

November 14, 2013

VIA E-MAIL

Ms. Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

**RE: CFTC Regulation 40.6(a) Certification. Modifications to the Fee Schedule for Over-the-Counter (“OTC”) Interest Rate Swaps
CME Submission No. 13-495**

Dear Ms. Jurgens:

Chicago Mercantile Exchange Inc. (“CME” or the “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it plans to modify the fee schedule (“Fee Schedule”) that applies to over-the-counter (“OTC”) Interest Rate Swaps (“IRS”) cleared at CME. The modifications to the Fee Schedule will become effective on December 1, 2013.

The fees for clearing members are being modified to a \$250 per ticket fee and the volume discounts and alternative fee schedules are being deleted. Additionally, CME will waive the clearing member fee for back-loaded trades and trades associated with customer terminations as defined in the fee schedule. Further, the customer fee schedule is being revised to remove maintenance fees and a non-substantive change is being made to simplify the fee table from a matrix specifying each currency to a single table referring to the transaction currency.

Exhibit 1 sets forth the Fee Schedule that will be applicable to OTC IRS transactions cleared at CME with additions underscored and deletions ~~overstruck~~.

CME business staff and the CME legal department collectively reviewed the derivatives 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**. The Fee Schedule and proposed modifications set forth fees that apply to all market participants clearing IRS contracts at CME. CME believes that the Fee Schedule encourages customers to submit additional volume into the system and promotes central clearing of OTC IRS transactions.
- **Rule Enforcement**. CME does not believe the Fee Schedule or proposed modifications incentivize market abuse in any way and do not otherwise impact any aspects of CME’s risk management, settlement procedures, treatment of funds or default rules or procedures. Chapter 4 of CME rules includes prohibitions against fraudulent, non-competitive, unfair or abusive practices.

CME certifies that the Fee Schedule and proposed modifications set forth in Exhibit 1 comply with the CEA and the regulations thereunder. There were no substantive opposing views to the Fee Schedule or proposed modifications.

CME 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 me at 212-299-2228 or via e-mail at Jason.Silverstein@cmegroup.com. Please reference our CME Submission No. 13-495 in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Executive Director and Associate General Counsel

Attachment: Exhibit 1

EXHIBIT 1

OTC INTEREST RATE SWAPS CUSTOMER FEE SCHEDULE

STANDARD TRANSACTION FEE SCHEDULE

Transaction Fee:

- Charged on all new and back-loaded transactions
 - There are no transaction fees for transfers
- All market participants that clear OTC IRS products will be entitled to receive discounted base clearing fees for short-dated IRS (0-6 months) in accordance with the table below through December 31, 2014.
- Transaction fees will be billed in the same currency as the swap notional, and are subject to the below schedule:

<u>Transaction Maturity</u>	<u>Rate Per Million Notional In Transaction's Currency</u>
0 – 3 months	0.25
3+ – 6 months	0.50
6+ – 12 months	1.00
1+ – 3 years	2.50
3+ – 6 years	4.50
6+ – 9 years	6.00
9+ – 12 years	8.00
12+ – 16 years	10.00
16+ – 21 years	12.50
21+ – 26 years	15.00
26+ – 31 years	17.50
31+ – 51 years	24.00

<u>Transaction Maturity</u>	<u>Base Fee Rates*</u> (Per Million Notional)											
	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>CAD</u>	<u>AUD</u>	<u>CHF</u>	<u>JPY</u>	<u>SEK</u>	<u>NOK</u>	<u>DKK</u>	<u>NZD</u>	<u>HKD</u>
0 – 3 months	\$0.25	€0.25	£0.25	C\$0.25	A\$0.25	CHF 0.25	¥0.25	SEK 0.25	NOK 0.25	DKK 0.25	NZD 0.25	HKD 0.25
3+ – 6 months	\$0.50	€0.50	£0.50	C\$0.50	A\$0.50	CHF 0.50	¥0.50	SEK 0.50	NOK 0.50	DKK 0.50	NZD 0.50	HKD 0.50
6+ to 12 months	\$1.00	€1.00	£1.00	C\$1.00	A\$1.00	CHF 1.00	¥1.00	SEK 1.00	NOK 1.00	DKK 1.00	NZD 1.00	HKD 1.00
1+ – 3 Years	\$2.50	€2.50	£2.50	C\$2.50	A\$2.50	CHF 2.50	¥2.50	SEK 2.50	NOK 2.50	DKK 2.50	NZD 2.50	HKD 2.50
3+ – 6 Years	\$4.50	€4.50	£4.50	C\$4.50	A\$4.50	CHF 4.50	¥4.50	SEK 4.50	NOK 4.50	DKK 4.50	NZD 4.50	HKD 4.50
6+ – 9 Years	\$6.00	€6.00	£6.00	C\$6.00	A\$6.00	CHF 6.00	¥6.00	SEK 6.00	NOK 6.00	DKK 6.00	NZD 6.00	HKD 6.00
9+ – 12 Years	\$8.00	€8.00	£8.00	C\$8.00	A\$8.00	CHF 8.00	¥8.00	SEK 8.00	NOK 8.00	DKK 8.00	NZD 8.00	HKD 8.00
12+ – 16 Years	\$10.00	€10.00	£10.00	C\$10.00	A\$10.00	CHF 10.00	¥10.00	SEK 10.00	NOK 10.00	DKK 10.00	NZD 10.00	HKD 10.00
16+ – 21 Years	\$12.50	€12.50	£12.50	C\$12.50	A\$12.50	CHF 12.50	¥12.50	SEK 12.50	NOK 12.50	DKK 12.50	N/A	N/A
21+ – 26 Years	\$15.00	€15.00	£15.00	C\$15.00	A\$15.00	CHF 15.00	¥15.00	SEK 15.00	NOK 15.00	DKK 15.00	N/A	N/A
26+ – 31 Years	\$17.50	€17.50	£17.50	C\$17.50	A\$17.50	CHF 17.50	¥17.50	SEK 17.50	NOK 17.50	DKK 17.50	N/A	N/A
31+ – 51 Years	\$24.00	€24.00	£24.00	N/A	N/A	N/A	N/A	N/A	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.

Maintenance Fee:

- 2.00 per million notional, 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.

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%.

- 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 <i>(per million notional, rounded to the nearest .01)</i>						
USD	EUR	GBP	CAD	AUD	CHF	JPY
\$2.00	€2.00	£2.00	C\$2.00	A\$2.00	CHF 2.00	¥2.00
<i>*all maintenance fees are charged in the same currency as the swap notional</i>						

- ~~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						
<i>(per million notional, rounded to the nearest .01)</i>						
USD	EUR	GBP	CAD	AUD	CHF	JPY
\$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							
<u>Transaction Maturity</u>	Base Fee Rates*						
	(Per Million Notional)						
	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>CAD</u>	<u>AUD</u>	<u>CHF</u>	<u>JPY</u>
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)						
USD	EUR	GBP	CAD	AUD	CHF	JPY
\$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

- \$250 fee charged on all trades cleared at CME on a pre-allocation basis (Dealer side of a trade will be treated as one trade even if it is allocated and cleared as multiple trades).
 - o The fee will always be charged in dollars regardless of the denomination of currency of the swap.
- The following exceptions will apply:
 - o The transaction fee will be waived on all back-loaded trades, defined as where the Trade Date is prior to the Cleared Date (if a trade is resubmitted for clearing, its Cleared Date is the original submission date for this purpose).
 - o The transaction fee will be waived on all trades executed to facilitate client terminations, defined as where the Effective Date is no more than the Standard Day Offset for that currency denomination after the Cleared Date.
“Standard Day Offset” for a swap denominated in a currency shall mean the number of Business Days specified below for that currency:

<u>Standard Day Offset</u>	
<u>0 Business Days</u>	<u>AUD, CAD, DKK (non-CIBOR2)</u> <u>GBP, HKD, NZD, ZAR</u>
<u>1 Business Day</u>	<u>MXN</u>
<u>2 Business Days</u>	<u>All other currencies</u>