



CME

Over-The-Counter Derivatives Clearing Membership
(OTC Clearing Membership)

Handbook

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Disclaimer

This handbook is designed to familiarize applicants with the requirements for Chicago Mercantile Exchange Inc. ("CME") Over-the-Counter ("OTC") Derivatives Clearing Membership and to assist them in becoming OTC Clearing Members.

The handbook supplements and clarifies the rules for CME OTC Clearing Members as adopted in CME's Rulebook. This handbook is compiled for the convenience of the user and is furnished without responsibility for any errors or omissions contained herein. In the event of a conflict between this Handbook and CME's Rules, CME's Rules shall control.

OTC Clearing Membership Introduction

Over-the-Counter (“OTC”) Derivatives Clearing Membership is a privilege granted by the Clearing House Risk Committee of Chicago Mercantile Exchange Inc.® (“CME”), the Interest Rate Swap Risk Committee for Interest Rate Swap (“IRS”) products and/or the Credit Default Swaps Risk Committee for Credit Default Swap (“CDS”) products. OTC Clearing Members assume full financial and performance responsibility for all OTC transactions submitted by them for and accepted for clearing by CME’s Clearing House (“CME Clearing”).

CME, The Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”), and Commodity Exchange, Inc. (“COMEX”) Clearing Members and OTC Clearing Members are eligible to clear OTC derivative products directly with CME Clearing if all requirements for the clearance of particular OTC derivative contracts are met. A firm may become a clearing member of one or more Exchanges and have privileges to clear exchange-traded futures and/or options on futures (“futures/options”) on that Exchange. Depending upon the clearing membership privileges held, these clearing members may be eligible to clear OTC derivatives products (i.e. cleared swaps and forwards) if additional requirements, including additional financial and operational requirements, are met. For example, CME clearing members are eligible to clear CDS, IRS and FX NDF, CBOT clearing members are eligible to clear ethanol and grain swaps, NYMEX clearing members are eligible to clear energy OTC products and COMEX clearing members are eligible to clear metal forwards. A CBOT-only, NYMEX-only or COMEX-only clearing member is not eligible to clear CDS or IRS.

If a firm wants to clear both CDS, IRS and/or FX NDFs as well as CME and CBOT futures/options (e.g. CME Eurodollar and/or CBOT Treasury products), it should consider applying for CME and CBOT clearing membership.

A firm may also become an OTC Derivatives Clearing Member if it desires to clear only OTC derivative products, including CDS, IRS and FX NDF, and not clear any Exchange-traded futures/options activity. An OTC Derivatives Clearing Member is a member in CME Clearing and it is afforded full rights and privileges to clear for its own account, and on behalf of customers if it is properly registered, transactions in OTC derivative products. OTC Clearing Members are not entitled to clear products other than OTC derivative products. CME Clearing is a division of CME, a derivatives clearing organization registered with the U.S. Commodity Futures Trading Commission (“CFTC”), through which all OTC derivative products are confirmed, matched, settled, collateralized and/or marked-to-the-market.

Clearing members that will clear exchange-traded futures/options and/or OTC derivatives for customers must be registered with the U.S. CFTC as a Futures Commission Merchant (“FCM”). FCMs are subject to CFTC rules and regulations pertaining to regulatory capital, financial reporting (including but not limited to daily, semi-monthly, monthly and annual reporting), required notifications and customer protection. Clearing Members that qualify as Swap Dealers (“SD”) and Major Swap Participants (“MSP”) should ensure that they are properly registered as such with the CFTC. More detailed information concerning FCM, SD and MSP registration can be found on the CFTC’s web site at www.cftc.gov.

OTC Clearing Membership Introduction

The general requirements of clearing membership are stated in Chapter 9 of CME's Rulebook. The additional requirements for clearing OTC derivative products, including FX NDF, are stated in Chapter 8F of CME's Rulebook, for IRS in Chapter 8G of CME's Rulebook and for CDS in Chapter 8H of CME's Rulebook. The rules of the respective Exchanges are on CME Group's web site at: <http://www.cmegroup.com/market-regulation/rulebook/index.html>. In addition, a Clearing House Manual of Operations may be adopted for certain OTC products (e.g. IRS and CDS). The Manual contains information and directions for preparing trade data, completing prescribed memoranda and meeting other Clearing House requirements for certain products. The Manual shall constitute part of the Rules.

CME Clearing may impose additional requirements upon the clearing member that may be specific to the products cleared by the clearing member. Below is a summary of the significant requirements.

For a more detailed account of clearing membership requirements for Exchange traded futures/options and OTC derivatives, please review the Clearing Membership Handbook on CME Group's web site at: <http://www.cmegroup.com/company/membership/files/cme-group-clearing-membership-handbook.pdf>.

CME, CME Clearing, the Clearing House and the Exchange are used interchangeably throughout this handbook. References to rules refer to CME Rules unless otherwise noted. CME's Rulebook is located on CME Group's Web Site at: <http://www.cmegroup.com/market-regulation/rulebook/index.html>.

OTC Clearing Membership Introduction

OTC Clearing Membership Application Process

OTC Clearing Member applicants must complete the CME Group's OTC Clearing Membership Application and Agreement for Membership.

CME Rule 105.A. (Application for Membership) and Rule 911 (Screening Procedures) requires the CME membership community to be notified of all applicants for clearing membership for a 20-day period (i.e. the "20-day posting period"). OTC Clearing Membership applicants are posted to the membership community in CME's Weekly Special Executive Report on the Monday following receipt of a completed clearing membership application. During this 20-day period, an investigation of the applicant's qualifications for membership is conducted.

Once all requirements of membership have been met, the OTC Clearing Member applicant is presented to CME's Clearing House Risk Committee, the IRS Risk Committee for IRS products, the CDS Risk Committee for CDS products, as applicable, for approval. If approved by the respective Risk Committee, and all applicable requirements have been met, the approval of the OTC Clearing Member may become effective.

To be effective as a clearing member, all conditions and requirements of membership must be satisfied and the 20-day posting period must have expired.

OTC Clearing Membership General Requirements

CME Rule 901. (General Requirements and Obligations) and Rule 8F04. (OTC Clearing Member Obligations and Qualifications) state the requirements which must be satisfied to become an OTC Clearing Member. Specific OTC clearing membership requirements are outlined in other sections of this handbook.

The general requirements for OTC clearing membership are outlined below.

1. An OTC Clearing Member must be a corporation (including a C Corporation, Subchapter S Corporation or Limited Liability Company), partnership (including a Limited Partnership or General Partnership) or cooperative association.
2. An OTC Clearing Member must have an authorized representative (i.e., officer, principal or partner) to represent the OTC Clearing Member before CME Clearing and its committees.
3. An OTC Clearing Member shall be qualified to do business in the State of Illinois or the State of New York or have an agency agreement in place with an entity already qualified in the State of Illinois or the State of New York. Such agency agreement must be in the Exchange approved format. Refer to Exhibit A.

This requirement provides a place for service of process and other communications in connection with the business of the OTC Clearing Member.

4. An OTC Clearing Member shall be engaged in or demonstrate immediate capacity to engage in the conduct of the business of an OTC Clearing Member. An OTC Clearing Member that will clear CDS or IRS must have appropriate risk management capabilities, operational infrastructure and experience to support their CDS, r IRS and/or FX NDF clearing activity, as prescribed by CME Clearing.
5. An OTC Clearing Member shall ensure that any and all necessary approvals have been received from regulatory authorities, including, but not limited to, the United States Federal Reserve and other foreign banking regulators to allow the firm to conduct the business of an OTC Clearing Member.
6. An OTC Clearing Member shall demonstrate such fiscal and moral integrity as would justify CME Clearing's assumption of the risks inherent in clearing its trades.
7. An OTC Clearing Member shall agree to guarantee and assume responsibility for all trading activity routed through any electronic trading system, if applicable, to CME Clearing for clearing of such OTC derivative transactions and which are guaranteed to CME Clearing by the clearing member via any connection, terminal, link, telecommunications hub or handheld unit provided by a clearing member to a third party as well as any applicable electronic trading systems and terminals that the clearing member provides to a third party, including an eligible customer, to enter orders.

OTC Clearing Membership General Requirements

8. The OTC Clearing Member shall agree to guarantee and assume responsibility for all OTC derivatives trading activity executed via outside means and submitted for clearing to and accepted by CME Clearing by any customer, broker or affiliate authorized by the OTC Clearing Member.
9. A clearing member shall comply with all credit control policies developed by the Exchange for customer and proprietary transactions. Such credit control policies may include, but not be limited to, registration of credit control administrators with the Exchange, definition of credit control limits, and maintenance of written procedures verifying compliance with Exchange credit control requirements. Any "GC2" credit control functionality required by the Exchange shall be in addition to a clearing member's initial risk monitoring and credit control procedures.
10. An OTC Clearing Member shall agree to abide by all CME Rules and to cooperate in their enforcement.
11. An OTC Clearing Member shall be responsible, even after it has withdrawn as a clearing member, for any violations of CME Rules committed by it while it was a clearing member.
12. An OTC Clearing Member must be in "good standing" under each applicable regulatory regime to which it is subject to and must maintain its good standing status while it is an OTC Clearing Member.
13. An OTC Clearing Member must continue to meet all requirements of clearing members, including financial requirements, provided by CME's Rules.

Legal Requirements and Rules

All clearing members, including those that are incorporated/domiciled in non-U.S. jurisdictions, must be subject to a legal and insolvency regime acceptable to the Clearing House. Clearing members from non-U.S. jurisdictions must use the U.S. branch of the Clearing House's settlement banks for performance bond deposits and variation margin.

The rules of the Exchange shall be governed by and construed in accordance with the laws of the State of Illinois in the U.S. Any action, claim, dispute or litigation of any kind between the clearing member and the Exchanges shall be adjudicated in a federal or state court in Chicago, Illinois. Clearing members must consent to the jurisdiction of such court and to service of process by any means authorized by Illinois or U.S. federal law, and waive the right to transfer the venue of such litigation. In addition, clearing members irrevocably waive any grounds of sovereign immunity in any legal action with the Exchanges. Refer to Rule 905. (Choice of Law)

An OTC Clearing Member shall have no rights or privileges to clear products other than OTC derivative products. If it wishes to clear CME, CBOT, NYMEX or COMEX futures/options products,

OTC Clearing Membership General Requirements

it must apply for, meet all requirements, including Exchange memberships, and be approved for those exchange membership privileges.

OTC Clearing Membership is a privilege granted by the Clearing House Risk Committee and/or the IRS Risk Committee for IRS products and/or the CDS Risk Committee. Such clearing membership privileges may be withdrawn for cause at any time.

OTC Clearing Members who are Facilities Managed

An OTC Clearing Member may determine that it is not cost-effective to establish a back office operation. OTC Clearing Members may enter into "facilities management" agreements with other clearing members to reduce their costs associated with clearing OTC derivative products with CME Clearing. Under such an agreement, the OTC Clearing Member clears its trades with CME Clearing; however, another clearing member (facilitator) performs trade processing and/or manages the back office functions.

A facilities management agreement may be entered into between two clearing members for the purpose of doing some or all of the OTC Clearing Member's back office/clearing operations. For example, if an OTC Clearing Member's trade processing is conducted through another firm's back office, the OTC Clearing Member defrays the cost of setting up a back office and hiring personnel to perform trade processing. The terms of the arrangement are private. However, CME Clearing will always look to the OTC Clearing Member responsible for clearing the trades in the event there are problems associated with the trade processing. An OTC Clearing Member may not contract out its responsibility to guarantee its trades or follow correct processing procedures.

An OTC Clearing Member may not contract out functions related to its banking operations to a clearing member who is not affiliated with, or related to, the OTC Clearing Member.

If an OTC Clearing Member enters into a facilities management agreement, it must always have a senior officer, director, or partner of the OTC Clearing Member available to represent the OTC Clearing Member before CME Clearing and its committees.

OTC Clearing Membership Membership, Capital and Financial Requirements

Guaranty Fund Requirements

The guaranty fund requirements of CME Clearing are stated in Rule 816. (Guaranty Fund Deposit), for OTC Clearing Members in Rule 8F07. (Guaranty Fund Deposit), for OTC Clearing Members which will clear IRS in Rule 8G07 (IRS Financial Safeguards and Guaranty Fund Deposit) and for OTC Clearing Members which will clear CDS in Rule 8H07 (CDS Financial Safeguards and Guaranty Fund Deposit).

All clearing members must deposit with the Clearing House a guaranty fund deposit for their obligations to the Clearing House. The minimum guarantee fund deposit for an OTC Clearing Member which will clear:

- Exchange-traded futures and options and OTC (including FX NDF but excluding CDS and IRS) is \$2,500,000 or its proportionate share of the Aggregate Guaranty Fund Deposit. The Aggregate Guaranty Fund Deposit is an amount determined quarterly by the Clearing House Risk Committee and is set at a percentage of the average aggregated performance bond requirements, volume and settlements of the Clearing House (for CME, CBOT, NYMEX, COMEX exchange-traded products and OTC derivative products excluding CDS and IRS) for the preceding three months.
- CDS is the greater of \$50,000,000 or the clearing member's proportionate share of the two largest CDS Clearing Member's losses as outlined in CME Rule 8H07; and
- IRS is the greater of \$15,000,000 or the clearing member's proportionate share of the two largest IRS Clearing Member's losses as outlined in CME Rule 8G07.

If an OTC Clearing Member clears CDS, IRS and other OTC products, its minimum guaranty fund requirement will be \$67,500,000. Guaranty fund minimums may be increased from time to time, depending on the mix of OTC asset classes for which the Clearing House provides clearing services.

Only U.S. Dollars or U.S. Treasury bills, notes or bonds may be deposited by a clearing member applicant during the application approval process. TBonds may not exceed 10 years-time to maturity. Interest is not paid on U.S. Dollar deposits. If U.S. treasuries are deposited, the market value of such securities, less any applicable haircut, must be at least the minimum requirement. For example, U.S. T-Bonds maturing in less than 5 years with a par value of \$2,600,000, market value of \$2,575,000 and a 2% CME Clearing haircut may be used to meet a minimum guaranty fund deposit requirement of \$2,500,000 as the CME Clearing collateral value is \$2,523,500.

In addition to U.S. Dollars and U.S. Treasuries, once approved for clearing membership, a clearing member may also invest in various collateral management programs. These investments may be used to meet the clearing member's guaranty fund deposit requirements.

OTC Clearing Membership Membership, Capital and Financial Requirements

Information on the types of collateral that may be accepted by CME Clearing, its various collateral management programs and the CME Clearing haircut may be found on CME Group's Web Site at: <http://www.cmegroup.com/clearing/financial-and-collateral-management/collateral-types-accepted.html>.

During the clearing membership approval process, the minimum guaranty fund deposit must be wired into the account of CME Clearing prior to the respective Risk Committees' meetings where the applicant will be presented. CME Clearing should be informed prior to any funds or securities being wired to CME Clearing.

The Clearing House Risk Committee, the IRS Risk Committee for IRS products, the CDS Risk Committee for CDS products or CME Clearing may prescribe additional financial, including guaranty fund deposit, requirements.

Capital Requirements

The exchange capital requirement for an OTC Derivatives Clearing member is the greater of (a) \$50,000,000 (minimum capital requirement) or (b) the CFTC or SEC capital requirement or (c) twenty percent of the aggregate performance bond requirement for CME-cleared CDS and IRS for customer and house accounts. For non-Bank clearing members, capital is defined as Adjusted Net Capital as computed in accordance with CFTC Regulation 1.17. For bank clearing members, capital is calculated pursuant to the rules and regulations of its primary banking regulator and is defined as Tier I capital computed according to the capital adequacy requirements that it is subject to (i.e. Basel Capital Accord of 1988 (Basel I) or, if adopted, the Revised Basel Capital Framework (Basel II)).

For additional information on capital requirements, refer to Rule 970 for Exchange-traded futures/options, CME Rule 8F04 for OTC derivatives, CME Rule 8H04 for CDS and CME Rule 8G04 for IRS.

The Clearing House Risk Committee, the IRS Risk Committee for IRS products, the CDS Risk Committee for CDS products or CME Clearing may prescribe additional financial, including capital, requirements.

Settlement and Performance Bond Banks

OTC Clearing Members must maintain cash and securities safekeeping accounts at one or more CME Clearing approved banks for purposes of posting cash and securities to meet mark-to-market variation, performance bond and guaranty fund deposit requirements on their OTC derivative products. It is the clearing member's responsibility to establish these banking relationships.

OTC Clearing Membership Membership, Capital and Financial Requirements

The approved settlement, performance bond and guaranty fund deposit banks may be found at: <http://www.cmegroup.com/clearing/financial-and-collateral-management/settlement-banks-otc.html>.

If the OTC Clearing Member is registered as an FCM and will clear customer activity, it must also maintain Customer Segregated, if applicable, and Customer Cleared Swaps cash and securities safekeeping accounts for its customer futures/options and cleared OTC derivatives, respectively, activity.

All clearing members grant a first priority and unencumbered lien, as security for all its obligations to CME Clearing, against all property and collateral deposited with CME Clearing by the clearing member which is the property of the clearing member. All clearing members are required to execute any documents required by CME Clearing to create and enforce such lien. Refer to CME Rule 819.

CME Clearing must have information on all bank and safekeeping accounts established by OTC Clearing Members for settlements and performance bond. Further, CME Clearing requires debit authorization over these OTC Clearing Member bank accounts

Financial Responsibilities in the Event of a Default

In the event any clearing member (CME, CBOT, NYMEX, COMEX or OTC Derivatives Clearing Member) fails to promptly discharge any obligation to CME Clearing, its guaranty fund deposit, its available performance bond on deposit with CME Clearing, its membership requirement on deposit with CME Clearing (for OTC Clearing Members), the proceeds of the sale of any memberships assigned for clearing membership privileges (for CME, CBOT, NYMEX or COMEX Clearing Members), and any of its other assets held by, pledged to or otherwise available to CME Clearing shall be applied by CME Clearing to discharge the obligation.

A clearing member's financial responsibilities in the event of a default for exchange-traded products and OTC excluding IRS and CDS are stated in Rule 802. (Protection of Clearing House).

The Clearing House has established separate guaranty funds for IRS and CDS which are separate and distinct from the guaranty fund for each and all other products. The IRS default management procedures may be found in CME Rule 8G802 (Protection of Clearing House) and CDS default management procedures may be found in CME Rule 8H802 (Protection of Clearing House).

To minimize the possibility of clearing member defaults and to provide our customers and the market with the finest protection, CME Clearing has adopted and rigorously enforces an integrated package of financial surveillance and risk management procedures. These are described in CME Group publication, Financial Safeguards of CME, which may be found on CME Group's Web Site at: <http://www.cmegroup.com/clearing/files/financialsafeguards.pdf>.

OTC Clearing Membership Membership, Capital and Financial Requirements

Withdrawal from OTC Derivatives Clearing Membership

If an OTC Clearing Member wishes to withdrawal from clearing membership, it must provide written notice to the Exchange. Once all positions have been closed out or transferred to other clearing members and all other conditions or requirements of withdrawal have been met, the withdrawal of the OTC Clearing Member will be posted to the membership community in CME's Weekly Special Executive Report. The date of the posting in the CME Weekly Special Executive Report is the effective date of the clearing member's withdrawal and the beginning of the 60-day posting period (i.e. the "60-day posting period").

Exchange rules provide that a clearing member's guaranty fund deposit, memberships (for CME, CBOT, NYMEX and COMEX Clearing Membership), and any other deposits required by the Exchange may not be released until the expiration of the 60-day posting period. During the 60-day posting period, the Exchange ensures that all obligations to the Exchange, other members and customers have been met or otherwise provided for. Upon the expiration of the 60-day posting period and a determination that there are no claims pending, the clearing member's assets may be released.

Refer to Rule 913 (Withdrawal from Clearing Membership), Rule 8G913 (Withdrawal from IRS Clearing Membership) for IRS products and Rule 8H913 (Withdrawal from CDS Clearing Membership) for CDS products.

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

Financial Reporting Requirements

Monthly Financial Statement Filings – Non-Banks

OTC Clearing Members which are not Banks are subject to monthly financial statement reporting requirements. These OTC Clearing Members must submit to CME Group's Financial and Regulatory Surveillance Department monthly CFTC Form 1-FRs or SEC FOCUS reports (if a U.S. registered broker-dealer). Such monthly reporting includes the submission of an unaudited monthly report as of the clearing member's fiscal year-end.

These financial reports:

- Must demonstrate compliance with the CME minimum capital requirements (see above).
- Must be stated in English (or a translation provided).
- Need not be prepared according to U.S. GAAP.
- Must be stated in United States Dollars (i.e. converted from the native currency).
- Must include the Exchange Supplemental Information which includes disclosure as to capital to be withdrawn within 6 months; subordinated debt maturing within 6 months; and subordinated debt due to mature within 6 months that will be renewed.
- Must be filed within seventeen (17) business days of month-end.

All monthly financial statements must be submitted through the WinJammer system, a CME Group electronic filing system. In order to file the statements using the WinJammer system, authorized signors are granted a Personal Identification Number ("PIN"). In order to obtain a PIN, you may visit the WinJammer web site at <http://wjammer.com/newweb/home.asp#>. The PIN information is located under Documentation – Getting Started – Importing PINs.

It is the responsibility of the OTC Clearing Member to ensure it can adequately demonstrate capital compliance at all times.

Clearing members which are not Banks must comply with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18 unless an exemption is granted by the Clearing House. All clearing members, including clearing members which are not registered as an FCM, shall make available to the CFTC, upon the CFTC's request, copies of financial reports required to be submitted to the Audit Department. The financial reporting requirements of clearing members are stated in CME Rule 970. (Financial Requirements).

Quarterly Financial Statement Filings – Banks

Banks which are OTC Clearing Members must provide CME Group's Financial and Regulatory Surveillance Department with its regulatory banking capital information and any and all financial statements and capital adequacy reports that are required to be filed with its primary banking regulator. However, such financial statements and capital adequacy reports must be filed on, at

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

least, a quarterly basis including as of the OTC Clearing Member's fiscal year-end, if such filing of an unaudited fiscal year-end financial statement is required by the clearing member's primary banking regulator.

OTC Clearing Members which are Banks must submit to CME Group's Financial and Regulatory Surveillance Department quarterly Form "CME Financial Forms – Banks" through the WinJammer™ system, a CME Group electronic financial statement filing system. The OTC Clearing Member must attach all financial statements and capital adequacy reports filed with their primary banking regulator to the WinJammer filing. Such quarterly reporting includes the submission of an unaudited quarterly financial and capital adequacy report as of the clearing member's fiscal year-end, if such filing is also required by the Clearing Member's primary banking regulator.

These financial reports:

- Must demonstrate compliance with the CME minimum capital requirements (see above).
- Must be stated in English (or a translation provided).
- Need not be prepared according to U.S. GAAP.
- May be stated in the native currency of the Bank OTC Clearing Member.
- Must be filed within five (5) calendar days after such statements are provided to the Bank OTC Clearing Member's primary banking regulator.

All quarterly financial statements and capital adequacy reports must be submitted through the WinJammer system. In order to file the statements using the WinJammer system, authorized signors are granted a Personal Identification Number ("PIN"). In order to obtain a PIN, you may visit the WinJammer web site at <http://wjammer.com/newweb/home.asp#>. The PIN information is located under Documentation – Getting Started – Importing PINs.

It is the responsibility of the OTC Clearing Member to ensure it can adequately demonstrate capital compliance at all times.

OTC Clearing Members which are Banks are granted an exemption from provisions of CME Rule 970 as they relate to the filing of a Form 1-FR or FOCUS on a monthly basis (i.e. Rule 970.A.2., 970.B. and 970.C.). However, all clearing members, including bank clearing members and those not registered as FCMs, shall make available to the CFTC, upon the CFTC's request, copies of financial reports required to be submitted to the Audit Department. Refer to CME Rule 970.

Certified Financial Statement Filings

OTC Clearing Members which are not Banks must also submit a certified financial statement as of the OTC Clearing Member's fiscal year-end. These annual financial reports:

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

- Must demonstrate compliance with the CME minimum capital requirements.
- Must be stated in English (or a translation provided)
- Need not be prepared according to U.S. GAAP.
- May be stated in the native currency of the OTC clearing member.
- Must be filed within ninety (90) calendar days of the OTC Clearing Member's fiscal year-end.

The certified financial statements of OTC Clearing Members which are not a Bank must include at a minimum the following:

- Public Accountant's Opinion Letter
- Statement of Financial Condition
- Statement of Income (Loss)
- Statement of Cash Flows (if applicable)
- Statement of Changes in Ownership Equity (if applicable)
- Appropriate Footnote Disclosures

OTC Clearing Members which are Banks must also submit certified financial statements as of its fiscal year-end. These annual financial reports:

- Must demonstrate compliance with the CME minimum capital requirements
- Must be stated in English (or a translation provided)
- Need not be prepared according to U.S. GAAP.
- May be stated in the native currency of the Bank OTC Clearing Member.
- Must be filed within five (5) calendar days after such statements are provided to the Bank OTC Clearing Member's primary banking regulator.

The certified financial statements of OTC Clearing Members which are a Bank must include at a minimum the following:

- Public Accountant's Opinion Letter
- Statement of Financial Condition
- Statement of Income (Loss)
- Appropriate Footnote Disclosures

All annual certified financial reports must be submitted to CME Group's Financial and Regulatory Surveillance Department.

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

Financial Statement Filings - More Frequent Financial Reporting

Any OTC Clearing Members may be placed on more frequent reporting at the discretion of CME Clearing, the IRS Risk Committee for IRS products, the CDS Risk Committee for CDS products or the Clearing House Risk Committee.

Notification Requirements

Financial Notifications

OTC Clearing Members must provide written notice to CME Group's Financial and Regulatory Surveillance Department whenever the OTC Clearing Member:

- Fails to maintain the minimum capital as required by CME Clearing or its primary regulator.
- Fails to maintain current books and records.
- Fails to comply with additional accounting, reporting, financial and/or operational requirements as prescribed by CME Clearing.
- For FCMs, fails to maintain sufficient funds in segregated, secured 30.7 and cleared swaps customer accounts.
- Changes its fiscal year.

In addition, all clearing members are required to provide written notice to the Financial and Regulatory Surveillance Department of any substantial reduction in its capital as compared to the most recently filed financial or capital adequacy report. Refer to CME Rule 972 (Reductions in Capital).

Other Notifications

1. **Significant Business Transaction or Change in Operations.** All clearing members are required to provide notice to CME Clearing prior to any significant business transaction. The purpose of such notification is to enable CME Clearing to better identify and monitor risks presented by significant business transactions. The notification requirements are contained in Rule 901.H. (General Requirements and Obligations) and are as follows:

All clearing members must notify the Financial and Regulatory Surveillance Department prior to any significant business transaction or significant change in operations including:

- The merger, combination, or consolidation between the clearing member and another person or entity;

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

- The assumption or guarantee by the clearing member of all or substantially all of the liabilities of another in connection with a direct or indirect acquisition of all or substantially all of that person's or entity's assets;
- The sale of a significant part of the clearing member's business and/or assets to another person or entity; and
- A change in the direct or indirect beneficial ownership of 20% or more of the clearing member.

Such transactions may be subject to review and approval by the Clearing House Risk Committee and/or CME Clearing.

2. Firm Personnel Contact Information. Maintaining up-to-date personnel contact information is critical in order to continue communications with our clearing members during normal, as well as crisis, situations. Therefore, clearing members are required to immediately update their firm personnel contact information via the CME portal when changes occur. In any event, firm personnel are required to review the firm personnel listing twice a year and signoff that all information is current and accurate. Refer to CME Rule 983.B.

Other Requirements

Anti-Money Laundering

All clearing members are required to have a written anti-money laundering compliance program approved by its senior management which is reasonably designed to achieve and monitor the clearing member's compliance with all applicable requirements under the Bank Secrecy Act, the International Emergency Economic Powers Act, the Trading with the Enemy Act and the Executive Orders and regulations issued pursuant thereto, including the regulations issued by the U.S. Department of Treasury and, as applicable, the CFTC.

Refer to Rule 981 (Anti-Money Laundering).

Risk Management

All clearing members must have written risk management policies and procedures in place to ensure they are able to perform certain risk and operational functions at all times. Depending on the firm's size and its business and product mix, clearing members must have procedures in place to allow them to monitor the risks associated with proprietary trading, use appropriate tools to limit the impact of significant market moves and set automated credit controls or position limits in order entry systems.

OTC Clearing Members will be subject to risk management and monitoring practices by CME relating to transactions submitted to the Clearing House. OTC Clearing Members shall promptly

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

provide all information requested by Clearing House staff, including, without limitation, information respecting risk, settlement, liquidity, and operational issues. OTC Clearing Members shall make information and documents regarding their risk management policies, procedures and practices available to the CFTC upon the CFTC's request.

An OTC Clearing Member that will clear CDS, IRS and/or FX NDF activity must have sufficient risk management and operational procedures in place for such activity. . These risk management and operational procedures include procedures for settlement and default management as applicable. OTC Clearing Members which are FCMs should also comply with CFTC Reg. 1.73.

Refer to Rule 982 (Risk Management), Rule 8F10 (Risk Management) as to OTC and IRS and Rule 8H10 (Risk Management) as to CDS.

Disaster Recovery and Business Continuity

All clearing members must have written disaster recovery and business continuity policies and procedures in place to ensure they are able to perform certain basic operational functions in the event of a significant internal or external interruption to their operations. Depending on the firm's size and its business and product mix, clearing members must have procedures in place to allow them to continue to operate during periods of stress or to transfer accounts to another fully operational clearing member with minimal disruption to CME Clearing. Clearing members must perform periodic testing of disaster recovery and business continuity plans, have duplication of critical systems at back up sites and periodically back-up critical information.

Refer to Rule 983 (Disaster Recovery and Business Continuity).

Required Records and Reports

The books and records of a clearing member shall be made promptly available for inspection upon request by the Exchange.

Refer to Rule 980 (Required Records and Reports), CME Rule 8F04.9 (OTC Clearing Member Obligations and Qualifications) and CME Rule 8H04.7 (CDS Clearing Member Obligations and Qualifications).

Clearing of Customer Activity

If the OTC Clearing Member will clear OTC derivative products for customers, it must be properly registered or authorized for such activity by its primary regulator and it must be registered as an FCM with the CFTC and NFA. FCMs are subject to CFTC rules and

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

regulations including rules and regulations pertaining to regulatory capital, financial reporting and customer protection.

Information on FCM registration can be obtained from the National Futures Association (www.nfa.futures.org or 312.781.1401). CFTC rules and regulations can be found on their Web Site at www.cftc.gov.

OTC derivatives submitted to clearing for the account of a customer will be assigned and held in a Customer Cleared Swaps Account unless the CFTC has issued an order permitting particular OTC derivatives products to be included in customer segregated accounts. Refer to CME Rule 8F03 (Classification of Positions) and CME Rule 8H03 (Classification of Positions).

As pertaining to OTC derivatives activity, all Clearing Members which clear OTC derivatives for customers are required to:

- Maintain sufficient funds in cleared swaps accounts;
- Compute, record and report daily cleared swaps customer amounts statements;
- Obtain satisfactory cleared swaps acknowledgement letters;
- Provide immediate written notice to CME Group's Financial and Regulatory Surveillance Department of a failure to maintain sufficient funds in cleared swaps accounts;
- Submit daily cleared swaps customer amount statements through the WinJammer system by 12:00 noon on the following business day;
- Provide the Financial and Regulatory Surveillance Department with view-only daily access to cleared swaps' customer bank, trust company, exchange and carrying broker accounts;
- Submit a report of investments of cleared swaps customer funds through the WinJammer system as of the 15th and last business day of the month by the close of business on the following business day; and
- Provide immediate written notification to the Financial and Regulatory Surveillance Department upon the approval of disbursement(s) which exceed 25% of the most recent calculation of excess cleared swaps customer funds.

These requirements are identical to requirements pertaining to customer segregated and secured 30.7 funds.

Refer to Rule 971. Segregation, Secured and Cleared Swaps Customer Account Requirements.

In addition, all clearing members must ensure that its customers meet any eligibility requirements established for trading certain OTC derivatives products.

Hedge Fund OTC Clearing Members

OTC Clearing Members which are hedge funds are subject to additional clearing membership requirements including:

OTC Clearing Membership Financial Reporting, Notification and Other Requirements

- Establishing separate clearing accounts for each fund whose activity is being cleared by the Hedge Fund OTC Clearing Member.
- Additional reporting of risk exposures and liquidity resources of the Hedge Fund OTC Clearing Member and all affiliated funds for which it clears OTC derivatives products.

In addition, if the Hedge Fund OTC Clearing Member will clear OTC derivative products for related funds, it must be registered as an FCM unless the related funds qualify as noncustomer or proprietary accounts as defined in CFTC Regulation 1.3(y).

Product Specific Requirements

The Clearing House Risk Committee, the IRS Risk Committee for IRS products, the CDS Risk Committee for CDS products or CME Clearing may establish product-specific requirements or require specific agreements for certain OTC derivative products. In addition, other clearing, system access or customer agreements or addendums may be required depending upon the OTC derivative product(s) the OTC Clearing Member intends to clear.

Examinations

All clearing members are subject to on-site risk based examinations and on-going oversight by the appropriate Clearing House Risk Committee. Documents requested during an examination must be provided to Exchange staff in a timely manner and in the requested format.

Additional Documentation

OTC Clearing members must execute any additional documentation and agreements, including any clearing agreements, license agreements, or debit authorizations, which the Exchange will require to clear OTC derivative transactions.

OTC Clearing Membership Parent Guarantee and Cross-Guarantee

Parent Guarantee

The parent guarantee requirements are stated in Rule 901.L. (General Requirements and Obligations). Unless an exemption is granted, all clearing members must submit to the Exchange a written guarantee, on a form provided by the Exchange, from each person or entity owning 5% or more of the equity securities of the clearing member.

A parent guarantee shall guarantee all obligations of the clearing member to the Exchange arising out of noncustomer and proprietary accounts cleared by the clearing member. These accounts are classified and carried in the house (i.e. noncustomer) origin of the clearing member at CME Clearing and are defined in CFTC Regulation 1.3(y).

Rule 8F03 (Classification of Positions) provides that all OTC derivative positions submitted for clearing by an OTC Clearing Member for its proprietary account, are assigned to and held in a house account of the OTC Clearing Member. Generally, affiliates of the OTC Clearing Member are not considered "customers" under CFTC regulations. The OTC derivative positions of these noncustomers are also assigned to and held in the house account of OTC Clearing Member. A parent guarantee shall guarantee all obligations of the OTC Clearing Member to the Exchange arising out of noncustomer and proprietary accounts.

Such noncustomer and proprietary obligations covered under the parent guarantee include performance bond and settlement for noncustomer and proprietary positions held and cleared, noncustomer and proprietary trades executed by traders qualified by the clearing member until accepted for clearing by another clearing firm, and noncustomer and proprietary trades executed and processed through the Give-Up Payment System ("GPS") by the clearing member until accepted for clearing by another clearing firm.

A parent guarantee shall not apply to any obligations of the clearing member to pay an assessment to the Exchange pursuant to Rule 802.B. (Protection of Clearing House - Satisfaction of Clearing House Obligations). Note: Rule 802.B. sets forth a clearing member's financial responsibilities in the event of a default of another clearing member.

Ownership Information and Structure

All clearing members must submit and maintain with the Financial and Regulatory Surveillance Department a current list of every person or entity that directly or indirectly through intermediaries, is the beneficial owner of 5% or more of any class of equity security of the clearing member. If such person or entity owns the clearing member indirectly through intermediaries, all intermediaries must be listed, including, if a corporation, all shareholders who own 5% or more of any class of equity security, or, if a partnership, all general and any limited or special partners who have contributed 5% or more of the partnership's capital. If the intermediary's shareholders or partners are not individuals, the clearing member must include the chain of ownership of 5% shareholders,

OTC Clearing Membership Parent Guarantee and Cross-Guarantee

general partners and 5% limited or special partners until individuals or a publicly traded company is listed.

For purposes of parent guarantee requirements, the term "equity security" shall include any stock, partnership interest or similar security; or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right; or any other security which the Financial and Regulatory Surveillance Department shall deem to be of similar nature and consider necessary or appropriate to treat as an equity security.

Application of Parent Guarantee Requirements

A clearing member's ultimate parent should provide a parent guarantee unless an intermediate company providing a guarantee has capital greater than or equal to \$300,000,000. Note: If the parent company is a regulated entity, capital shall be defined as adjusted net capital. If the parent company is a non-regulated entity, capital shall be defined as assets less liabilities plus acceptable subordinated debt.

All parent guarantees must be submitted on Exchange-approved forms. There are two acceptable forms described below and contained in Exhibits B and C.

Full Parent Guarantee

An individual or an entity is required to execute a full guarantee if the individual or entity owns, directly or indirectly, 50% or more of the clearing member. Refer to Exhibit B.

If the parent guarantee is not executed on behalf of an individual, such guarantee shall be signed by an authorized officer for a corporation, an authorized member or manager for a limited liability company, a general partner of a partnership or the trustee (not the beneficiary) of a trust. In addition, the guarantor must submit a Board of Director's resolution or similar written documentation stating the guarantor's decision to guarantee the clearing member's obligations to the Exchange under Rule 901.L. (General Requirements and Obligations) and granting such officer, member, manager or partner authority to sign the guarantee. Refer to Exhibit D.

Partial Parent Guarantee

A partial guarantee is required for individuals or entities owning, directly or indirectly, 5% or more but less than 50% of the clearing member. The individual or entity need only provide a guarantee to the extent of their ownership. Refer to Exhibit C.

If the partial parent guarantee is not executed on behalf of an individual, such guarantee shall be signed by an authorized officer for a corporation, an authorized member or manager for a limited

OTC Clearing Membership Parent Guarantee and Cross-Guarantee

liability company, a general partner of a partnership or the trustee (not the beneficiary) of a trust. In addition, the guarantor must submit a Board of Director's resolution or similar written documentation stating the guarantor's decision to guarantee the clearing member's obligations to the Exchange under Rule 901.L. (General Requirements and Obligations) and granting such officer, member, manager or partner authority to sign the guarantee. Refer to Exhibit D.

Parent Guarantee Exemptions

An OTC clearing member may request an exemption from the parent guarantee requirements due to one of the following:

- The clearing member maintains \$300,000,000 or more in adjusted net capital or Tier 1 capital.
- The clearing member does not clear, execute and give-up, or qualify individual traders who execute non-customer or proprietary trades.
- The clearing member has minimal activity in their house origin.

A clearing member is determined to have minimal activity in the house origin if the average house performance bond requirement is less than 1% of the firm's excess adjusted net capital up to a maximum house performance bond requirement of \$500,000. The average house performance bond requirement is recalculated and reviewed quarterly by CME Clearing. In addition, clearing members receiving this exemption are monitored to ensure that all execution-only business or other significant volume is not part of their house activity. If an OTC clearing member exceeds these thresholds, it is allowed 2 weeks to either scale down the activity, move the positions to another clearing firm or provide the appropriate guarantee(s).

The exemption request must be in writing and submitted to the Audit Department. The request will be reviewed during the membership approval process.

Cross-Guarantee Agreement

Rule 901.G. (General Requirements and Obligations) states that if any person directly or indirectly controls, owns 10% or more of, or has the right to 10% or more of the profits of two or more clearing members, then each clearing member shall guarantee the obligations of the other clearing members to CME Clearing. This rule is applicable if any OTC Clearing Member and a CME, CBOT, NYMEX or COMEX Clearing Member have common ownership and an exemption has not been provided.

Each clearing member shall execute a written guarantee to CME Clearing on an approved form. Refer to Exhibit E.

The cross-guarantee shall be signed by an authorized officer for a corporation, an authorized member or manager for a limited liability company, or a general partner of a partnership. In

**OTC Clearing Membership
Parent Guarantee and Cross-Guarantee**

addition, each clearing member shall submit a Board of Director's resolution or similar written documentation stating the clearing member's decision to execute such Cross-Guarantee Agreement and granting such officer, member, manager or partner authority to sign the guarantee.

Unless a cross guarantee is provided, affiliated clearing members may not both clear IRS or CDS products within the house origin. That is, only one affiliated clearing member may clear house IRS and/or CDS activity. The other affiliated clearing member may clear customer IRS and/or CDS activity (if it is properly registered as an FCM).

Exchange staff may grant exemptions from the cross-guarantee requirements.

OTC Clearing Membership Contact Listing

Contact Listing

| | | | |
|---------------|------------------------------|----------------|--|
| Sunil Cutinho | President Clearing House | (312) 634-1592 | Sunil.Cutinho@cmegroup.com |
| Debbie Kokal | Executive Director, FRS Dept | (312) 930-3235 | Debbie.Kokal@cmegroup.com |

FRS Department

| | | | |
|---------------|---------------------------|----------------|--|
| Cathy Downs | Senior Director, FRS Dept | (312) 648-3802 | Cathleen.Downs@cmegroup.com |
| Laurie Egan | Director, FRS Dept | (312) 338-2405 | Laurie.Egan@cmegroup.com |
| Kristen Klein | Director, FRS Dept | (312) 930-3236 | Kristen.Klein@cmegroup.com |

Clearing House

| | | | |
|----------------|---|----------------------------------|--|
| Lee Betsill | Managing Director, CRO | (312) 338-2779 (312) 930-3189 | Lee.Betsill@cmegroup.com |
| Steve Staszak | Executive Director, Operations | | Steve.Staszak@cmegroup.com |
| Michael Kobida | Executive Director, Collateral Services | (312) 454-8961 | Michael.Kobida@cmegroup.com |

Shareholder Relations and Membership Services

| | | | |
|------------------|---------------------------------|----------------|--|
| Beth Hausoul | Manager (CME Share Transfers) | (312) 930-3484 | Elizabeth.Hausoul@cmegroup.com |
| Bridget Sullivan | Manager, New York Memberships | (212) 299-2375 | Bridget.Sullivan@cmegroup.com |
| Jule Mondschein | Supervisor, Chicago Memberships | (312) 435-3485 | Jule.Mondschein@cmegroup.com |

OTC Clearing Membership Application Checklist

The application process of OTC Clearing Members requires the submission of numerous documents, the establishment of various relationships, and approval by the Clearing House Risk Committee, the IRS Risk Committee for IRS products and the CDS Risk Committee for CDS products. To assist OTC Clearing Member applicants, the following checklist has been established to provide guidance. Note: Not all items on the checklist will apply to every OTC Clearing Member. Likewise, items not included on the checklist may be required for OTC Clearing Membership approval dependent upon the unique circumstances of the applicant.

All OTC Clearing Member applicants must execute and submit the following documents unless otherwise indicated:

1. OTC Clearing Membership Application including:
 - Articles of Incorporation, Operating Agreement, or Partnership Agreement (including all sub-agreements) _____
 - Certificate of banking license or authorization, or equivalent, from the organization's primary regulator (with an English language translation), if applicable _____
 - List of Officers, Managing Members of an LLC, or Partners, including titles, direct telephone and fax numbers and e-mail addresses _____
 - Authorization to do business in the State of Illinois or New York, as applicable, or executed Agency Agreement _____
 - Resolution authorizing the person signing the application to represent the organization _____
 - Corporate Structure (including percentages of ownership and business form) of all significant entities in the corporate structure _____
 - Most current examination report from the organization's primary regulator, if applicable _____
 - IRS Form W-9 or W-8BEN, as applicable _____

2. The organization's most recent certified financial statement (in the English language) _____

3. The organization's most recent monthly/quarterly, as applicable, financial statement (in the English language) filed with its primary regulator, if applicable, including the calculation of capital. Also, if applicable, a summary of the capital and financial reporting requirements imposed the organization by its primary regulator. _____

4. Parent Guarantee(s), if applicable _____

5. Cross-Guarantee, if applicable _____

**OTC Clearing Membership
Application Checklist**

- 6. Deposit of Minimum Guaranty fund deposit prior to the CME Clearing House Risk Committee and/or IRS Risk Committee or CDS Risk Committee meeting _____

- 7. Other Documentation, as applicable _____

- 8. Other Requirements _____

- _____



A CME/Chicago Board of Trade/NYMEX Company

AGENCY AGREEMENT

WHEREAS, _____ (“**Member**”) with offices located at

_____ is a clearing member of Chicago Mercantile Exchange Inc. (“CME”), Chicago Board of Trade, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”), and/or Commodity Exchange, Inc. (“COMEX”), (collectively, “Exchanges”), as applicable, and such other exchange as may become a member of CME Group Inc. (“CME Group”);

WHEREAS, the **Member** hereby appoints _____ (“**Agent**”) as its agent for service of process and other communications in connection with the above-referenced business; and

WHEREAS, the **Agent** accepts such appointment to act as agent for service of process and other communications;

NOW THEREFORE, the parties agree as follows:

1. Services. The **Member** appoints the **Agent** as its agent for service of process and other communications in connection with its activities related to clearing membership. The **Agent** shall accept service of process and other communications on behalf of the **Member** and shall transmit such communications to the **Member**. Such communications shall be transmitted to the address set forth above or by electronic or telephonic means.
2. Termination of Agreement. This Agency Agreement (“Agreement”) may be terminated by agreement of the parties provided that the **Member** first provides to the Exchanges an Agreement appointing an agent for service of process that is acceptable to the Exchange(s).
3. No Assignment. This Agreement shall not be assigned by either party without the written consent of Exchange staff.
4. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of _____ (Illinois or New York), United States of America.
5. Choice of Forum and Consent to Jurisdiction. Each party consents to the personal jurisdiction of the courts (check one):

_____ of Illinois and the United States District Court for the Northern District of Illinois over any action at law, suit in equity, or judicial proceeding under or which may otherwise

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arise out of the **Member** activities as a clearing member or this Agreement and agrees not to contest venue for any such proceeding in Cook County, State of Illinois. The **Member** agrees that any action at law, suit in equity, or judicial proceeding under or which may otherwise arise out of the **Member's** activities as a clearing member or this Agreement shall be instituted by the **Member** only in the Courts of the State of Illinois or the United States District Court for the Northern District of Illinois.

_____ New York and the United States District Court for the Southern District of New York over any action at law, suit in equity, or judicial proceeding under or which may otherwise arise out of the **Member's** activities as a clearing member or this Agreement and agrees not to contest venue for any such proceeding in Kings County, State of New York. The **Member** agrees that any action at law, suit in equity, or judicial proceeding under or which may otherwise arise out of the **Member's** activities as a clearing member or this Agreement shall be instituted by the **Member** only in the Courts of the State of New York or the United States District Court for the Southern District of New York

6. Severability. If any provision of this Agreement is held by any Court of competent jurisdiction to be invalid, illegal or unenforceable for any reason, the remaining provisions of this Agreement shall not be affected and this Agreement shall be construed and enforced as if this Agreement did not contain the provision which is held to be invalid, illegal, or unenforceable.
7. Heirs, Successors, and Assigns. This Agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties. Nothing in this paragraph shall be construed as a consent by either party to any assignment of this Agreement except as provided in Paragraph 3 of this Agreement.
8. Notices. Except as provided in Paragraph 1, all notices or communications required by or given under this Agreement shall be deemed given as of the date of receipt or, if earlier, as of the date five days after such notices or communications are deposited in the United States mail, airmail postage prepaid, or in the mails of any other country, airmail postage prepaid, or delivered to any generally recognized international air carrier.

All notices to the **Agent** shall be addressed as follows:

All notices to the **Member** shall be addressed to the address set forth at the beginning of this Agreement.

Executed on _____, 20____, at

(City) (State, Province, etc.) (Country)

(Signature)

(Printed Name)

(Title)

Approved and accepted by the **Agent** on _____, 20____,

(City) (State, Province, etc.) (Country)

AGENT

By: _____
(Signature)

(Printed Name)

(Title)



A CME/Chicago Board of Trade/NYMEX Company

FULL GUARANTEE

GUARANTEE AGREEMENT

In consideration of Chicago Mercantile Exchange Inc. ("CME"), Chicago Board of Trade, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), Commodity Exchange, Inc. ("COMEX") and such other exchange as may become a member of CME Group Inc. (collectively, "Exchanges"), as applicable, accepting/retaining _____ (Clearing Member) as a clearing member, _____ (Guarantor), which is an owner or part owner of Clearing Member, hereby guarantees to Exchanges the due and punctual performance of all obligations to Exchanges arising out of accounts cleared by Clearing Member that are:

1. non-customer accounts, including proprietary accounts as defined by Commodity Futures Trading Commission (CFTC) Regulation 1.3(y); and
2. accounts carried by another futures commission merchant if such accounts would be considered non-customer accounts, including proprietary accounts as defined by CFTC Regulation 1.3(y), of Clearing Member, if carried directly by Clearing Member.

Notwithstanding anything herein to the contrary, this guarantee shall not apply to any obligations of Clearing Member to pay an assessment to CME pursuant to Rule 802.B., nor shall it apply to any obligations arising out of non-customer accounts if such obligations arose solely because Exchanges took margin from such non-customer accounts and applied it to a default of a customer account.

Guarantor unconditionally guarantees and promises payment of all indebtedness which Clearing Member may now or in the future owe with respect to obligations covered by this guarantee including, but not limited to, the posting and payment of margins and premiums pursuant to Exchange Rules. Exchanges will attempt to notify Guarantor by telephone of any default by Clearing Member in the performance of an obligation covered by this guarantee, and will thereafter confirm such notice in writing, but the liability of Guarantor to Exchanges pursuant to this agreement shall become due and payable immediately upon any such default by Clearing Member.

Guarantor's liability may be enforced without notice to Guarantor and without first proceeding against Clearing Member or resorting to any collateral, security or other guarantors or obligors, if any, or pursuing any other remedy. Any collateral, security or obligations of any other guarantors or obligors, if any, may be sold, released, surrendered, exchanged, settled, compromised, waived, subordinated or modified, in each case without consideration and on any terms or conditions, without notice to or further assent from Guarantor. Guarantor's liability is several and independent of any other guarantees in effect with respect to any part of the above obligations and may be enforced regardless of the existence of any other guarantees.

Notwithstanding any other provision in this agreement, this guarantee shall continue in effect or shall be reinstated if at any time payment or other performance, or any part thereof, by

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Clearing Member to Exchanges with respect to any of the above obligations is rescinded, or must otherwise be repaid by Exchanges as a result of bankruptcy or reorganization of Clearing Member.

No payment or other performance by Guarantor shall entitle Guarantor, by subrogation or otherwise, to any right against Clearing Member, including any payment by Clearing Member or out of property of Clearing Member, except after the full performance, payment and discharge of all of the above obligations. All remedies, rights, powers and privileges granted to Exchanges pursuant to this agreement are cumulative and not alternative. The exercise of any or all such rights by Exchanges shall not reduce, limit, impair, discharge, terminate or otherwise affect the liability of Guarantor. No failure or delay by Exchanges in exercising any remedy, right, power or privilege pursuant to this agreement shall operate as a waiver, and any such remedy, right, power, or privilege may be exercised by Exchanges at any time. No partial exercise of any such rights shall preclude further exercise or the exercise of any other remedy, right, power or privilege.

No modification of this guarantee or waiver shall be valid unless in writing and signed by Exchanges and then only to the extent specifically set forth in such writing. No notice or demand by Exchanges upon Guarantor or any other guarantor of the above obligations shall preclude Exchanges from taking further action without notice or demand.

This guarantee shall remain in full force until Exchanges receives and accepts written notification of termination. Such acceptance of termination shall not be unreasonably withheld. Guarantor acknowledges that this guarantee applies to all obligations covered by this guarantee arising prior to Exchanges' acceptance of such termination.

This guarantee shall bind the heirs, personal representatives, successors and assigns of Guarantor and shall inure to the benefit of Exchanges, its successors and assigns. Guarantor hereby waives notice of any such assignment by Exchanges.

This guarantee shall be governed by, and construed in accordance with, the laws of the State of Illinois. Any action or litigation of any kind initiated by Guarantor, Clearing Member or Exchanges in connection with this guarantee shall be adjudicated in the appropriate courts located in Chicago, Illinois. Guarantor, Clearing Member and Exchanges hereby consent to the jurisdiction of such courts and to service of process by any means authorized by Illinois or federal law, and hereby waive the right to transfer the venue of any such litigation.

Name of Guarantor: _____

Date: _____

Signed: _____

Printed Name: _____

If Guarantor is a Firm:

By: _____

Title: _____



A CME/Chicago Board of Trade/NYMEX Company

PARTIAL GUARANTEE

GUARANTEE AGREEMENT

In consideration of Chicago Mercantile Exchange Inc. ("CME"), Chicago Board of Trade, Inc. ("CBOT"), New York Mercantile Exchange, Inc. ("NYMEX"), Commodity Exchange, Inc. ("COMEX") (collectively, "Exchanges") and such other exchange as may become a member of CME Group Inc. as applicable, accepting/retaining _____ (Clearing Member) as a clearing member, _____ (Guarantor), which is an owner or part owner of Clearing Member, hereby guarantees to Exchanges the due and punctual performance of all obligations to Exchanges arising out of accounts cleared by Clearing Member that are:

1. non-customer accounts, including proprietary accounts as defined by Commodity Futures Trading Commission (CFTC) Regulation 1.3(y); and
2. accounts carried by another futures commission merchant if such accounts would be considered non-customer accounts, including proprietary accounts as defined by CFTC Regulation 1.3(y), of Clearing Member, if carried directly by Clearing Member.

Guarantor's liability under this agreement is limited to _____ percent of the above obligations.

Notwithstanding anything herein to the contrary, this guarantee shall not apply to any obligations of Clearing Member to pay an assessment to CME pursuant to Rule 802.B., nor shall it apply to any obligations arising out of non-customer accounts if such obligations arose solely because Exchanges took margin from such non-customer accounts and applied it to a default of a customer account.

Guarantor unconditionally guarantees and promises payment of all indebtedness which Clearing Member may now or in the future owe with respect to obligations covered by this guarantee including, but not limited to, the posting and payment of margins and premiums pursuant to Exchange Rules. Exchanges will attempt to notify Guarantor by telephone of any default by Clearing Member in the performance of an obligation covered by this guarantee, and will thereafter confirm such notice in writing, but the liability of Guarantor to Exchanges pursuant to this agreement shall become due and payable immediately upon any such default by Clearing Member.

Guarantor's liability may be enforced without notice to Guarantor and without first proceeding against Clearing Member or resorting to any collateral, security or other guarantors or obligors, if any, or pursuing any other remedy. Any collateral, security or obligations of any other guarantors or obligors, if any, may be sold, released, surrendered, exchanged, settled, compromised, waived, subordinated or modified, in each case without consideration and on any terms or conditions, without notice to or further assent from Guarantor. Guarantor's liability is

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several and independent of any other guarantees in effect with respect to any part of the above obligations and may be enforced regardless of the existence of any other guarantees.

Notwithstanding any other provision in this agreement, this guarantee shall continue in effect or shall be reinstated if at any time payment or other performance, or any part thereof, by Clearing Member to Exchanges with respect to any of the above obligations is rescinded, or must otherwise be repaid by Exchanges as a result of bankruptcy or reorganization of Clearing Member.

No payment or other performance by Guarantor shall entitle Guarantor, by subrogation or otherwise, to any right against Clearing Member, including any payment by Clearing Member or out of property of Clearing Member, except after the full performance, payment and discharge of all of the above obligations. All remedies, rights, powers and privileges granted to Exchanges pursuant to this agreement are cumulative and not alternative. The exercise of any or all such rights by Exchanges shall not reduce, limit, impair, discharge, terminate or otherwise affect the liability of Guarantor. No failure or delay by Exchanges in exercising any remedy, right, power or privilege pursuant to this agreement shall operate as a waiver, and any such remedy, right, power, or privilege may be exercised by Exchanges at any time. No partial exercise of any such rights shall preclude further exercise or the exercise of any other remedy, right, power or privilege.

No modification of this guarantee or waiver shall be valid unless in writing and signed by Exchanges and then only to the extent specifically set forth in such writing. No notice or demand by Exchanges upon Guarantor or any other guarantor of the above obligations shall preclude Exchanges from taking further action without notice or demand.

This guarantee shall remain in full force until Exchanges receives and accepts written notification of termination. Such acceptance of termination shall not be unreasonably withheld. Guarantor acknowledges that this guarantee applies to all obligations covered by this guarantee arising prior to Exchanges' acceptance of such termination.

This guarantee shall bind the heirs, personal representatives, successors and assigns of Guarantor and shall inure to the benefit of Exchanges, its successors and assigns. Guarantor hereby waives notice of any such assignment by Exchanges.

This guarantee shall be governed by, and construed in accordance with, the laws of the State of Illinois. Any action or litigation of any kind initiated by Guarantor, Clearing Member or Exchanges in connection with this guarantee shall be adjudicated in the appropriate courts located in Chicago, Illinois. Guarantor, Clearing Member and Exchanges hereby consent to the jurisdiction of such courts and to service of process by any means authorized by Illinois or federal law, and hereby waive the right to transfer the venue of any such litigation.

Name of Guarantor: _____

Date: _____

Signed: _____

Printed Name: _____

If Guarantor is a Firm:

By: _____

Title: _____

**CORPORATE RESOLUTION AUTHORIZING
GUARANTEE TO CHICAGO MERCANTILE EXCHANGE INC.**

I, _____, do hereby certify that I am the duly elected, qualified and acting Secretary and keeper of the records of _____ (the "Corporation"), organized and existing under the laws of _____; that the following resolutions were duly adopted as of _____, 20__ in accordance with the by-laws of the Corporation, by the unanimous written consent of, or at a duly-convened meeting of, the Board of Directors of the Corporation; and that such resolutions are now in full force and effect and are not in contravention of or in conflict with the by-laws or the charter or the articles of incorporation of the Corporation:

RESOLVED, that the Corporation guarantee to Chicago Mercantile Exchange Inc. ("Exchange") the obligations of _____ ("Clearing Member") to the Exchange arising out of accounts cleared by Clearing Member to the extent required under Rule 901.L. of the Exchange; and

FURTHER RESOLVED, that the following named individuals, each of whom is a properly elected or appointed officer of the Corporation, be and hereby are authorized and directed to execute a written guarantee to the above effect in the form provided by the Exchange:

Name/Title _____
Name/Title _____
Name/Title _____

IN WITNESS WHEREOF, I have hereunto subscribed my name on this ____ day of _____, 20__.

Corporate Seal*

Secretary

*If required by the laws of the Corporation's place of incorporation or the Corporation's by-laws

CROSS-GUARANTEE AGREEMENT

In consideration of Chicago Mercantile Exchange Inc. (“CME”), Board of Trade of the City of Chicago, Inc. (“CBOT”), New York Mercantile Exchange, Inc. (“NYMEX”), and Commodity Exchange Inc. (“COMEX”) (collectively, “Exchanges”), accepting/retaining as Clearing Members and _____ and _____ (each hereinafter referred to individually as a “Guaranteeing Member” and collectively as “Guaranteeing Members”), which share common ownership, control or profits as set forth in the Exchanges’ Rule 901.G., each Guaranteeing Member hereby:

1. Unconditionally guarantees and promises payment of any and all indebtedness or other obligations which the other Guaranteeing Member may now or hereafter owe to the Exchanges. The Exchanges will attempt to notify the Guaranteeing Member by telephone of any default by the other Guaranteeing Member and will thereafter confirm such notice in writing; however, the liability of the Guaranteeing Member to the Exchanges for such default pursuant to this Cross-Guarantee Agreement shall become due and payable immediately upon such default;
2. Agrees that such Guaranteeing Member’s liability hereunder may be enforced without notice to it and without first proceeding against the defaulting Guaranteeing Member or resorting to any collateral, security or other guarantors or obligors, if any, or pursuing any other remedy. Any collateral, security or obligations of any other guarantors or obligors, if any, may be sold, released, surrendered, exchanged, settled, compromised, waived, subordinated or modified, in each case without consideration and on any terms and conditions, without notice to or further assent from either Guaranteeing Member. Each Guaranteeing Member’s liability is several and independent of any other guarantees in effect with respect to any part of the above obligations and may be enforced regardless of the existence of any other guarantees;
3. Agrees that notwithstanding any other provision in this Cross-Guarantee Agreement, this guarantee shall continue in effect or shall be reinstated if any time, payment or other performance, or any part thereof, by either Guaranteeing Member to the Exchanges with respect to any of the above obligations is rescinded, or must otherwise be repaid by the Exchanges as result of bankruptcy or reorganization of either Guaranteeing Member;
4. Agrees that no payment or other performance by either Guaranteeing Member shall entitle it, by subrogation or otherwise, to any right against the defaulting Guaranteeing Member, including any payment by the defaulting Guaranteeing Member or out of property of the defaulting Guaranteeing Member, except after the full performance, payment and discharge of all of the above obligations. All remedies, rights, powers and privileges granted to the Exchanges pursuant to this Cross-Guarantee Agreement are cumulative and not alternative. The exercise of any or all such rights by the Exchanges shall not

reduce, limit, impair, discharge, terminate or otherwise affect the liability of either Guaranteeing Member. No failure or delay by the Exchanges in exercising any remedy, right, power or privilege pursuant to this Cross Guarantee Agreement shall operate as waiver thereof and any such remedy, right, power or privilege may be exercised by the Exchanges at any time. No partial exercise of any such rights shall preclude further exercise or the exercise of any other remedy, right, power or privilege by the Exchanges;

5. Agrees that no modification of this Cross-Guarantee Agreement or waiver of any portion hereof shall be valid unless in writing and signed by the Exchanges and then only to the extent specifically set forth in such writing. No notice or demand by the Exchanges upon either Guaranteeing Member or any other guarantor of the above obligations shall preclude the Exchanges from taking further action without notice or demand;
6. Agrees that this Cross-Guarantee Agreement is binding upon its respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of and be enforceable by the Exchanges and its transferees, successors and assigns. Each Guaranteeing Member hereby waives notice of any such assignment by the Exchanges;
7. Agrees that this Cross-Guarantee Agreement and all rights, obligations and liabilities arising hereunder shall be governed by the laws of the State of Illinois in all respects, including but not limited to matters of construction, validity and performance;
8. Agrees that any action or litigation of any kind whatsoever initiated by the Guaranteeing Members or the Exchanges in connection with this Cross-Guarantee Agreement, shall be adjudicated in a court of competent jurisdiction located in Chicago, Illinois. The Guaranteeing Members and the Exchanges hereby consent to the jurisdiction of such courts and to service of process by any means authorized by Illinois or Federal law and hereby waive the right to transfer the venue of any such litigation or action; and
9. Agrees that if (1) one of the Guaranteeing Members ceases to be a clearing member of the Exchanges or (2) the Guaranteeing Members provide the Exchanges with written notice that they no longer share common ownership, control or profits as set forth in Rule 901.G., this Cross-Guarantee Agreement shall remain in effect until the Clearing House Risk Committee of the CME Clearing House determines that any and all indebtedness and other obligations owing to the Exchanges from each Guaranteeing Member have been satisfied in full.

(Guaranteeing Member)

(Guaranteeing Member)

By: _____
(Signature of General Partner or Authorized Officer)

By: _____
(Signature of General Partner or Authorized Officer)

(Printed Name / Title)

(Printed Name / Title)

(Date)

(Date)