finalized.

#### Additional Reviews

In coordination with the Joint Audit Committee, CME will be performing limited reviews of customer segregated, secured 30.7 and sequestered statements on a surprise basis outside of the regular risk based examinations. These reviews will be performed in accordance with a review program adopted by the Joint Audit Committee and filed with the CFTC.

Upcoming Changes

CME continues to work with the industry to adopt further improvements to customer protections. Included in these additional enhancements will be requirements that:

- All disbursements of customer segregated, secured 30.7 or sequestered funds that are not made for the benefit of customers of the respective customer origin and that exceed 25% of the excess segregated, secured 30.7 or sequestered funds as applicable must be pre-approved in writing by the FCM's Chief Executive Officer, Chief Financial Officer or designated principal as allowed under SRO rules. In determining if the 25% level has been exceeded, all such disbursements not made for the benefit of customers by customer origin should be aggregated and compared to the most current daily segregated, secured 30.7 and sequestered calculations as applicable. Further, CME must be immediately notified of such disbursements through WinJammer notification filings including a description of the nature of the disbursement(s) and confirmation of pre-approval. This requirement is being adopted in conjunction with other SROs and will be effective once proposed rule changes are completed and have received regulatory approvals. Additional information and details will be provided once rules are in place and an effective date has been determined.
- FCM clearing members will be required to file bi-monthly Segregated Investment Detail Reports ("SIDRs") reflecting how customer segregated, secured 30.7 and sequestered funds are invested and where those funds are held. The SIDRs will be filed electronically through WinJammer as of the 15<sup>th</sup> of the month and last day of the month. This reporting requirement is expected to become effective July 1, 2012 – additional information and details will be forthcoming.

FCMs are expected to have sufficient accounting systems, internal controls and procedures in place for safeguarding customer and firm assets to ensure compliance with all segregation, secured 30.7 and sequestered rules and regulations at all times, including maintaining excess funds on an intra-day basis. We continue to work with the industry in determining best practices regarding internal controls and procedures over customer assets.

If you have any questions, please call the Audit Department at (312) 930-3230.