



Lisa Dunsky
Executive Director and Associate General Counsel
Legal Department

July 17, 2012

BY ELECTRONIC FILING

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

RE: Amendments to CME/CBOT/NYMEX Rule 819 and CME Rules 8F002, 8F004 and 8F008, Submission #12-241

Dear Mr. Stawick:

Pursuant to Commission Regulation 40.6(a), Chicago Mercantile Exchange Inc. (CME), the Board of Trade of the City of Chicago, Inc. (CBOT) and the New York Mercantile Exchange, Inc. (NYMEX) hereby notify the Commodity Futures Trading Commission that they will adopt revisions to CME, CBOT and NYMEX Rule 819 and CME Rules 8F002, 8F004 and 8F008. The proposed effective date for these rule revisions is August 1, 2012.

In order to clarify that CME Clearing's lien on collateral held by the clearing house includes both property of clearing members and customer performance bond, we propose the following amendments to CME/CBOT/NYMEX Rule 819 and CME Rule 8F008:

Rule 819. LIEN ON COLLATERAL

Each Clearing Member hereby grants to the Clearing House a first priority and unencumbered lien, ~~as security for all obligations of such Clearing Member to the Clearing House,~~ against any property and collateral deposited with the Clearing House by the Clearing Member ~~which is the property of the Clearing Member~~. Clearing Members shall execute any documents required by CME to create and enforce such lien.

Rule 8F008. LIEN ON COLLATERAL

Each OTC Clearing Member hereby grants to CME a first priority and unencumbered lien against any cash, securities or other collateral deposited with the Clearing House by the OTC Clearing Member ~~which is the property of the OTC Clearing Member~~. OTC Clearing Members shall execute any documents required by CME to create and enforce such lien.

The proposed amendments to Rules 819 and 8F008 will align them with CME Rule 8H008 which states, in pertinent part: "Each CDS Clearing Member hereby grants to the Clearing House a first priority and unencumbered lien to secure all obligations of such CDS Clearing Member to the Clearing House against any property and collateral deposited with the Clearing House by the CDS Clearing Member."

In addition, CME proposes to revise CME Rule 8F004, as set forth below, in order to: (a) clarify that the minimum capital requirements for firms that clear credit default swaps and/or interest rate swaps are not governed by Rule 8F004 (but rather by Rules 8G004 and 8H004); and (b) make the minimum capital requirement \$5 million for OTC Clearing Members that only clear agricultural swaps (and not other OTC Derivatives). We note that agricultural swaps cleared by CME Clearing are eligible for EFR transactions (*i.e.*, a privately negotiated and simultaneous exchange of a futures position for a corresponding OTC derivative in the same or related instrument).

Rule 8F004. OTC CLEARING MEMBER OBLIGATIONS AND QUALIFICATIONS

OTC Clearing Members are subject to all relevant CME, CBOT and NYMEX Rules and the Clearing House Manual unless an exemption has been granted by staff or the Clearing House Risk Committee. OTC Clearing Members must execute all agreements and documents required by the Clearing House. The qualifications and requirements to become an OTC Clearing Member are set forth below.

A CME, CBOT, NYMEX and COMEX Clearing Member clearing OTC Derivatives must satisfy the requirements set forth below.

1. An OTC Clearing Member must be in "good standing" under each applicable regulatory regime to which it is subject at the time it applies for OTC clearing membership and it must maintain its good standing status while it is an OTC Clearing Member.

2. An OTC Clearing Member must be in compliance with all applicable regulatory capital requirements and an OTC Clearing Member must maintain minimum capital of:

i. \$5 million if it clears only agricultural OTC Derivatives; and

ii. \$50 million if it clears other OTC Derivatives, excluding credit default swaps and interest rate swaps.

~~-\$50 million.~~

3. [Reserved]

4. [Reserved]

5. [Reserved]

6. An OTC Clearing Member and an OTC Clearing Member applicant shall be engaged in or demonstrate immediate capacity to engage in the conduct of the business of an OTC Clearing Member.

7. An OTC Clearing Member that is not also a CME, CBOT, NYMEX or COMEX Clearing Member shall maintain a membership-equivalent deposit with CME of at least \$5 million in cash or collateral, which shall be valued in the sole discretion of the Clearing House, to assure performance of all obligations arising out of OTC Derivatives submitted by it to the Clearing House.

8. An OTC Clearing Member must comply with the financial requirements set forth in CME Rule 970. However, if the OTC Clearing Member is regulated by another regulatory authority, then it shall submit to CME annual audited financial statements as well as all unaudited financial statements provided to its primary regulator within five days after such statements are provided to its regulator. All financial statements shall be in the English language.

9. The books and records of an OTC Clearing Member regarding OTC Derivatives cleared by the Clearing House shall be made promptly available for inspection upon request by CME and such books and records shall be subject to reasonable standards of confidentiality.

10. Each OTC Clearing Member that is a Futures Commission Merchant shall keep the types of information and records that are described in Section 4g of the Commodity Exchange Act and CFTC regulations thereunder including, but not limited to, Regulation 1.35, with respect to all OTC Derivatives submitted for clearing.

Finally, we propose a technical amendment to the definition of "OTC Derivatives" in CME Rule 8F002 to reflect that section 2(h) of the Commodity Exchange Act no longer provides exemptive relief:

Rule 8F002. DEFINITIONS

OVER-THE-COUNTER ("OTC") DERIVATIVES

Agreements, contracts, or transactions excluded from the Commodity Exchange Act by section 2(c), 2(d), 2(f), or 2(g) of the CEA, or by U.S.C. §§27 to 27f, or exempted under section 2(h) or 4(c) of the CEA, or other over-the-counter derivative instruments (as defined in the Federal Deposit Insurance Corporation Improvement Act of 1991, 12 U.S.C. §4421(2)).

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The proposed rule revisions comport with DCO Core Principle F (including subpart (ii), which requires each DCO to hold member and participant funds in a manner that minimizes risk of loss and delay in access by the DCO to the assets and funds); and with DCO Core Principle C (Participant and Product Eligibility) and Commission Regulation 39.12(a) and (a)(2)(iii).

CME, CBOT and NYMEX certify that this submission has been concurrently posted on its website at <http://www.cmegroup.com/market-regulation/rule-filings.html>. No substantive opposing views regarding the proposed revisions were expressed to CME, CBOT or NYMEX. CME, CBOT and NYMEX further certify that this rule amendment complies with the Commodity Exchange Act and regulations promulgated thereunder.

Should you have any questions regarding this submission, please contact me at (312) 338-2483 or via e-mail at lisa.dunsky@cmegroup.com. Please reference our Submission No. 12-241 in any related correspondence

Sincerely,

A handwritten signature in blue ink that reads "Lisa Dunsky". The signature is written in a cursive, flowing style.

Lisa A. Dunsky

Executive Director and Associate General Counsel