

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 15-379

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: DCM SEF DCO SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 8/27/2015 Filing Description: Acceptance of BRL Denominated Interest Rate Swaps for Clearing

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

Rule Numbers:

New Product

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

Official Product Name: BRL IRS

Product Terms and Conditions (product related Rules and Rule Amendments)

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected:

Rule Numbers:

August 27, 2015

VIA E-MAIL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**RE: CFTC Regulation 39.5(b) Submission: Acceptance of BRL IRS for Clearing.
CME Submission No. 15-379**

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME"), a registered derivatives clearing organization ("DCO") under the Commodity Exchange Act, as amended (the "Act"), hereby submits to the Commodity Futures Trading Commission ("CFTC" or "Commission"), pursuant to Commission Rule 39.5(b), its plan to accept interest rate swaps ("IRS") denominated in Brazilian Real ("BRL") for clearing, beginning August 31, 2015.

39.5(b)(3)(i): Eligibility to Clear

Pursuant to Regulation 39.5(b)(3)(i), CME states that it is eligible to accept BRL IRS for clearing. Should the Commission determine that such swaps are required to be cleared, CME will be able to maintain compliance with the DCO core principles set forth in Section 5b(c)(2) of the Act and the regulations promulgated thereunder.

In accordance with Regulation 39.5(b)(3)(ii)-(viii), we are providing the following information in support of this submission:

39.5(b)(3)(ii)(A) Statement on Outstanding Derivatives Notional Exposure, Trading Liquidity and Pricing Data

The most recent Triennial Central Bank Survey of the Bank of International Settlements ("BIS") (<http://www.bis.org/publ/rpfx13ir.pdf>) reported turnover in BRL IRS averaged 16 billion US dollar equivalent ("USDE") per day in April 2013.

SDRView, the Swaps Data Repository viewer of Clarus Financial Technology, reported the average daily notional transacted and reported to United States SDRs in BRL IRS to be 4.32 billion (USDE) in the first quarter of 2015 and 3.79 billion (USDE) in the second quarter of 2015. As of August 25, 2015, the total notional of BRL IRS reported to US SDRs was 81.1 billion (USDE). While there is no report that illustrates global BRL IRS volumes since the 2013 BIS

report, CLARUS Financial Technology estimates that US SDR activity is currently approximately 20% of the global activity in BRL IRS¹.

39.5(b)(3)(ii)(B): Rule framework, capacity, operational expertise and resources, and credit support infrastructure

The rule framework for BRL IRS is the same as all other IRS cleared by CME and can be found in the CME Rulebook. This Rulebook is available at www.cmegroup.com/market-regulation/rulebook.index.html, which includes links to pertinent product chapters in the CME Rulebook and incorporates the Manual of Operations for CME Cleared Interest Rate Swaps (the “IRS Manual”). CME Clearing’s “Risk Management and Financial Safeguards” brochure (the “Risk Management Brochure”) available at <http://www.cmegroup.com/clearing/files/financialsafeguards.pdf> contains information regarding CME’s risk management capacity, expertise, resources, and financial safeguards system.

39.5(b)(3)(ii)(C): Statement on the Mitigation of Systemic Risk

While markets in certain OTC derivatives asset classes continued to function well during the financial crisis, the crisis demonstrated the potential for systemic risk arising from the interconnectedness of OTC derivatives market participants and the limited transparency of bilateral counterparty relationships. To help mitigate systemic risk in the OTC derivatives markets, the G-20 Leaders agreed that all standardized OTC derivatives contracts should be cleared through central counterparties by the end of 2012. One of the key goals of the Dodd-Frank Act is the reduction of systemic risk through the use of central clearing for OTC derivatives.

As a central counterparty, CME interposes itself between counterparties to the swaps (and other derivatives products) that it clears, becoming the buyer to every seller and the seller to every buyer. For each swap that it clears, CME provides all clearing house services, including a mark-to-market function, on a daily basis. Depending upon the particular asset class, CME may standardize contract-critical dates (*e.g.*, start dates, last trade dates, expiry dates) and other contract terms. This may enable customers who hold positions to liquidate or to adjust positions simply by buying back or selling the relevant contracts. The associated benefits are considerable:

- *Centralized clearing.* Clearing BRL IRS through CME allows market participants to free up counterparty credit lines. The daily mark-to-market process employed by CME enhances customer risk management.
- *Operational efficiencies.* Centralized clearing of swaps reduces operational burdens in several ways. Standardization and centralized clearing enables consolidation of collateral management and cash flows and eliminates the need for novations or tear-ups.
- *Ease of position adjustment.* In non-cleared markets, the only means to completely eliminate the risk of a swap is to (i) enter into a tear-up agreement with the swap counterparty, or (ii) enter into a novation (*i.e.*, find another entity willing to assume

¹ See Clarus Financial Technology’s report, “BRL Interest Rate Swaps, by Tod Skarecky. <http://www.clarusft.com/brl-interest-rate-swaps/>.

its side of the swap). In either case, the tear-up or the novation must be approved by the bilateral swap counterparty. For most asset classes, central clearing may be used to offset by a contra trade.

As further described in the Risk Management Brochure, CME has the necessary resources available to clear BRL IRS.

39.5(b)(3)(ii)(D): Statement on Competition and Appropriate Fees and Charges

CME does not believe that the clearance of BRL IRS will have any negative impact, or impose any burden, on competition. CME's schedule of fees for IRS can be found at <http://www.cmegroup.com/trading/interest-rates/files/cleared-otc-irs-customer-fees.pdf>.

39.5(b)(ii)(E): Statement on Legal Certainty and Insolvency

The bankruptcy of a DCO is governed by subchapter IV of Chapter 7 of the U.S. Bankruptcy Code (11 U.S.C. §§ 761-767), and by Part 190 (Bankruptcy) of the Commission's regulations. Also relevant in the event that CME were to enter into bankruptcy proceedings is CME Rule 818 (Close-Out Netting) included in Chapter 8 (Clearing House and Performance Bonds) of the CME Rulebook. CME Rule 818 (Close-Out Netting) is included in CME Rulebook Chapter 8.²

The bankruptcy of a clearing member that is a U.S. futures commission merchant ("FCM") would be governed by subchapter IV of Chapter 7 of the U.S. Bankruptcy Code (11 U.S.C. §§ 761-767) and Part 190 (Bankruptcy) of the Commission's regulations. If an FCM is registered as a broker-dealer, certain aspects of its insolvency proceeding may also be governed by the Securities Investor Protection Act.

39.5(b)(3)(iii): Product Specifications

Attached under separate cover as Exhibit 2 are the product-specifications for BRL IRS, which will be added to CME's IRS product scope on its website at www.cmegroup.com/irs. BRL IRS will settle in USD.

39.5(b)(3)(iv): Participant Eligibility Standards

CME Rule 8G04 (IRS Clearing Member Obligations) and the IRS Manual specify the requirements for IRS Clearing Members.

39.5(b)(3)(v): Pricing Sources

We have concurrently submitted in CME Submission 15-379S, a document, marked for confidential treatment, describing the curve building for BRL. Additionally, Chapter 8 (End of Day Valuations) of the IRS Manual describes IRS pricing.

39.5(b)(3)(vi): Risk Management Procedures

The Risk Management Brochure³ summarizes CME's risk management procedures applicable to the clearing of BRL IRS.

² <http://www.cmegroup.com/rulebook/CME/1/8/8.pdf>

³ <http://www.cmegroup.com/clearing/files/financialsafeguards.pdf>

39.5(b)(3)(vii): Rules, manuals, policies, or procedures

The product rules for BRL IRS are being added to Chapters 900 and 901 of the CME Rulebook and are enclosed in Exhibit 1 which is attached hereto. The product rules (i) incorporate the ISDA 1998 FX and Currency Option Definitions in Rule 90101 (Scope of Chapter); (ii) permit for a Settlement Currency different from a Reference Currency in Rules 90002.F (Contract Elections) and 90102.B (Settlement Currency) a summary of the change; (iii) add BRL-CDI as a new rate option in Rule 90102.E (Rate Options) and (iv) add a new Rule 90104 with definitions and product rules specific to BRL IRS. Additions to existing rules are underscored.

39.5(b)(3)(viii): Notice of Submission

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 me at 212-299-2228 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Jason Silverstein
Executive Director & Associate General Counsel

Attachments: Exhibit 1 – CME Rulebook Amendments, BRL Product Rules
Exhibit 2 – BRL Product Specifications (attached under separate cover)

EXHIBIT 1
CME RULEBOOK
BRL Product Rules

(additions underlined; deletions ~~overstruck~~)

Chapter 900

Interest Rate Swaps

90002.F. Contract Elections

With respect to an IRS Contract, each of the following elections made by an IRS Participant for such IRS Contract: the ~~Effective Date~~, Notional Amount(s) (which may be constant or variable, including amortizing, accreting and roller coaster) and currency, Business Day(s), Business Day Convention, Termination Date and any Business Day Convention adjustment, Fixed Rate Payer Payment Dates, Fixed Rate, Fixed Rate Day Count Fraction, Floating Rate Payer Payment Dates, Floating Rate Option, Designated Maturity, Spread, Floating Rate Day Count Fraction, Compounding (Flat/None), Floating Rate for Initial Floating Rate Payer Calculation Period, initial payment amount (if any), initial amount payer (if any) and whether the IRS Clearing Participant is acting as a Floating Rate Payer or a Fixed Rate Payer ~~and~~, whether the Clearing House is acting as a Floating Rate Payer or a Fixed Rate Payer, Settlement Currency and Reference Currency (if any).

Where IRS Participants elect a Reference Currency that is different to the Settlement Currency, IRS Participants may elect any or all of the following: Reference Currency, Reference Currency Notional Amount, Settlement Date, Valuation Date, and any Business Day Convention applicable to such Valuation Date.

90002.O. FX Definitions

The 1998 FX and Currency Option Definitions as published by ISDA, The Emerging Markets Trading Association, Inc., and the Foreign Exchange Committee.

90004. ISDA DISCLAIMERS

ISDA® bears no responsibility or liability arising from the reproduction, public display, incorporation, dissemination or reference to all or any of the 2006 ISDA Definitions. © 2006 International Swaps and Derivatives Association, Inc.

ISDA® and EMTA bear no responsibility or liability arising from the reproduction, public display, incorporation, dissemination or reference to all or any of the FX Definitions. © 1998 International Swaps and Derivatives Association, Inc., Emerging Markets Traders Association, The Foreign Exchange Committee.

Chapter 901 Interest Rate Swaps Contract Terms

90101. SCOPE OF CHAPTER

The terms and conditions of each IRS Contract shall be defined by this Chapter, as supplemented by the ISDA Definitions (and where a Reference Currency is specified, the FX Definitions) and the relevant Contract Elections, and as further supplemented and amended by provisions of these Rules. Capitalized terms in this Chapter that are not otherwise defined in either this Chapter or the other Chapters of the Rules shall have the meanings set forth in the ISDA Definitions; (and where a Reference Currency is specified, the FX Definitions (and in the event of any inconsistency between the FX Definitions and the ISDA Definitions, the ISDA Definitions will govern other than for the purposes of the settlement provisions)).

90102.B. Settlement Currency

Each IRS Contract shall specify a currency of settlement. ~~All~~Unless a Reference Currency is specified, all calculations and determinations shall be made with reference to the specified currency, and all payments shall be due in such currency. Where a Reference Currency is specified, all calculations and determinations shall be made by reference to the Reference Currency but settlement shall be due in the Settlement Currency.

90102.E. Rate Options

...

29. BRL-CDI (in which case the rate for a Reset Date will be The Overnight Brazilian Interbank Deposit Rate Annualized known as the average (“Media”) of the DI-OVER-EXTRA Grupo as published by The Câmara de Custódia e Liquidação as of no later than 12:00 pm on the next Brazil Business Day provided that any adjustments made by The Câmara de Custódia e Liquidação to such rate, if made any time later than the end of the Business Day on such Reset Date, shall not be taken into account by the parties. If BRL-CDI is not published, the Rate Option shall instead be (in the following order of priority): (i) the overnight deposit rate published for the relevant date by the Bolsa de Mercadorias & Futuros; or (ii) determined by the Calculation Agent.)

NEW RULE 90104

90104. BRL Interest Rate Swaps Contract Terms

90104.A. SCOPE OF CHAPTER

The scope of this Chapter is limited in application to IRS Products in respect of which BRL-CDI has been elected as the Rate Option.

Capitalized terms in this Chapter that are not otherwise defined in this Chapter shall have the meanings given to such terms in the other Chapters of the Rules. Capitalized terms in this Chapter that are not otherwise defined in either this Chapter or the other Chapters of the Rules shall have the meanings set forth in the FX Definitions. In respect of any BRL IRS Contract and any inconsistency between the FX Definitions and the ISDA Definitions, the ISDA Definitions will govern other than for the purposes of the settlement provisions.

90104.B. DEFINITIONS

90104.B.1. BRL IRS Contract

An IRS Product that (i) has been accepted for clearing by the Clearing House, and (ii) in respect of which BRL-CDI has been elected as the Floating Rate Option.

90104.B.2. Calculation Days

As of the Trade Date, the number of Brazil Business Days from and including the Effective Date to but excluding the Termination Date.

90104.B.3. Brazil Business Day

São Paulo, Rio de Janeiro or Brasilia, provided that such Business Day is not otherwise declared as a financial market holiday by the Bolsa de Mercadorias & Futuros.

90104.B.4. Unscheduled Holiday

A day that is not a Business Day and the market was not aware of such fact (by means of a public announcement or by reference to other publicly available information) until a time later than 9:00am São Paulo time two Business Days prior to the relevant Payment Date,

90104.C. FURTHER TERMS OF BRL IRS CONTRACTS

Each BRL IRS Contract shall be further supplemented and amended with the following provisions of this Rule 90104.C.

90104.C.1. Non-Deliverable

Settlement shall be Non-Deliverable.

90104.C.2. Notionals

The parties shall specify a Trade Date Present Value Notional Amount and a Termination Date Future Value Notional Amount, and for the purposes of determining the Floating Amount, references in the ISDA Definitions to Notional Amount shall be deemed to be references to the Trade Date Present Value Notional Amount.

90104.C.3. Reset Date

The Reset Date shall be each Business Day from and including the Effective Date to but excluding the Termination Date.

90104.C.4. Business Day

For the purposes of the definition of Business Day:

- (a) the relevant places for the purposes of the definition of Reset Date shall be Brazil Business Day;
- (b) the relevant places for the purposes of the definition of Valuation Date shall be Brazil Business Day and New York;
- (c) the relevant places for the purposes of the definition of Payment Dates shall be Brazil Business Day and New York, provided however that in the event of an Unscheduled Holiday following the Trade Date, it shall be New York only; and
- (d) the relevant places for the purposes of all other definition shall be Brazil Business Day.

90104.C.5. Settlement Currency and Reference Currency

The Settlement Currency shall be USD and the Reference Currency shall be BRL.

90104.C.6. Settlement Rate Option

The Settlement Rate Option shall be BRL PTAX/BRL09.

90104.C.7. Payment Date

The Payment Date shall be one Business Day after the Termination Date.

90104.C.8. Floating Rate Day Count Fraction

The Floating Rate Day Count Fraction shall be Calculation Days /252 (the actual number of Calculation Days in the relevant Calculation Period or Compounding Period in respect of which payment is being made divided by 252).

90104.C.9. Fixed Rate Day Count Fraction

The Fixed Rate Day Count Fraction shall be Calculation Days/252 (the actual number of Calculation Days in the relevant Calculation Period or Compounding Period in respect of which payment is being made divided by 252).

90104.C.10. Fixed Amount

The Fixed Amount shall be the Trade Date Present Value Notional Amount * [(1+Fixed Rate) ^ (Fixed Rate Day Count Fraction)].

90104.C.11. Compounding

Compounding shall be applicable, and in the definition of Compounding Date in the ISDA Definitions, the reference to “each day” shall be deemed to be a reference to “each Business Day”.

90104.C.12. Price Materiality

- (a) Price Materiality shall be applicable.
- (b) The Secondary Rate shall be EMTA BRL Industry Survey Rate (BRL12), or EMTA BRL Indicative Survey Rate (BRL 13), as the case may be.
- (c) The Price Materiality Percentage shall be 3%; provided, however, that if there are insufficient responses on the Valuation Date to the EMTA BRL Industry Survey or the EMTA BRL Indicative Survey, as the case may be, the Price Materiality Percentage will also be deemed to have been met.

90104.C.13. Fallback Reference Price

The Fallback Reference Price shall be (in the following order of priority):

- (a) EMTA BRL Industry Survey Rate (BRL 12);
- (b) the Spot Rate determined on the Business Day first succeeding the day on which the Price Source Disruption ceases to exist, unless the Price Source Disruption continues to exist (measured from the date, that, but for the occurrence of the Price Source Disruption, would have been the Valuation Date) for a consecutive number of calendar days equal to 30 calendar days;
- (c) EMTA BRL Indicative Survey Rate (BRL13);
- (d) determined by the Calculation Agent.

90104.C.14. Deferral Period for Unscheduled Holiday

In the event that the Scheduled Valuation Date becomes subject to the Following Business Day Convention, and if the Valuation Date has not occurred on or before the 30th consecutive day after the Scheduled Valuation Date (any such period being a "Deferral Period"), then the next day after the Deferral Period that would have been a Business Day but for the Unscheduled Holiday, shall be deemed to be the Valuation Date.

EXHIBIT 2

BRL Product Specifications

(attached under separate cover)

EXHIBIT 2

| Attribute | BRL |
|-----------------------------------|----------------------|
| Maximum Maturity | 10 YEARS |
| Variable Notional | x |
| Forward Starting | x |
| Spreads above and below index | x |
| Negative Floating and Fixed Rates | √ |
| Different First Fixing | x |
| Upfront Payment Dates | T+1 through maturity |
| Settlement Convention | T+1 |

| | |
|---------------------------------|---|
| LEG_TYPE | FIXED FLOAT |
| LEG_CCY | BRL |
| LEG_START_DATE_ADJ_BUS_DAY_CONV | NONE |
| LEG_MAT_DATE_ADJ_BUS_DAY_CONV | NONE FOLLOWING MODFOLLOWING PRECEDING |
| LEG_MAT_DATE_ADJ_CAL | BRBD,USNY Required, other calendars optional |
| LEG_PAY_FREQ | 1T |
| LEG_PAY_REL_TO | END_PER |
| LEG_PAY_ADJ_BUS_DAY_CONV | FOLLOWING MODFOLLOWING PRECEDING |
| LEG_PAY_ADJ_CAL | BRBD,USNY Required, other calendars optional |
| LEG_DAYCOUNT | BUS/252 |
| LEG_CALC_PER_ADJ_BUS_DAY_CONV | NONE FOLLOWING MODFOLLOWING PRECEDING |
| LEG_PAY_DATE_OFFSET | 1D |
| LEG_PAY_DAY_TYPE | Business |
| LEG_CALC_PER_ADJ_CAL | BRBD,USNY Required, other calendars optional |
| LEG_CALC_FREQ | 1T |
| LEG_COMP_METHOD | N/A |
| LEG_INDEX | BRL-CDI |
| LEG_INDEX_TENOR | N/A |

| | |
|---|---|
| LEG_RESET_FREQ | 1D |
| LEG_RESET_REL_TO | BEG_PER |
| LEG_RESET_DATE_ADJ_BUS_DAY_CONV | NONE FOLLOWING MODFOLLOWING PRECEDING |
| LEG_RESET_DATE_ADJ_CAL | BRBD,USNY Required, other calendars optional |
| LEG_FIXING_DATE_OFFSET <i>*Market standard fixing offset shown as example but CME accepts any signed/unsigned number</i> | 0D |
| LEG_FIXING_DAY_TYPE | Business Calendar |
| LEG_FIXING_DATE_BUS_DAY_CONV | NONE FOLLOWING MODFOLLOWING PRECEDING |
| LEG_FIXING_DATE_CAL | BRBD Required Other Calendars Optional |
| INITIAL_FIXING_DATE_OFFSET <i>*Market standard fixing offset shown as example but CME accepts any signed/unsigned number</i> | N/A |
| INITIAL_FIXING_DAY_TYPE | N/A |
| INITIAL_FIXING_DATE_BUS_DAY_CONV | N/A |
| INITIAL_FIXING_DATE_CAL | N/A |
| LEG_FX_FIXING_RATE_SOURCE | BRL.PTAX/BRL09 |
| LEG_FX_FIXING_DATE_OFFSET | -1D |
| LEG_FX_FIXING_DAY_TYPE | Business |
| LEG_FX_FIXING_DATE_BUS_DAY_CONV | NONE PRECEDING |
| LEG_FX_FIXING_DATE_CAL | BRBD, USNY Required Other Calendars Optional |

| | |
|-----------------------------|----------|
| LEG_START_DATE | YYYYMMDD |
| LEG_MAT_DATE | YYYYMMDD |
| LEG_ROLL_CONV | NONE |
| LEG_SPREAD | N/A |
| LEG_NOTIONAL | |
| LEG_FUTURE_VALUE_NOTIONAL | |
| LEG_CALC_PER_NUMBER_OF_DAYS | |
| LEG_SETTLEMENT_CCY | USD |

| | |
|------------------|-----|
| LEG_FIXED_RATE | |
| LEG_INITIAL_RATE | N/A |

| | |
|------------------------------|-----|
| LEG_STUB_TYPE | N/A |
| LEG_FIRST_REG_PER_START_DATE | N/A |
| LEG_LAST_REG_PER_END_DATE | N/A |
| LEG_INITIAL_STUB_RATE | N/A |
| LEG_INITIAL_STUBRATE_INDEX1 | N/A |
| LEG_INITIAL_STUBRATE_INDEX2 | N/A |
| LEG_FINAL_STUBRATE_INDEX1 | N/A |
| LEG_FINAL_STUBRATE_INDEX2 | N/A |