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OFFICE OF THE SECRETARIAT

November 10, 2008

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

**RE: CME Chapter 8F ("Over-the-Counter Derivative Clearing")
Submission No. 08-178**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") hereby notifies the Commission that the Exchange has approved amendments to CME Chapter 8F to reduce operational issues clearing members have with placing customer cleared swaps in their house, non-segregated origin and to make additional updates to provisions addressing an Over-the-Counter ("OTC") clearing member insolvency.

The rule changes are attached with the additions underscored and deletions overstruck.

CME certifies that these changes comply with the Commodity Exchange Act and regulations thereunder.

If you have any questions regarding this matter, please call me at (312) 648-5422.

Sincerely,

/S/ Stephen M. Szarmack
Director and Associate General Counsel

8F03. CLASSIFICATION OF POSITIONS*

All OTC Derivatives ~~submitted~~ accepted for clearing by ~~an~~ the Clearing House shall be deemed to be positions of ~~the submitting~~ OTC Clearing Member for its proprietary account. Each position shall be assigned to and held in a proprietary account of such Clearing Member. All collateral deposited as performance bond to support positions in the proprietary account of an OTC Clearing Member and all variation margin payments made from such account shall be deemed the property of the OTC Clearing Member and shall be subject to the Clearing House's lien and security rights as described in Rule 8F08. ~~Customers of OTC Derivatives submitted for clearing for the account of a Clearing Member's customer Members shall be assigned~~ have no rights to and held in a Regulation § 30.7 account of such Clearing Member. All collateral deposited as performance bond to support positions in such Regulation § 30.7 account and all positions, collateral or cash in such account shall be segregated from the Clearing Member's the proprietary account,

~~accounts of an OTC Clearing Member.~~ Notwithstanding the foregoing, if the CFTC ~~issues~~ has issued an order permitting OTC Clearing Members to commingle customer funds used to margin particular OTC Derivatives that are cleared by CME with other funds held in CEA Section 4(d)(2) customer segregated accounts, such positions may be held in the customer accounts of an OTC Clearing Member and, if so held, all collateral deposited as performance bond to support such positions and all variation margin payments made from such accounts shall be commingled with similar property of regulated ~~long to such~~ customers.

8F05. SUBSTITUTION

An OTC Derivative that is executed and submitted to the Clearing House in accordance with the rules governing such transaction shall be accepted by the Clearing House. The Clearing House shall substitute itself as the counterparty to each ~~OTC Clearing Member~~ party to the original transaction. The OTC Clearing Member shall be ~~responsible~~ deemed the party to the Clearing House for performance of the contract transaction whether executed by that Clearing Member or by an authorized customer of that clearing member. After that substitution, there shall be two equal and offsetting over-the-counter transactions as follows: one between the buyer and the Clearing House, as seller; and an equal and offsetting transaction between the Clearing House and the seller.

8F13. INSOLVENCY AND LIQUIDATION*

In the event of a bankruptcy or insolvency of an OTC Clearing Member or any other clearing member carrying OTC Derivatives in its proprietary or customer accounts, the default Rules and risk management procedures of CME shall apply, including, but not limited to, the provisions in Rule 975. Upon ~~the~~ bankruptcy or insolvency of such a clearing member, the Clearing House will terminate, or offset, any open OTC Derivatives of the bankrupt or insolvent Clearing Member and of its customers, however, the Clearing House shall have discretion to transfer such customer positions to one or more other Clearing Members. The Clearing House may mitigate or eliminate the risks incurred by ~~it~~ as a result of offsetting or terminating such open OTC Derivatives by any one or more of the following means: -1) replace all or a portion of the OTC Derivatives of the defaulting clearing member by entering into a ~~transaction~~ with a solvent ~~clearing member(s)~~; 2) replace all or a portion of the OTC Derivatives of the defaulting clearing member by entering into OTC Derivatives for its own account in the open market; ~~and/or~~ 3) enter into OTC Derivatives (or exchange-traded contracts) to hedge the economic risks imposed on it as a result of offsetting or terminating such OTC Derivatives by any commercially reasonable means. The Clearing House may also replace any OTC Derivatives it enters into to replace or hedge economic risks from any terminated transaction by substituting a transaction with a solvent clearing member(s) that offsets the original terminated transaction.

Any Close-out Amount incurred by the Clearing House in liquidating, transferring and establishing, adjusting and/or replacing positions resulting from the clearing member's default will be deducted from the defaulting clearing member's collateral held by CME. In the event the collateral of the defaulting clearing member is not sufficient to satisfy the Close-Out Amount, the unsatisfied costs will be a claim by the Clearing House against the defaulting clearing member.