

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-65202; File No. SR-CME-2011-05)

August 25, 2011

Self-Regulatory Organizations; Chicago Mercantile Exchange, Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Amend Certain Rules to Facilitate Clearing of Additional Interest Rate Swap Products

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 24, 2011, the Chicago Mercantile Exchange Inc. (“CME”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I and II below, which items have been prepared primarily by CME.³ The Commission is publishing this Notice and Order to solicit comments on the proposed rule change from interested persons and to approve the proposed rule change on an accelerated basis.

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

The text of the proposed rule change is below. Underscored text indicates additions; bracketed text indicates deletions.

Rule 100 – 90002.E – No Change.

CME Rule 90002.F. Contract Elections

With respect to an IRS Contract, each of the following elections made by an IRS

Participant for such IRS Contract: the: Effective Date, Notional Amount and currency,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In its submission, CME incorrectly labeled the file number as CMECH-2011-04.

Termination Date and any Business Day Convention adjustment, Fixed Rate Payer Payment Dates, Fixed Rate , Floating Rate Payer Payment Dates, Floating Rate Option, Designated Maturity, Spread, Floating Rate for Initial Floating Rate Payer Calculation Period, initial payment amount (if any), initial amount payer (if any) and whether the IRS Clearing Participant is acting as a Floating Rate Payer or a Fixed Rate Payer and whether the Clearing House is acting as a Floating Rate Payer or a Fixed Rate Payer.

[CME Rule 90102.D. Calculation Period]

[For any USD IRS Contract submitted to the Clearing House for clearing, if the elections made by the relevant IRS Clearing Members for such USD IRS Contract include “Compounding”, then the Floating Rate Calculation Period of such USD IRS Contract shall be 6 months and shall entail a Compounding Period equal to 3 months.]

[If such elections do not include “Compounding”, then the Floating Rate Calculation Period of such USD IRS Contract shall equal 3 months.]

[The Fixed Rate Calculation Period of such USD IRS Contract shall equal 6 months.]

[CME Rule 90102.G. Designated Maturity]

[With respect to an USD IRS Contract, Designated Maturity shall be 3 months.]

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

In its filing with the Commission, CME included statements concerning the purpose 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 III below. CME has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

CME currently offers clearing services for certain interest rate swap products. These proposed rule changes are intended to expand CME's existing US dollar interest rate swap product offerings by adding the following additional contract elections: one month and six month designated maturities; +/- Spreads; and matching on the Floating Amount for the initial Floating Rate Payer Calculation Period.

CME notes that it has also submitted the proposed rule changes that are the subject of this filing to its primary regulator, the Commodity Futures Trading Commission ("CFTC"). The text of the CME rule proposed amendments is in Section I of this notice, with additions underlined and deletions in brackets.

CME believes the proposed rule changes are consistent with the requirements of the Exchange Act including Section 17A of the Exchange Act because they involve clearing of swaps and thus relate solely to CME's swaps clearing activities pursuant to its registration as a derivatives clearing organization under the Commodity Exchange Act ("CEA") and do 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. CME further notes that the policies of the CEA with respect to clearing are comparable to a number of the policies underlying the Exchange Act, such as promoting market transparency for over-the-counter derivatives markets, promoting the prompt and accurate clearance of transactions and protecting investors and the public interest. The proposed rule changes accomplish those objectives by offering investors clearing for an expanded range of interest rate swap products.

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 rule change. CME has not received any unsolicited written comments from interested parties.

III. 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 may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to rule-comments@sec.gov. Please include File No. SR-CME-2011-05 on the subject line.
- Paper comments should be sent in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C., 20549-1090.

All submissions should refer to File Number SR-CME-2011-05. 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. Copies of such filing also will be available for inspection and copying at the principal office of CME. 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-2011-05 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

Section 19(b) of the Act⁴ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. The Commission finds that the proposed rule change is consistent with the requirements of the Act, in particular the requirements of Section 17A of the Act,⁵ and the rules and regulations thereunder applicable to CME. Specifically, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act which requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of derivative agreements, contracts, and transactions because it should allow CME to enhance its services in clearing interest rate swaps, thereby promoting the prompt and accurate

⁴ 15 U.S.C. 78s(b).

⁵ 15 U.S.C. 78q-1. In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

clearance and settlement of derivative agreements, contracts, and transactions.⁶

The Commission finds good cause for accelerating approval because: (i) the proposed rule change does not significantly affect any securities clearing operations of the clearing agency (whether in existence or contemplated by its rules) or any related rights or obligations of the clearing agency or persons using such service; (ii) CME has indicated that not providing accelerated approval would have a significant impact on the swap clearing business of CME as a designated clearing organization; and (iii) the activity relating to the non-security clearing operations of the clearing agency for which the clearing agency is seeking approval is subject to regulation by another regulator.

⁶ 15 U.S.C. 78q-1(b)(3)(F).

V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2)⁷ of the Act, that the proposed rule change (SR-CME-2011-05) is approved on an accelerated basis.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁸

Elizabeth M. Murphy
Secretary

⁷ 15 U.S.C. 78s(b)(2).

⁸ 17 CFR 200.30-3(a)(12).