



May 30, 2012

VIA ELECTRONIC SUBMISSION

David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581
secretary@cftc.gov

Re: Effective Date Amendments -- Comments on Proposed Order regarding Effective Date for Swap Regulation

Dear Mr. Stawick:

CME Group Inc. (“CME Group”)¹, on behalf of its four designated contract markets (“Exchanges” or “DCMs”), appreciates the opportunity to provide the Commodity Futures Trading Commission (“CFTC” or “Commission”) with its comments on the Commission’s proposed order (the “Proposed Order”)² regarding the effective dates of various key provisions under Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank” or “DFA”). The Proposed Order seeks to extend several provisions of the effective date order (“Effective Date Order”) currently in place but would also modify that order in several important ways. Our comments address the Proposed Order’s treatment of agricultural swaps and the proposed expiration of grandfather relief for exempt commercial markets (“ECMs”) and exempt boards of trade (“EBOTs”).

¹ CME Group, the world’s largest and most diverse derivatives marketplace, consists of four separate Exchanges: the Chicago Mercantile Exchange Inc. (“CME”), the Board of Trade of the City of Chicago Inc. (“CBOT”), the New York Mercantile Exchange, Inc. (“NYMEX”) and the Commodity Exchange, Inc. (“COMEX”). These Exchanges offer the widest range of benchmark products available across all major asset classes, including futures and options based on interest rate, equity indexes, foreign exchange, energy, metals, agricultural commodities and alternative investment products.

CME Group also includes CME Clearing, one of the largest central counterparty clearing services in the world, which provides clearing and settlement services for exchange-traded contracts, as well as for over-the-counter derivatives transactions through CME ClearPort®.

The CME Group Exchanges serve the hedging, risk management and trading needs of our global customer base by facilitating transactions through the CME Globex® electronic trading platform, our open outcry trading facilities in New York and Chicago, as well as through privately negotiated transactions.

² 77 Fed. Reg. 28819 (May 16, 2012).

The Proposed Order would confirm that a DCO may clear agricultural swaps, whether entered into bilaterally, on a DCM or a swap execution facility (“SEF”), “without the need for the CFTC to issue any further exemption under section 4(c)” of the Commodity Exchange Act.³ Proposed Order at 28820. The Proposed Order also would confirm that a DCM may “list [agricultural] swaps for trading under the DCM’s rules related to futures contracts without exemptive relief.” Proposed Order at 28820.⁴ As with futures contracts, a DCM will have the flexibility either to self-certify a new agricultural swap contract under Rule 40.2, or to submit the contract for CFTC approval pursuant to Rule 40.3. CME Group believes these proposals will advance key Dodd-Frank goals, including promoting the exchange trading and clearing of swaps, increasing swap market transparency and reducing counterparty credit risk. Accordingly, we recommend that the CFTC adopt this portion of the Proposed Order.

The Proposed Order also would remove references to the ECM and EBOT grandfather relief previously issued by the Commission and scheduled to expire on July 16, 2012. The Commission observes that even if this relief is not renewed, ECMs and EBOTs still may register and operate under other relief that is provided by the Effective Date Order and that will be renewed in the Proposed Order. *See* Proposed Order at 28821. We believe that allowing the grandfather relief to expire will stimulate competition and therefore we support this aspect of the Proposed Order.

We do, however, ask that the CFTC clarify one aspect of this portion of the proposal. In particular, the Commission states that the relief provided by the Proposed Order shall expire on the earlier of (i) December 31, 2012 or (ii) “the effective date of the DCM or SEF final rules, whichever is later” unless the ECM or EBOT files a DCM or SEF application “on or before the effective date of the DCM or SEF final rules, in which case the relief shall remain in place during the pendency of the application.” Proposed Order 28821.

The second part of this expiration date is ambiguous because the Proposed Order fails to specify which of the numerous rule proposals concerning SEFs and DCMs must be finalized before relief will terminate. One way to remove this ambiguity would be for the CFTC to list each rulemaking that must take effect before the relief will terminate. We suggest that, at a minimum, the ECM and EBOT relief should remain in place until at least the effective date of CFTC implementing rules concerning i) all DCM and SEF core principles and ii) block trade size requirements for swaps. Another way would be for the CFTC to state that the Proposed Order remains in effect until a future date the Commission will specify in a future order that will provide at least 60 days notice to market participants and other affected parties.

³ This is consistent with the Effective Date Order issued by the CFTC last July, which provided 4(c) relief allowing DCOs to clear swap transactions in exempt and excluded commodities. *See* Effective Date for Swap Regulation, 76 Fed. Reg. 42508, 42522 (July 19, 2012). The CFTC amended this order on December 19, 2011, *see* 76 Fed. Reg. 80233 (Dec. 23, 2011).

⁴ This is consistent with the Effective Date Order which states that “a DCM may list and trade swaps...under the DCM’s rules related to futures contracts, without exemptive relief.” *See* 76 Fed. Reg. at 42518.

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CME Group thanks the Commission for the opportunity to comment on this matter. We would be happy to discuss any of these issues with Commission staff. If you have any comments or questions, please feel free to contact me at (312) 930-3488 or via email at Kathleen.Cronin@cmegroup.com or Christopher Bowen, Managing Director, Chief Regulatory Counsel at (212) 299-2200 or via email at Christopher.Bowen@cmegroup.com.

Sincerely,

A handwritten signature in black ink that reads "Kathleen M. Cronin". The signature is written in a cursive style with a distinct dot over the 'i' in "Cronin".

Kathleen Cronin
Senior Managing Director,
General Counsel and Corporate Secretary

cc: Chairman Gary Gensler
Commissioner Bart Chilton
Commissioner Jill Sommers
Commissioner Scott O'Malia
Commissioner Mark Wetjen
