CME Group

Jason Silverstein
Executive Director and Associate General Counsel
Legal Department

November 30, 2012

VIA E-MAIL

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

RE: Regulation 40.10 Submission. Adjustment to the Liquidity Factor of the CDS margin methodology
CME Submission # 12-384R

Dear Ms. Warfield:

Chicago Mercantile Exchange Inc. ("CME") pursuant to Commodity Futures Trading Commission (the "Commission") Regulation 40.10(a) hereby notifies the Commission of proposed changes to the current liquidity/concentration factor (the "Liquidity Factor") of CME's margin methodology for credit default swaps ("CDS"). CME intends to implement the proposed changes upon the earlier of January 31, 2012 and the receipt of regulatory approval.

CME's currently approved CDS margin methodology utilizes a multi-factor model to determine margin requirements for CDS. These factors represent the different risks of cleared CDSs. Combined factors represent the total risk of the portfolio of CDS contracts. The Liquidity Factor is one of the model parameters representing the cast of unwinding concentrated positions.

CME's CDS margin methodology is considered proprietary and confidential to CME. A summary of the current Liquidity Factor methodology and proposed changes are attached as Exhibit 1 hereto and marked as confidential.

CME identified the Financial Resources and Risk Management DCO Core Principles as potentially being impacted as the proposed changes impacts the margin requirements for CDX products. CME believes the proposed changes to the Liquidity Factor materially affect the margins associated with CDS products resulting in a decrease to overall margins. CME believes that any risk associated with such decrease to be minimal as current margin levels are more conservative than the actual risks associate with the cleared portfolios and consistent with the DCO Core Principles would require margins commensurate with the risks associated with the CDX products. As CME has been designated a systemically important derivatives clearing organization by the Financial Stability Oversight Council, CME is providing the Commission and the Board of Governors of the Federal Reserve System with advance notice of the proposed changes under Commission Regulation 40.10.

The proposed changes do not require any changes to rule text in the CME rulebook.

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

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Notice of this submission has been concurrently posted on the 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 email at Sasha.Rozenberg@cmegroup.com. Alternatively, you may contact me at 212-299-2228 or via email at Jason.silverstein@cmegroup.com. Please reference our CME Submission No. 12-384R in any related correspondence.

Sincerely,

/s/ Jason Silverstein
Executive Director & Associate General Counsel

cc: Board of Governors of the Federal Reserve System

Attachment: Exhibit 1

Exhibit 1

Summary of Liquidity Factor of CME's CDS Margin Methodology
and Proposed Changes

[Redacted]

[CONFIDENTIAL]