



Special Executive Report

DATE: September 27, 2018

SER#: 8248

SUBJECT: Amendments to CME Rule 8G04. (IRS Clearing Member Obligations and Qualifications) to Implement Mandatory IRS Clearing Member Participation in Liquidity Polls

Effective Thursday, October 4, 2018, and pending all relevant CFTC regulatory review periods, Chicago Mercantile Exchange Inc. ("CME") will amend CME Rule 8G04. ("IRS Clearing Member Obligations and Qualifications") to make IRS Clearing Member participation in liquidity polls mandatory. The amendments to the CME Rule 8G04. appear below, with additions underscored and deletions overstruck.

Please refer questions to:

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CME Rulebook Chapter 8-G Interest Rate Derivative Clearing

(additions underlined; deletions ~~overstruck~~)

8G04. IRS CLEARING MEMBER OBLIGATIONS AND QUALIFICATIONS

IRS Clearing Members shall be subject to the requirements for IRS Clearing Members set forth in Chapter 8G and Rule 8F04, all CME Rules applicable to IRS Products, and the Clearing House Manual of Operations unless an exemption has been granted by the Clearing House Risk Committee or the IRS Risk Committee, as applicable. In addition, IRS Clearing Members are subject to all CME, CBOT and NYMEX Rules, as applicable, when clearing products traded on, or subject to the rules of, CME, CBOT or NYMEX. IRS Clearing Members must execute all agreements and documents required by the Clearing House.

An IRS Clearing Member must satisfy the requirements set forth below:

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7. Each IRS Clearing Member shall participate in each IRS Liquidity Poll ("Poll") for each IRS Product currency in which the IRS Clearing Member has open interest, unless exempted by the Clearing House for that currency. A Clearing Member's failure to provide required Poll submissions by the deadline established by the Clearing House may result in the IRS Clearing Member being assessed a monetary penalty up to \$50,000 and/or referred to the IRSRC for disciplinary action, in accordance with established CME Clearing procedures. Assessed penalties shall be added to the CME IRS Contribution within the IRS Priority of Payments as outlined at CME Rule 8G802.B.

~~7-8.~~ Each IRS Clearing Member shall use systems and appropriate procedures to track accurately, and to provide to the Clearing House accurately, the IRS positions and collateral of each of its cleared swaps customers.

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