

November 23, 2012

VIA E-MAIL

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

**RE: Rule 40.6 Certification. Changes to the Manual of Operations for CME Cleared Interest Rate Swaps (the "IRS Manual")
CME Submission No. 12-414**

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") pursuant to Commodity Futures Trading Commission (the "Commission") Regulation 40.6 hereby notifies the Commission of changes to the Manual of Operations for CME Cleared Interest Rate Swaps (the "IRS Manual"). The proposed changes will be effective on December 10, 2012.

The IRS Manual is being updated to reflect changes to the relevant chapters as summarized below:

- Chapter 1 - Update to reflect CME's approval to offer risk offsets to customers;
- Chapter 2 – Addition of Basis Swaps and Forward Rate Agreements ("FRAs") to the IRS product scope. Contemporaneous with this filing, CME has also submitted a filing (CME Submission #12-413) under Regulation 39.5(b) informing the Commission of its intention to accept basis swaps and FRAs for clearing on December 10, 2012. The maximum maturity date for OIS swaps has also been reduced to 2 years;
- Chapter 4 – Revised language around risk system messaging where a specific consent is requested of the firms for acceptance of a transaction;
- Chapter 5 – CME is adding 4 new reports – the IRS Delta Ladder Report, IRS Variation Margin Reporting, IRS Margin Reporting and EOD reports for Collateral and Settlement banking. These reports are being added in response to IRS Clearing Member requests for additional information with respect to interest rate swap portfolios, in particular to facilitate analysis for those participating interest rate portfolio risk offsets;
- Chapter 6 – Addition of a manual process for agreeing to the CME Clearport Exchange User License Agreement. Addition of possibility for a second upfront payment. Removal of all holiday carve-out to weekday clearing cycles.
- Chapter 10 is being deleted as the details have been separately provided to IRS Clearing Members in an operational portfolio margining specifications document; and
- Certain typographical and grammatical corrections have been made.

The changes to the IRS Manual are reflected in Exhibit 1 marked as confidential and redacted.

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. CME believes that the proposed changes update the current IRS products available for clearing at CME and revise and further clarify standards for IRS Clearing Membership operational processes.

The text of the proposed changes is reflected on the attached Exhibits, with additions underlined and deletions ~~stricken through~~.

CME certifies that the above rules and rule amendments comply with the Commodity Exchange Act and the regulations thereunder. There were no substantive opposing views.

Notice of this submission has been concurrently posted on CME Group's website at <http://www.cmegroup.com/market-regulation/rule-filings.html>

If you require any additional information regarding this submission, please contact Sasha Rozenberg at 212-299-2106 or via e-mail at sasha.rozenberg@cmegroup.com, or contact me at 212-299-2228. Please reference our CME Submission No. 12-414 in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Executive Director & Associate General Counsel

EXHIBIT 1

Manual of Operations for CME Cleared Interest Rate Swaps

CONFIDENTIAL

[Redacted]