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Christopher Bowen  
Managing Director and Chief Regulatory Counsel  
Legal Department

OFFICE OF THE  
SECRETARIAT

October 14, 2011

**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: Fee Waiver Program for OTC Credit Default Swap Clearing  
CME Submission No. 11-378**

Dear Mr. Stawick:

Chicago Mercantile Exchange, Inc ("CME") hereby notifies the Commodity Futures Trading Commission ("Commission") that it plans to implement a general Fee Waiver Program for OTC Credit Default Swap Clearing ("Program"). The proposed Program will become effective on October 31, 2011.

In the July 2011, CME Group lifted certain volume caps that were implemented in December 2009, which was followed by launching a broad suite of index products in September. CME expects that the expanded breadth of products, the termination of volume caps and the temporary fee waiver will encourage customers to place more volume into the system to ensure system readiness and help build open interest prior to the clearing mandate.

Exhibit 1 sets forth the terms of this Program.

CME business staff responsible for the Program and the CME legal department collectively reviewed the designated clearing organization core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA"). During the review, CME staff identified the following Core Principles as potentially being impacted; Participant and product Eligibility and Rule Enforcement.

The proposed Program is a general fee waiver that applies to all market participants equally. In addition, CME does not believe the proposed Program incentivizes 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. CME believes that with the recent expansion of our CDS Product Offering, a temporary clearing fee waiver on all CME clearing eligible products will encourage customers to submit additional volume into the system to ensure system readiness and help build open interest ahead of a regulatory mandate.

All market participants that clear OTC Credit Default Swap products at CME will be entitled to participate. Chapter 4 of CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices. The proposed Program is subject to these rules.

CME certifies that the Program, and all modifications set out in Exhibit 1 comply with the Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views to this Program.

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

If you require any additional information regarding this submission, please contact Jason Silverstein at 212-299-2228 or via e-mail at [jason.silverstein@cmegroup.com](mailto:jason.silverstein@cmegroup.com), or contact me at 212-299-2200. Please reference our CME Submission No. 11-378 in any related correspondence.

Sincerely,

/s/ Christopher Bowen  
Managing Director, Chief Regulatory Counsel

Attachments

## EXHIBIT 1

### FEE WAIVER PROGRAM FOR OTC CREDIT DEFAULT SWAP CLEARING

#### **Program Purpose.**

The purpose of this Program is to encourage market participants to increase their OTC clearing activity for the product listed below.

#### **Product Scope**

OTC Credit Default Swap Clearing ("Product").

#### **Eligible Participants**

All market participants including CME CDS Clearing Members and their customers are eligible. The fee incentives described below will be automatically applied to all cleared trades in the Product.

#### **Program Term**

Start date is October 31, 2011. End date is December 31, 2011.

#### **Hours**

The incentives will apply to transactions cleared in the Product.

#### **Program Incentives**

**Fee Waivers.** All market participants that clear the Product will have their clearing fees waived.