

Dated: May 15, 2013.

**Elizabeth M. Murphy,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69564; File No. SR-CME-2013-06]

### Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Regarding an Expansion of CME Clearing's Category 3 Collateral Limits

May 13, 2013.

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> notice is hereby given that on May 3, 2013, 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. The Commission is publishing this notice 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 the Terms of Substance of the Proposed Rule Change

CME proposes to issue the text copied below via a Clearing Advisory Notice to announce changes relating to the maximum limits for "Category 3" collateral (as specified on CME's Web site) effective as of May 10, 2013. This text is also available at CME's Web site at <http://www.cmegroup.com>, at the principal office of CME, and at the Commission's Public Reference Room. The text is:

As per the normal review of acceptable collateral and limits, CME Clearing is making the below change regarding the clearing member firm maximum limit for Category 3 collateral. The change is pending all regulatory review periods.

Collateral accepted by CME Clearing is categorized as noted below. Currently, the maximum allowable limit for utilization of Category 3 Assets is the lesser of a) 40% of core margin requirements and concentration requirements per origin and asset account or b) \$3 billion per Clearing Member Firm across all settlement accounts.

Effective with the RTH cycle on Friday, May 10, 2013, the maximum allowable limit

for utilization of Category 3 Assets will be the lesser of a) 40% of core margin requirements and concentration requirements per origin and asset account or b) \$5 billion per Clearing Member Firm across all settlement accounts.

Category 1 assets have no requirement type limits. Category 2 assets have a maximum allowable limit of 40% of core margin requirements and concentration requirements per Clearing Member Firm across all settlement accounts.

Please refer to the Web site link below for details on individual asset type limits and product class restrictions.

#### Category 1 Assets:

- U.S. Cash
- U.S. Treasuries
- IEF2 Money Market Fund Program

#### Category 2 Assets:

- U.S. Government Agencies
- Select Mortgage Backed Securities
- IEF5 Specialized Cash Program
- Letters of Credit

#### Category 3 Assets:

- Foreign Sovereign Debt (sub-limit of \$1 billion per clearing member firm)
- Gold (sub-limit of \$500 million per clearing member firm)
- IEF4 Specialized Collateral Program
- Stocks
- TIPS (sub-limit of \$1 billion per clearing member firm)

Please call CME Clearing for availability of Foreign Cash deposits.

Please refer to the Web site <http://www.cmegroup.com/clearing/financial-and-collateral-management/> for further detail regarding acceptable collateral, haircuts, and limits. For questions about requirements, please call Risk Management hotline at 312-634-3888 and questions about collateral can be directed to the Financial Unit hotline at 312-207-2594.

\* \* \* \* \*

#### II. Self-Regulatory Organizations 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 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 the Purpose of, and Statutory Basis for, the Proposed Rule Change

As a derivatives clearing organization ("DCO") registered with the Commodity Futures Trading Commission ("CFTC"), CME periodically reviews the acceptable collateral and limits associated with its clearing business. The changes announced in the Clearing

Notice are part of this normal process. The changes relate to the maximum limit for certain "Category 3" collateral as specified on CME's Web site. Currently, the maximum allowable limit for utilization of the Category 3 Assets is the lesser of (a) 40% of core margin requirements and concentration requirements per origin and asset account or (b) \$3 billion per Clearing Member Firm across all settlement accounts. The Notice would announce that, effective on Friday, May 10, 2013, the maximum allowable limit for utilization of Category 3 Assets will become the lesser of (a) 40% of core margin requirements and concentration requirements per origin and asset account or (b) \$5 billion per Clearing Member Firm across all settlement accounts. The purpose of the change is to increase the flexibility of CME clearing members to post additional Category 3 collateral in anticipation of an increase to the amount of initial margin posted at CME due to the CFTC's impending June 11, 2013 clearing mandate effective date.

Although the changes could impact the makeup of the collateral used by any particular clearing member to meet its margin requirements, the changes would have no impact on the level of margin collected.<sup>3</sup> Further, the changes will have no impact at all on the collection of margin in relation to CME's CDS clearing offering, because the CDS business has separate requirements that apply in particular to posting collateral in connection with CDS activities. The Notice would not change those separate CDS-specific requirements.

CME notes that it has also submitted the proposed rule changes that are the subject of this filing to its primary regulator, the CFTC, in CME Submission 13-155.

CME believes the proposed rule change is consistent with the requirements of the Exchange Act, including Section 17A of the Act.<sup>4</sup> Specifically, CME believes the changes are consistent with Section 17A(b)(3)(F)

<sup>3</sup> Historically, CME has aligned the size of its committed liquidity facility with the amount of Category 3 assets it was willing to accept as collateral. For example, in 2012 CME's committed liquidity facility was \$3 billion and the amount of Category 3 collateral it accepted was also \$3 billion. CME increased its committed liquidity facility and obtained a \$5 billion liquidity facility for 2013. When CME increased its liquidity facility it did not immediately increase its Category 3 collateral limits in tandem. CME now plans to increase the limits on its acceptance of Category 3 collateral in advance of the Category 2 clearing mandate. Since CME already increased its committed liquidity facility to \$5 billion, this change does not impact its overall risk profile.

<sup>4</sup> 15 U.S.C. 78q-1.

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

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

of the Act,<sup>5</sup> which requires, among other things, that the rules of a clearing agency be 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 and control of the clearing agency or for which it is responsible, and to protect investors and the public interest. As a DCO registered with the CFTC, CME believes the proposed Advisory Notice will facilitate posting of collateral in relation to products that are subject to the CFTC's impending clearing mandates and that such changes are in compliance with applicable CFTC requirements related to such matters. In addition, although the changes could impact the makeup of the collateral used by any particular clearing member to meet its margin requirements for CFTC regulated products, the changes would have no impact on the overall level of margin collected. CME believes the Notice is consistent with the requirements of the Act because facilitating posting of collateral in compliance with applicable CFTC regulations promotes the prompt and accurate clearance and settlement of derivative agreements, contracts and transactions and facilitates the protection of investors and the public interest. Furthermore, the proposed Advisory Notice is limited to CME's business as a DCO and therefore does not significantly affect any securities operations of the clearing agency or any related rights or obligations of the clearing agency or persons using such service. For these reasons, CME believes the proposed rule is consistent with the requirements of Section 17A(b)(3)(F) of the Act.<sup>6</sup>

#### *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*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>) or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CME-2013-06 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-2013-06. This file number should be included on the subject line if email 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 Web site (<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 Web site 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 filing also will be available for inspection and copying at the principal office of CME and on CME's Web site at [http://www.cmegroup.com/market-regulation/files/sec\\_19b-4\\_13-06.pdf](http://www.cmegroup.com/market-regulation/files/sec_19b-4_13-06.pdf).

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-2013-06 and should be submitted on or before June 7, 2013.

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

Section 19(b) of the Act<sup>7</sup> 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,<sup>8</sup> 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,<sup>9</sup> which requires, among other things, that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions because it will facilitate the posting of collateral in relation to products that are subject to the CFTC's impending clearing mandates.

In its filing, CME requested that the Commission approve this proposed rule change on an accelerated basis for good cause shown. CME notes that the products affected by this filing, and the CME's operations as a DCO clearing such products, are regulated by the CFTC under the Commodity Exchange Act and are therefore limited to CME's business as a DCO and do not significantly affect any securities clearing operations of CME or any related rights or obligations of the clearing agency or persons using such service. CME believes the Advisory Notice simply increases the flexibility afforded to CME in executing its responsibilities as a DCO and does not have any negative impact on its overall risk profile. Additionally, CME has indicated that not approving this request on an accelerated basis would have a significant impact on the clearing business of CME as a DCO.

The Commission finds that there is good cause, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> for approving the proposed rule change prior to the thirtieth day after the date of publication of notice in the **Federal Register** because: (i) The proposed rule change does not

<sup>7</sup> 15 U.S.C. 78s(b).

<sup>8</sup> 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).

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>6</sup> *Id.*

significantly affect any of CME's securities clearing operations or any related rights or obligations of CME or persons using such service; (ii) the products affected by this filing, and the CME's operations as a DCO clearing such products, are regulated by the CFTC under the Commodity Exchange Act; and (iii) CME has indicated that not providing accelerated approval would have a significant impact on its swaps clearing business as a designated clearing organization.

## V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (SR-CME-2013-06) be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

Kevin M. O'Neill,

Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69565; File No. SR-NYSE-2013-33]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change Proposing To: (i) Delete the Sections in the Listed Company Manual (the "Manual") Containing the Listing Application Materials (Including the Listing Application and the Listing Agreement) and Adopt Updated Listing Application Materials That Will Be Posted on the Exchange's Web Site; and (ii) Adopt as New Rules Certain Provisions That Are Currently Included in the Various Forms of Agreements That Are in the Manual, as Well as Some Additional New Rules That Make Explicit Existing Exchange Policies With Respect to Initial Listings

May 13, 2013.

Pursuant to Section 19(b)(1) <sup>1</sup> of the Securities Exchange Act of 1934 (the "Act") <sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on April 30, 2013, New York Stock Exchange LLC (the "Exchange" or "NYSE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in

Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to: (i) Delete the sections in the Listed Company Manual (the "Manual") containing the listing application materials (including the listing application and the listing agreement) and adopt updated listing application materials that will be posted on the Exchange's Web site; and (ii) adopt as new rules certain provisions that are currently included in the various forms of agreements that are in the Manual, as well as some additional new rules that make explicit existing Exchange policies with respect to initial listings. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

The Exchange proposes to: (i) delete the forms of documents required in connection with a listing from the Manual and eliminate requirements from those documents that are redundant or that no longer serve any regulatory purpose; and (ii) adopt as new rules certain provisions that are currently included in the various forms of agreements that are in the Manual, as well as some additional new rules that make explicit existing Exchange policies with respect to initial listings. In lieu of their inclusion in the Manual, the Exchange proposes to make all of the

required documents (including the listing application and the listing agreement) available on its Web site ([www.nyx.com](http://www.nyx.com)).<sup>4</sup> In the event that in the future the Exchange makes any substantive changes (including changes to the rights, duties, or obligations of the applicant or the Exchange, or that would otherwise require a rule filing) to those documents being removed from the Manual, it will submit a rule filing to the Securities and Exchange Commission ("SEC") to obtain approval of such changes.<sup>5</sup> The Exchange will maintain all historical versions of those documents on its Web site after changes have been made, so that it will be possible to review how each document has changed over time.

Part I of the rule filing includes a discussion of the proposed changes to the Manual on a section-by-section basis. Part II sets out the Exchange's proposed approach to each item included in the current forms of listing agreements for domestic companies and Part III sets out the Exchange's proposed approach to each item included in the current forms of listing agreements for foreign private issuers. Part IV sets forth the Exchange's proposed approach to each requirement in the current form of the original listing application. Finally, Part V sets forth the Exchange's proposed approach to the requirements in the forms of transfer agent and registrar agreements.

###### I. Proposed Changes to the Manual by Section

The following is a discussion of the changes being made to the Manual on a section-by-section basis:<sup>6</sup>

<sup>4</sup> The forms of all of the documents required in connection with a listing application as they will appear on the Exchange's Web site are included in Exhibit 3 to this filing. The Commission notes that Exhibit 3 is attached to the filing, not to this Notice. It has been a long-standing practice of the Exchange to post on its Web site the forms of the documents required to be submitted in connection with applications to list. After approval of this proposal the Exchange will continue that practice as before, but the forms of those documents will no longer be set forth in the Manual.

<sup>5</sup> The Exchange will not submit a rule filing if the changes made to a document are typographical or stylistic in nature.

<sup>6</sup> All rule references in this filing are to sections of the Manual unless otherwise specified. In addition to the changes discussed herein, the Exchange proposes to amend the following sections of the Manual to remove cross-references therein to sections that are proposed to be deleted or amended and to state that the required documents are on the Exchange's Web site or available from the Exchange upon request: Sections 102.01C(F) (Minimum Numerical Standards—Domestic Companies—Equity Listings); 103.01B(C) (Minimum Numerical Standards Non-U.S. Companies Equity Listings); 103.04 (Sponsored American Depository Receipts or Shares ("ADRS")); 204.00(B) (Notice to and Filings

Continued

<sup>11</sup> *Id.*

<sup>12</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.