

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. Please include File No. SR-CME-2014-52 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-CME-2014-52. 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/rule-filings.html>.

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-2014-52 and should be submitted on or before December 30, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Kevin M. O'Neill,

Deputy Secretary.

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¹⁴ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73729; File No. SR-CME-2014-13]

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Application of Excess Defaulting Clearing Member Assets in Crossover Default Scenarios and the Harmonization of Defaulted Base Clearing Member Collateral Definitions

December 3, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 26, 2014, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by CME. CME filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(4)(ii)⁴ thereunder, so that the proposal was effective upon filing with the Commission. 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

CME is filing proposed rules changes that are limited to its business as a derivatives clearing organization. More specifically, the proposed rule changes would make amendments to CME Rules relating to the application of excess defaulting clearing member assets in crossover default scenarios and the harmonization of Defaulted Base Clearing Member Collateral definitions.

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 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 such statements.

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

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission ("CFTC") and operates a substantial business clearing futures and swaps contracts subject to the jurisdiction of the CFTC. CME is proposing new rules to specify the allocation of excess collateral of a defaulted clearing member to losses relating to products in other financial safeguards at CME pro rata based on the remaining loss in each of such product classes. Additionally, CME is proposing to amend CME Rule 802.A to harmonize the member collateral definition across the default rules. CME notes that it has also made a corresponding filing with the CFTC, in Submission No. 14-097R, regarding the proposed changes.

The proposed changes to CME Rules 802.D, 8G802.D and 8H802.D would specify the allocation of excess collateral of a defaulted clearing member for a particular financial safeguard package to losses relating to product classes subject to other financial safeguards at CME. CME employs three financial safeguard packages (*i.e.* waterfalls) for each of the following product classes: interest rate swap products ("IRS"); credit default swap products ("CDS"); and Base products (which are all products other than IRS and CDS). The default rules for each respective waterfall contain the ability, once the loss of the clearing member for that waterfall is entirely satisfied, to use excess house assets of the clearing member towards satisfying uncovered losses of such clearing member for products in other waterfalls. For example, if a member was clearing IRS and Base products and excess Base collateral remained after completely satisfying all losses for Base Products, the rules provide that such excess may be used towards any uncovered losses of that clearing member for IRS products.

CME rules are currently silent on the allocation mechanism of such excess funds to unresolved losses in other product classes where losses remain in both of the other product classes. The proposed new CME Rules 802.D.1, 8G802.D.1, and 8H802.D.1 would specify that any such excess is allocated to the other safeguard packages pro rata based on the remaining loss in each of such product classes.

Additionally, CME is proposing to amend CME Rule 802.A.2 to harmonize

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b4(f)(4)(ii).

the clearing member house collateral definition across the default rules.

CME believes the proposed rule changes are consistent with the requirements of the Exchange Act including Section 17A.⁵ The proposed changes for the allocation of excess funds comport with CFTC Regulation 39.16(c)(2)(iv) by adding clarifying language to specify the sequence in which excess house funds of the defaulting clearing member for a product class will be used to satisfy uncovered losses for other product classes. In addition, changes are proposed that would harmonize the defaulted clearing member definition and clarify the defaulted member's assets held by the clearing house that may be used to satisfy losses due to the clearing member's default. Because these changes clarify CME's existing default rules and procedures, they promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivatives agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of CME or for which it is responsible, and, in general, to protect investors and the public interest in a way that is consistent with Section 17A(b)(3)(F) of the Exchange Act.⁶

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. The proposed changes simply specify the allocation of excess collateral of a defaulted clearing member to losses relating to products in other financial safeguards at CME pro rata based on the remaining loss in each of such product classes and, additionally, harmonize the member collateral definition across the default rules.

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

CME Inc. has filed the proposed rule change pursuant to Section 19(b)(3)(A)⁷ of the Act and paragraph (f)(4)(ii) of Rule 19b-4⁸ thereunder.

CME asserts that this proposal constitutes a change in an existing service of CME that (a) primarily affects the clearing operations of CME with respect to products that are not securities, including futures that are not security futures, and swaps that are not security-based swaps or mixed swaps, and forwards that are not security forwards; and (b) does not significantly affect any securities clearing operations of CME or any rights or obligations of CME with respect to securities clearing or persons using such securities-clearing service, which renders the proposed change effective upon filing. CME believes that the proposal does not significantly affect any securities clearing operations of CME because CME recently filed a proposed rule change that clarified that CME has decided not to clear security-based swaps, except in a very limited set of circumstances.⁹ The rule filing reflecting CME's decision not to clear security-based swaps removed any ambiguity concerning CME's ability or intent to perform the functions of a clearing agency with respect to security-based swaps. Therefore, this proposal will not have an effect on any securities clearing operations of CME.

At any time within 60 days of the filing of the proposed 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 Securities Exchange Act of 1934. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹⁰ of the Act to determine whether the proposed rule change should be approved or disapproved.

⁷ 15 U.S.C. 78s(b)(3)(A).

⁸ 17 CFR 240.19b-4(f)(4)(ii).

⁹ See Securities Exchange Act Release No. 34-73615 (Nov. 17, 2014), 79 FR 69545 (Nov. 21, 2014) (SR-CME-2014-49). The only exception is with regards to Restructuring European Single Name CDS Contracts created following the occurrence of a Restructuring Credit Event in respect of an iTraxx Component Transaction. The clearing of Restructuring European Single Name CDS Contracts will be a necessary byproduct after such time that CME begins clearing iTraxx Europe index CDS.

¹⁰ 15 U.S.C. 78s(b)(2)(B).

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
- Send an email to rule-comments@sec.gov. Please include File No. SR-CME-2014-13 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-CME-2014-13. 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, 100F 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/rule-filings.html>.

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-2014-13 and should be submitted on or before December 30, 2014.

⁵ 15 U.S.C. 78q-1.

⁶ 15 U.S.C. 78q-1(b)(3)(F).

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

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73727; File No. SR-CME-2014-15]

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Aligning Performance Bond and Guaranty Fund Collateral Acceptance With CFTC Regulation 39.33 Requirements

December 3, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 26, 2014, 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 primarily by CME. CME filed the proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(4)(ii)⁴ thereunder, so that the proposal was effective upon filing with the Commission. 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

CME is proposing to announce via advisory notice certain changes to its collateral acceptance practices. More specifically, CME is proposing to issue two advisories to clearing member firms announcing that it will narrow the range of acceptable collateral types for guaranty fund deposits to cash and U.S. Treasury Bills, Notes and Bonds with time to maturity of ten years or less.

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 IV 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

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission (“CFTC”) and operates a substantial business clearing futures and swaps contracts subject to the jurisdiction of the CFTC. CME is proposing to announce via advisory notice certain changes to its collateral acceptance practices. More specifically, CME is narrowing the range of acceptable collateral types for guaranty fund deposits to cash and U.S. Treasury Bills, Notes and Bonds with time to maturity of ten years or less. The changes that are the subject of these filings are designed to better position the utilization of clearing members’ guaranty fund deposits as qualifying liquidity resources under CFTC Regulation 39.33.

The removal of IEF2, U.S. Agencies, and U.S. Treasury STRIPs and securities with time to maturity exceeding ten years does not materially impact the nature or level of risks presented by CME as the post-haircut risk profile of guaranty fund collateral deposits will be unchanged. Further, the impact to CME and its clearing firms is minimal as fewer than 22% of guaranty fund assets currently on deposit will have to be substituted in order to conform to the amended eligibility criteria.

CME is also re-categorizing its eligible performance bond collateral types so

that the assets in each category meet the definition of qualifying liquidity resources under CFTC Regulation 39.33. Category 1 will consist only of assets that independently meet the criteria of qualifying liquidity resources. Category 2 and Category 3 will consist of assets that are qualifying liquidity resources due to being supported by CME’s credit facility. Amended Category 2 and Category 3 limits are designed to ensure such assets remain covered by CME’s credit facility and thus continue to meet the definition of qualifying liquidity resources. The specifics are as follows: collateral accepted under the IEF2 program will be moved from Category 1 to Category 3 and will be qualifying liquidity resources backed by CME’s credit facility; letters of credit and collateral accepted under the IEF5 program will be moved from Category 2 to Category 1 since cash and committed lines of credit are qualifying liquidity resources without being supported by CME’s credit facility; TIPS will be moved from Category 3 to Category 2 and STRIPs will be moved from Category 1 to Category 2 to align the assets and limits of Category 2 with the terms of CME’s credit facility; and the acceptance of stocks in Category 3 will be limited to \$1 billion per clearing member in alignment with borrowing base limits in the CME credit facility. Additionally, CME is capping IEF2 acceptance at \$5 billion rather than a percentage cap in order to mitigate the impact of re-categorization on its clearing membership. The re-categorization and limits do not materially impact the nature or level of risks presented by CME as the post-haircut risk profile of deposited performance bond collateral deposits will be unchanged and no performance bond currently on deposit would have to be substituted to align with limits upon the re-categorization.

A summary of the changes described in the Advisory Notices is set forth below:

GUARANTY FUND ACCEPTABLE COLLATERAL

Current	New
<ul style="list-style-type: none"> • Cash • U.S. Treasury Bills/Notes/Bonds/Strips • U.S. Agencies (<i>capped at 50% of total</i>) 	<ul style="list-style-type: none"> • Cash • U.S. Treasury Bills/Notes/Bonds*

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78q-1(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4)(ii).