

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71987; File No. SR-CME-2014-07)

April 22, 2014

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Order Approving Proposed Rule Change Regarding Adoption of Rule 980.F

I. Introduction

On March 4, 2014, Chicago Mercantile Exchange Inc. (“CME”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-CME-2014-07 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the Federal Register on March 19, 2014.³ The Commission received no comment letters regarding the proposed change. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description

CME is proposing to amend CME Rule 980, which sets out required records and reports for clearing members of CME, by adding a new paragraph F. The new paragraph would provide for administrative fees to be imposed for late submissions of reports and other financial information to CME’s Financial and Regulatory Surveillance Department (“FRSD”). Pursuant to the additional language, CME’s FRSD would be able to assess clearing members a \$1,000 administrative fee for each required submission that is not received by the due date and time.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34-71719 (March 13, 2014), 79 FR 15380 (March 19, 2014) (SR-CME-2014-07).

The proposed additional language would also give the FRSD the discretion to waive assessment of the administrative fee for good cause shown.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act⁴ directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act⁵ requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency and for which it is responsible and, in general, to protect investors and the public interest.

The Commission finds that the proposed rule change is consistent with the requirements of Section 17A of the Act.⁶ The proposed change provides CME with the ability to assess a \$1,000 administrative fee upon clearing members for late submissions of financial information to CME's FRSD. This fee will supplement, not replace, the existing processes that impose additional disciplinary sanctions in appropriate circumstances. The proposed rule change is intended to address timely reporting of required financial information by clearing members and is consistent with the requirements of Section 17A(b)(3)(F) of the Act⁷ of promoting the prompt

⁴ 15 U.S.C. 78s(b)(2)(C).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 15 U.S.C. 78q-1.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

and accurate clearance and settlement of securities transactions and, to the extent applicable, derivatives agreements, contracts, and transactions, and helping to protect investors and the public interest.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act⁸ and the rules and regulations thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁹ that the proposed rule change (File No. SR-CME-2014-07) be, and hereby is, approved.¹⁰

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Kevin M. O'Neill
Deputy Secretary

⁸ 15 U.S.C. 78q-1.

⁹ 15 U.S.C. 78s(b)(2).

¹⁰ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

¹¹ 17 CFR 200.30-3(a)(12).