

August 15, 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

RE: Modifications to Clearing Fee Schedule Applicable to Cleared Over-The-Counter Interest Rate Swaps (“OTC IRS”) CME Submission No. 12-254

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. (“CME”) hereby notifies the Commodity Futures Trading Commission (“Commission”) that it plans to modify its schedule of fees (the “Fee Schedules”) that apply to OTC IRS. The modifications to the Fee Schedules will become effective on September 1, 2012. Specifically, CME will be adding; (i) an optional alternative fee schedule, (ii) progressive fee tiers for the standard fee schedule, and (iii) fee waivers for CME OTC IRS clearing member’s back-loaded trades.

Modifications to the Fee Schedules are set out in Exhibit 1 and Exhibit 2 below. Additions are underscored and subtractions are overstruck.

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. The Fee Schedules set forth fees that will apply to all market participants clearing OTC IRS contracts at CME. CME believes that the new Fee Schedules will encourage customers to submit additional volume into the system to help build open interest ahead of a regulatory mandate.

CME certifies that the Fee Schedules comply with the CEA and the regulations thereunder. There were no substantive opposing views to the modifications.

CME certifies that this submission has been concurrently posted on the CME’s website at <http://www.cmegroup.com/market-regulation/rule-filings.html>

If you require any additional information regarding this submission, please contact Steve Dayon at 312-466-4447 or via e-mail at steven.dayon@cmegroup.com, or contact me at 212-299-2228. Please reference our CME Submission No. 12-254 in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Executive Director & Associate General Counsel

Attachments

EXHIBIT 1

OTC INTEREST RATE SWAPS CUSTOMER FEE SCHEDULE

STANDARD TRANSACTION FEE SCHEDULE

Transaction Fee Schedule							
Transaction Maturity	Base Fee Rates* (Per Million Notional)						
	USD	EUR	GBP	CAD	AUD	CHF	JPY
0 - 1 Year	\$1.00	€ 1.00	£1.00	C\$1.00	A\$1.00	CHF 1.00	¥1.00
1+ - 3 Years	\$2.50	€ 2.50	£2.50	C\$2.50	A\$2.50	CHF 2.50	¥2.50
3+ - 6 Years	\$4.50	€ 4.50	£4.50	C\$4.50	A\$4.50	CHF 4.50	¥4.50
6+ - 9 Years	\$6.00	€ 6.00	£6.00	C\$6.00	A\$6.00	CHF 6.00	¥6.00
9+ - 12 Years	\$8.00	€ 8.00	£8.00	C\$8.00	A\$8.00	CHF 8.00	¥8.00
12+ - 16 Years	\$10.00	€ 10.00	£10.00	C\$10.00	A\$10.00	CHF 10.00	¥10.00
16+ - 21 Years	\$12.50	€ 12.50	£12.50	C\$12.50	A\$12.50	CHF 12.50	¥12.50
21+ - 26 Years	\$15.00	€ 15.00	£15.00	C\$15.00	A\$15.00	CHF 15.00	¥15.00
26+ - 31 Years	\$17.50	€ 17.50	£17.50	C\$17.50	A\$17.50	CHF 17.50	¥17.50
31+ - 51 Years	\$24.00	€ 24.00	£24.00	N/A	N/A	N/A	N/A

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

“**Transaction 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 transaction maturity date and (y) the number of full months from the transaction effective date to the transaction maturity date.

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. Additionally, from September 1, 2012 to December 31, 2013, a customer will be eligible to receive a one-time rebate on current calendar quarter activity during the first calendar quarter that its weighted average discount is equal to or greater than 15%.

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- 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

Maintenance Fee						
(per million notional, rounded to the nearest .01)						
<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>CAD</u>	<u>AUD</u>	<u>CHF</u>	<u>JPY</u>
\$2.00	€2.00	£2.00	C\$2.00	A\$2.00	CHF 2.00	¥2.00
*all maintenance fees are 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
- Maintenance fees will not be charged for trades which are terminated before the anniversary date

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:
 - A \$25.00 per ticket fee;
 - Monthly charge of Ten (10) basis points annualized on the client's initial margin requirement(360 day count).
- Election of the alternative fee schedule requires notice to CME which must be given (i) during the firm's onboarding process, or (ii) at least fifteen (15) days prior to a calendar quarter that the firm elects to receive the alternative fee schedule.

Maintenance Fee						
(per million notional, rounded to the nearest .01)						
<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>CAD</u>	<u>AUD</u>	<u>CHF</u>	<u>JPY</u>
\$2.00	€2.00	£2.00	C\$2.00	A\$2.00	CHF 2.00	¥2.00
*all maintenance fees are 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
- Maintenance fees will not be charged for trades which are terminated before the anniversary date

EXHIBIT 2

OTC INTEREST RATE SWAPS IRS CLEARING MEMBER FEE SCHEDULE

STANDARD TRANSACTION FEE SCHEDULE

Transaction Fee Schedule							
Transaction Maturity	Base Fee Rates*						
	(Per Million Notional)						
	USD	EUR	GBP	CAD	AUD	CHF	JPY
0 - 1 Year	\$0.75	€ 0.75	£0.75	C\$0.75	A\$.75	CHF 0.75	¥0.75
1+ - 3 Years	\$1.88	€ 1.88	£1.88	C\$1.88	A\$1.88	CHF 1.88	¥1.88
3+ - 6 Years	\$3.38	€ 3.38	£3.38	C\$3.38	A\$3.38	CHF 3.38	¥3.38
6+ - 9 Years	\$4.50	€ 4.50	£4.50	C\$4.50	A\$4.50	CHF 4.50	¥4.50
9+ - 12 Years	\$6.00	€ 6.00	£6.00	C\$6.00	A\$6.00	CHF 6.00	¥6.00
12+ - 16 Years	\$7.50	€ 7.50	£7.50	C\$7.50	A\$7.50	CHF 7.50	¥7.50
16+ - 21 Years	\$9.38	€ 9.38	£9.38	C\$9.38	A\$9.38	CHF 9.38	¥9.38
21+ - 26 Years	\$11.25	€ 11.25	£11.25	C\$11.25	A\$11.25	CHF 11.25	¥11.25
26+ - 31 Years	\$13.13	€ 13.13	£13.13	C\$13.13	A\$13.13	CHF 13.13	¥13.13
31+ - 51 Years	\$18.00	€ 18.00	£18.00	N/A	N/A	N/A	N/A

“**Transaction 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 transaction maturity date and (y) the number of full months from the transaction effective date to the transaction maturity date.

Volume Discounts:

Each calendar quarter, clearing member’s 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. Additionally, from September 1, 2012 to December 31, 2013, a clearing member will be eligible to receive a one-time rebate on current calendar quarter activity during the first calendar quarter that its weighted average discount is equal to or greater than 15%.

- 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

House Account Schedule <i>Quarterly USD equivalent base fees incurred</i>	Discount Earned
\$0 – \$75,000	0%
\$75,000 – \$150,000	15%
\$150,000 – \$300,000	30%
\$300,000+	60%

- Transaction fees will not be charged on back-loaded trades
- Transaction fees will not be charged for trades executed to facilitate compression activity.

Maintenance Fees

Not Applicable

ALTERNATE FEE SCHEDULE

Subject to the timing requirements below, house accounts may elect to be subject to an alternate transaction fee schedule for OTC IRS.

- Firms that elect the alternative fee schedule will be charged:
 - A \$25.00 per ticket transaction fee; and
 - A monthly charge of Ten (10) basis points annualized on the client's initial margin requirement(360 day count).
- Election of the alternative transaction fee schedule requires notice to CME which must be given (i) during the firm's onboarding process, or (ii) at least fifteen (15) days prior to a calendar quarter that the firm elects to receive the alternative fee schedule.

Maintenance Fee						
(per million notional, rounded to the nearest .01)						
<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>CAD</u>	<u>AUD</u>	<u>CHF</u>	<u>JPY</u>
\$2.00	€ 2.00	£2.00	C\$2.00	A\$2.00	CHF 2.00	¥2.00
*all maintenance fees are 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
- Maintenance fees will not be charged for trades which are terminated before the anniversary date