

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66931; File No. SR-CME-2012-15)

May 7, 2012

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Adoption of Interest Rate Futures Contracts Portfolio Margining Program with Eris Exchange, LLC

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on April 25, 2012, Chicago Mercantile Exchange Inc. (“CME”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been prepared substantially by CME. CME filed the proposal pursuant to Section 19(b)(3)(A) of the Act, and Rule 19b-4(f)(4)(ii)² thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

CME proposes to adopt an interest rate futures contracts portfolio margining program with Eris Exchange, LLC (“Eris”). CME currently clears interest rate swap futures contracts listed by Eris. Separately, the CME clearinghouse settles and clears Eurodollar futures listed by CME. CME is proposing to adopt a program that would allow it to offer portfolio margining of CME Eurodollar futures together with Eris Exchange Interest Rate Swap futures. The portfolio margining program will allow accounts with offsetting positions in CME Eurodollar futures and Eris Exchange contracts to obtain risk offsets and, hence, lower performance bond (i.e., initial

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4(f)(4)(ii).

margin) requirements. The proposed change will immediately become effective on filing but will not become operational until April 30, 2012.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CME included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CME has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

CME currently clears interest rate swap futures contracts listed by Eris. Separately, the CME clearinghouse settles and clears Eurodollar futures listed by CME. CME is proposing to adopt a program that would allow it to offer portfolio margining of CME Eurodollar futures together with Eris Exchange Interest Rate Swap futures. The proposed rule change will immediately become effective on filing but will not become operational until April 30, 2012.

The portfolio margining program will allow accounts with offsetting positions in CME Eurodollar futures and Eris Exchange contracts to obtain risk offsets and, hence, lower performance bond (i.e., initial margin) requirements. Actual risk offsets will vary by portfolio, and will be higher for more highly correlated positions. The reduced margin requirements will be reflected in datafiles provided by CME Clearing to clearing members. Firms will also be able to use CME's margin software to verify margin calculations for these portfolios and perform "what if" analyses.

The portfolio margining program would be available for house accounts and customer accounts. With regard to customer accounts, all products in the proposed program are futures governed by Section 4d(a)(2) of the Commodity Exchange Act and CFTC Regulations promulgated thereunder. CME notes that the proposed portfolio margining program comports with the CFTC's DCO Core Principle G (Risk Management), and with new CFTC Regulation 39.13(g)(4) (Spread and Portfolio Margins), which provides, in pertinent part, that a DCO "may allow reductions in initial margin requirements for related positions if the price risks with respect to such positions are significantly and reliably correlated."

CME also certified the proposed changes that are the subject of this filing to its primary regulator, the CFTC, in CME Submission 12-114.

The proposed change is limited to CME's activities as a derivatives clearing organization clearing futures transactions. As such, the proposed change does not significantly affect the security-based swap clearing operations of CME or any related rights or obligations of CME security-based swap clearing participants. The proposed change is therefore properly filed under Section 19(b)(3)(A) and Rule 19b-4(f)(4)(ii) thereunder because it effects a change in an existing service of a registered clearing agency that primarily affects the futures clearing operations of the clearing agency with respect to futures that are not security futures and does not significantly affect any securities clearing operations of the clearing agency or any related rights or obligations of the clearing agency or persons using such service.

(B) Self-Regulatory Organization's Statement on Burden on Competition

CME does not believe that the proposed rule change will have any impact or impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

CME has not solicited, and does not intend to solicit, comments regarding this proposed change. CME has not received any unsolicited written comments from interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)³ of the Act and Rule 19b-4(f)(4)(ii)⁴ thereunder because it effects a change in an existing service of CME that primarily affects the futures clearing operations of CME with respect to futures that are not security futures and does not significantly affect any securities clearing operations of CME or any related rights or obligations of the clearing agency or persons using such service. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4)(ii).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CME-2012-15 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-CME-2012-15. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings also will be available for inspection and copying at the principal office of CME and on CME's website at <http://www.cmegroup.com>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CME-2012-15 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁵

Kevin O'Neill
Deputy Secretary

⁵ 17 CFR 200.30-3(a)(12).