



21 April, 2014

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

re: ICE Clear Europe Limited's Petition for an Amendment to the Order Pursuant to Section 4d(a) of the Commodity Exchange Act to Permit the Commingling of Customer Funds in Connection with Futures and Foreign Futures Contracts

CME Group Inc. ("CME Group") appreciates the opportunity to comment to the Commodity Futures Trading Commission (the "Commission" or "CFTC") on the important issue of portfolio margining in relation to the ICE Clear Europe Limited's ("ICE Clear Europe") Petition for an Amendment to the Order Pursuant to Section 4d(a) of the Commodity Exchange Act to Permit the Commingling of Customer Funds in Connection with Futures and Foreign Futures Contracts (the, "Petition"). CME Group is the parent of Chicago Mercantile Exchange Inc. ("CME"). CME is registered with the CFTC as a derivatives clearing organization ("DCO") and is one of the largest central counterparty ("CCP") clearing services in the world. CME's clearing house division ("CME Clearing") offers clearing and settlement services for exchange-traded futures contracts, as well as over-the-counter ("OTC") derivatives transactions including interest rate swaps ("IRS") and credit default swaps ("CDS").

CME Group is a strong supporter of recognizing risk offsets between highly correlated and economically related products across account classes through portfolio margining. CME Group's own portfolio margining of interest rate futures and interest rate swaps combines prudent risk management with the ability to provide valuable capital efficiencies to market participants. While we support portfolio margining due to the significant efficiency and risk management benefits it provides, we impress upon the CFTC the absolute vital importance of ensuring consistent treatment from a holistic risk management perspective among the various registered derivatives clearing organizations ("DCOs") domiciled in the United States and abroad. To the extent that the CFTC approves the Petition as drafted,<sup>1</sup> we would expect that similar treatment would be afforded to those DCOs that currently have portfolio margining arrangements in place and those that seek CFTC approval for portfolio margining in the future.

CME Group also notes the criticality of this issue for all DCOs in other areas of regulation including the regulatory construct for the acceptance of non-FCM registered, non-US clearing members for the

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<sup>1</sup> Particularly, in relation to the ICE's request that the approval includes "such other interest rate, energy, and financial contracts as may be listed for trading on ICE Futures Europe or ICE Endex after the date hereof and cleared through Ice Clear Europe." Please note that we support a criterion based approach whereby highly correlated and economically related products may be portfolio margined without being specifically enumerated in a petition for portfolio margining approval.

purposes of providing clearing services for non-US clients clearing at a registered DCO.<sup>2</sup> We look forward to working constructively with the CFTC on these issues in the future and appreciate the opportunity to comment on the Petition.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kim Taylor', with a stylized flourish extending to the right.

Kim Taylor  
President, CME Clearing  
Chicago Mercantile Exchange, Inc.  
20 South Wacker Drive  
Chicago, IL 60606

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<sup>2</sup> To the extent that any foreign CCPs registered as DCOs are provided with the ability to offer non-US client clearing other than through an FCM registered with the CFTC we believe it important to provide similar flexibility to US DCOs. This is especially true since the risk impact on the US markets of bifurcating the clearing services of a registered DCO (i.e. non-US clients clearing at a DCO through foreign brokers) is identical.