

SUBMISSION COVER SHEET

IMPORTANT: Check box if Confidential Treatment is requested ☐

Registered Entity Identifier Code (optional): 25-284

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: ☐ DCM ☐ SEF ☒ DCO ☐ SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 07/08/25 Filing Description: Amendments to the Risk Management Framework ("RMF"), Credit Policy, Investment Policy, Collateral Policy, Liquidity Risk Management Framework ("LRMF"), and Model Validation Framework ("MVF")

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

- | | | |
|-------------------------------------|-------------------------------------|------------|
| <input checked="" type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Notification | § 40.6(d) |
| <input type="checkbox"/> | Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> | SIDCO Emergency Rule Change | § 40.10(h) |

Rule Numbers: See filing.

New Product

Please note only ONE product per Submission.

- | | | |
|--------------------------|---------------------------------------|------------|
| <input type="checkbox"/> | Certification | § 40.2(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.23(a) |
| <input type="checkbox"/> | Certification Swap Class | § 40.2(d) |
| <input type="checkbox"/> | Approval | § 40.3(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.23(b) |
| <input type="checkbox"/> | Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> | Swap Submission | § 39.5 |

Product Terms and Conditions (product related Rules and Rule Amendments)

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|--------------------------|---|----------------------|
| <input type="checkbox"/> | Certification | § 40.6(a) |
| <input type="checkbox"/> | Certification Made Available to Trade Determination | § 40.6(a) |
| <input type="checkbox"/> | Certification Security Futures | § 41.24(a) |
| <input type="checkbox"/> | Delisting (No Open Interest) | § 40.6(a) |
| <input type="checkbox"/> | Approval | § 40.5(a) |
| <input type="checkbox"/> | Approval Made Available to Trade Determination | § 40.5(a) |
| <input type="checkbox"/> | Approval Security Futures | § 41.24(c) |
| <input type="checkbox"/> | Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> | "Non-Material Agricultural Rule Change" | § 40.4(b)(5) |
| <input type="checkbox"/> | Notification | § 40.6(d) |

Official Name(s) of Product(s) Affected:

Rule Numbers:

July 8, 2025

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification. Amendments to the Risk Management Framework (“RMF”), Credit Policy, Investment Policy, Collateral Policy, Liquidity Risk Management Framework (“LRMF”), and Model Validation Framework (“MVF”).
CME Submission No. 25-284**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), Chicago Mercantile Exchange Inc. (“CME” or the “Clearing House”), a derivatives clearing organization (“DCO”), certifies to the Commission amendments to the Risk Management Framework (“RMF”), Credit Policy, Investment Policy, Collateral Policy, Liquidity Risk Management Framework (“LRMF”), and Model Validation Framework (“MVF”) (collectively, the “Policies”) (collectively, the “Amendments”) effective on July 23, 2025.

The Policies are maintained by the Clearing House. As described below, the Policies are reviewed and approved on at least an annual basis. The Amendments were primarily approved as part of the annual review process.

RMF

The revisions to the RMF were approved by the Clearing House Oversight Committee (“CHOC”) on April 2, 2025 and CME’s Board of Directors (“Board”) on May 7, 2025. The Amendments to the RMF primarily relate to the following areas:

- **Disciplinary Process:** The amended RMF reflects the updates to harmonize the disciplinary processes across the Clearing House and the CME Group Exchanges that were previously filed with the Commission.¹ The Amendments describe the process undertaken where rule violations by a Clearing Member warrant action, including the roles of the Financial and Regulatory Surveillance department and Chief Regulatory Officer, along with the Business Conduct Committee.
- **Policy & Compliance Function:** The amended RMF reflects the Policy & Compliance team’s role regarding monitoring CME Clearing enterprise risks.
- **Credit Risk Monitoring:** The amended RMF removes specific metrics that are referenced as part of quantitative considerations used in CME Clearing’s internal credit rating methodology as they are already described in the Credit Risk Management Assessment Methodology, which is also filed with the Commission.

¹ CME Submission No. 24-406, available here: https://www.cmegroup.com/content/dam/cmegroup/market-regulation/rule-filings/2024/9/24-406_1.pdf.

- **Margin Methodologies:** Although the substance of the descriptions of CME Clearing's margin models is unchanged, the amended RMF restructures the section on margin to more clearly describe the various components of each of CME Clearing's margin models (e.g., each component of the SPAN 2 framework).
- **FEX Global:** The amended RMF reflects the cessation of the CME clearing service for FEX Global Pty Limited on June 10, 2025.

Credit Policy

The revisions to the Credit Policy were approved by the Clearing House Risk Committee on ("CHRC") on March 13, 2025 and CHOC on April 2, 2025. The Amendments to the Credit Policy primarily relate to codifying the Credit & Liquidity Committee's (i.e., a Clearing House management committee) existing oversight of discretionary risk-based requirements applied to Clearing Members, including their approval and regular review.

Investment Policy

The revisions to the Investment Policy were approved by the CHOC on April 2, 2025. While the Clearing House's investment practices remain unchanged, the Amendments to the Investment Policy primarily relate to making amendments consistent with updates made to CFTC Regulation 1.25² (e.g., removing references to the legacy CFTC order of exemption related to customer funds).

Collateral Policy

The revisions to the Collateral Policy were approved by the CHRC on March 13, 2025 and CHOC on April 2, 2025. The Amendments to the Collateral Policy primarily relate to codifying the Clearing House's existing stock acceptance criteria.

LRMF

The revisions to the LRMF were approved by the CHRC on March 13, 2025, CHOC on April 2, 2025, and Board on May 7, 2025. The Amendments to the LRMF primarily relate to clarifying the Clearing House's existing practices for liquidity stress testing, including regarding considerations for CME Clearing's cross-margining and mutual offset agreements and the simultaneous default of a Clearing Member with the default of its settlement bank, where it is assumed that the Clearing Member cannot otherwise meet its payment obligations to CME Clearing.

MVF

The revisions to MVF were approved by the CHOC on May 6, 2025. The Amendments to the MVF primarily relate to the following areas:

- **Documentation Enhancements:** The amended MVF makes enhancements to the MVF that are designed to provide clarity that would further support the usability of the MVF by internal and external parties in conducting validations of CME Clearing's risk models. In particular, the Amendments include establishing a dedicated section that provides an overview of key aspects of the model validation process, namely, clarifying the requirements for validators to be considered qualified and independent, clarifying the manner in which a validation involves an effective challenge to a model, and consolidating the sections addressing a validation's scope into a single section.
- **Independent Testing:** The amended MVF clarifies that independent testing conducted by a validator is tailored to the use of the model subject to validation, recognizing that one type of testing is not appropriate for all models subject to validation. The Amendments also clarify considerations for a validator regarding previously conducted testing.
- **Finding & Observations:** The amended MVF describes the considerations for a validator for determining the risk level for observations and findings. The amended MVF also clarifies the role of the Model Risk Committee (i.e., a Clearing House management committee) in remediating

² 90 FR 7810.

findings and observations. Finally, the amended MVF specifies, consistent with current practices, that a written response to low-risk observations identified in a validation must be prepared as part of the management response.

Amendments Applicable to All of the Policies

The amended Policies replace references to “Global Head of Clearing & Post-Trade Services” with “Global Head of Clearing.” The Clearing House also took the opportunity to correct for grammatical errors and amend the language in the Policies to provide clarity without changing the meaning, where appropriate.

DCO Core Principle Review

CME reviewed the DCO core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Amendments may impact the following Core Principles:

- **DCO Core Principle D – Risk Management:** The Amendments further describe the Clearing House’s risk management practices and enhance the ability of the Clearing House to effectively manage the risks associated with discharging the responsibilities of the DCO.
- **DCO Core Principle F – Treatment of Funds:** The Amendments further describe the Clearing House’s management of funds in a manner which minimizes the risk of loss or delay in access to funds.
- **DCO Core Principle H – Rule Enforcement:** The Amendments outline the Clearing House’s monitoring and rule enforcement procedures for violations of DCO rules.
- **DCO Core Principle O – Governance Fitness Standards:** The Amendments further describe the Clearing House’s governance arrangements and clarify the roles of Clearing House management committees.

CME has requested confidential treatment with respect to the Policies, which have been submitted concurrently with this certification. Exhibits A to F provide the Policies in blackline format under separate cover.

Pursuant to Section 5(c) of the Act and CFTC Regulation 40.6(a), CME certifies that the Amendments comply with the Act and regulations thereunder. There were no substantive opposing views to the proposal.

CME certifies that this submission has been concurrently posted on the CME Group website at <http://www.cmegroup.com/market-regulation/rule-fillings.html>.

Should you have any questions concerning the above, please contact the undersigned at (312) 930-8167 or sean.downey@cmegroup.com.

Sincerely,

/s/ Sean Downey
Managing Director – Clearing Chief Compliance
Officer, Enterprise Risk Officer & Policy
CME Clearing

Attachments:	Exhibit A:	Amendments to Risk Management Framework (blackline format) (confidential treatment requested)
	Exhibit B:	Amendments to Credit Policy (blackline format) (confidential treatment requested)
	Exhibit C:	Amendments to Investment Policy (blackline format) (confidential treatment requested)
	Exhibit D:	Amendments to Collateral Policy (blackline format) (confidential treatment requested)
	Exhibit E:	Amendments to Liquidity Risk Management Framework (blackline format) (confidential treatment requested)
	Exhibit F:	Amendments to Model Validation Framework (blackline format) (confidential treatment requested)

Exhibits A, B, C, D, E, and F
CONFIDENTIAL TREATMENT REQUESTED

(ATTACHED UNDER SEPARATE COVER)