



Jason Silverstein
Executive Director and Associate General Counsel
Legal Department

July 25, 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: Rule 40.6(a) Submission. Changes the Manual of Operations for CME Credit Default Swaps (the "CDS Manual").
CME Submission No. 13-299**

Dear Ms. Jurgens:

Pursuant to Commodity Futures Trading Commission (the "Commission") Regulation 40.6, Chicago Mercantile Exchange Inc. ("CME") hereby notifies the Commission of changes to the Manual of Operations for CME Credit Default Swaps (the "CDS Manual"). All proposed changes will be effective on August 9, 2013 or upon receipt of all regulatory approvals.

The CDS Manual is being updated to reflect changes to the Price Quality Auction ("PQA") settlement process. The proposed change would allow CME to set the bid/ask spread for PQA submissions to a configurable level based on historical price analysis and more consistent with existing market conditions by reducing the acceptable range. This in turn will ensure that settlement prices are not impacted by off-market submissions which will enhance the quality of the PQA process for determining settlement prices for CDS index products. The changes to the CDS Manual are reflected in Exhibit 1 marked as confidential and redacted. The proposed parameter changes do not materially affect the PQA process.

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 Principle as potentially being impacted:

Settlement Procedures. The proposed changes enhance the quality of the daily settlement prices for CDS Index products by setting the spread for PQA submissions to levels more consistent with existing market conditions and reducing the impact of off-market submissions.

Risk Management. As the PQA is the primary measurement of daily prices for CDX Index products, the proposed change will increase the accuracy of the daily measurement of credit exposure to CDS Clearing Members.

The text of the proposed changes is reflected on the attached Exhibit, 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. 13-299 in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Executive Director & Associate General Counsel

EXHIBIT 1

Manual of Operations for CME Cleared Credit Default Swaps

CONFIDENTIAL

[Redacted]