

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-68929; File No. SR-CME-2012-34)

February 14, 2013

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change Related to the Liquidity Factor of CME's CDS Margin Methodology

On December 10, 2012, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to make adjustments to the liquidity risk factor component of its credit default swap ("CDS") margin model. CME proposes to use an index portfolio's market risk rather than its gross notional as the basis for determining the margins associated with the liquidity risk factor component. The proposed rule change was published for comment in the Federal Register on December 31, 2012.<sup>3</sup> The Commission did not receive comments on the proposal.

Section 19(b)(2) of the Act<sup>4</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 68529 (December 21, 2012), 77 FR 77160 (December 31, 2012).

<sup>4</sup> 15 U.S.C. 78s(b)(2).

day from the publication of notice of filing of this proposed rule change is February 14, 2013. The Commission is extending this 45-day time period.

The Commission finds it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change, which would implement a significant change to CME's CDS margin methodology.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> designates March 31, 2013, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-CME-2012-34).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> 17 CFR 200.30-3(a)(31).