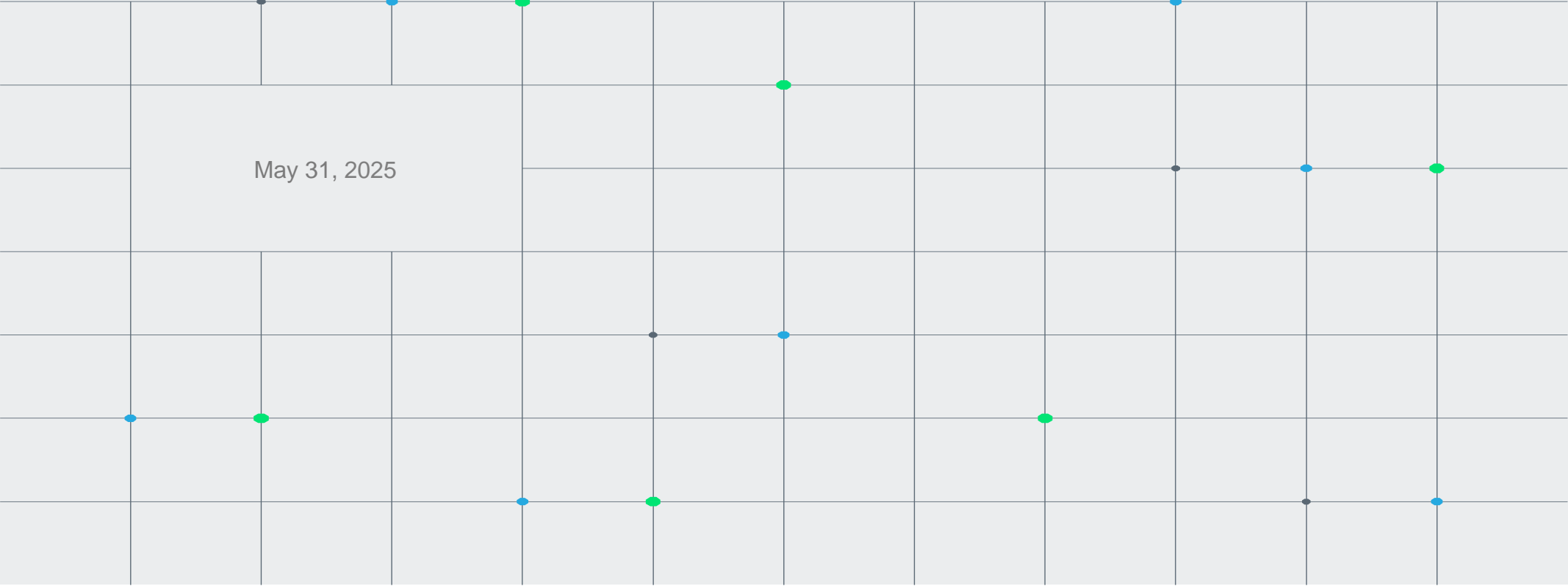




CME Clearing: Response to the Questionnaire on *FSB Continuity of Access to FMI*s for Firms in Resolution

The information provided in this disclosure is accurate as of May 31, 2025. For further information, please contact CMEPFMIResponse@cmegroup.com.





CME Clearing's response to the questionnaire on *FSB Continuity of Access to FMI's for Firms in Resolution: Streamlined information collection to support resolution planning* ("the Questionnaire")

A Principles-Based Governance Approach for CME Clearing's Decision-Making

Chicago Mercantile Exchange Inc. ("CME Inc."), a wholly-owned subsidiary of CME Group Inc. ("CME Group"), is registered with the U.S. Commodity Futures Trading Commission ("CFTC") as a derivatives clearing organization ("DCO") and operates its clearinghouse ("CME Clearing" or "Clearing House").¹ In July 2012, CME Inc. was designated as a systemically important financial market utility under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act by the Financial Stability Oversight Council because of its clearing activities. Due to this designation, CME Inc. is a systemically important DCO or "SIDCO" pursuant to CFTC regulations.

The Commodity Exchange Act ("CEA") establishes a principle-based framework for the operation and regulatory oversight of DCOs entitled, "DCO Core Principles."² Such principles are implemented in Part 39 of CFTC Regulations.³ Relevant CME Group Exchange Rules (or "Exchange Rules")⁴ applicable to the Clearing House and its Clearing Members comply with these regulatory standards.

The CEA's DCO Core Principle O, CFTC Regulation §39.24, and Exchange Rules together serve as the foundation to CME Clearing's reply to each inquiry in the Questionnaire. The CEA's DCO Core Principle O entitled, **Governance Fitness Standards**, requires a DCO to "establish governance arrangements that are transparent to fulfill public interest requirements."

CFTC Regulation §39.24 entitled, **Governance**, at §39.24 (a)(1)(iv), requires a DCO's governance arrangements to "explicitly support the stability of the broader financial system and other relevant public interest considerations of clearing members, customers of clearing members and other relevant stakeholders", and §39.24(a)(2) requires a DCO's board of directors to "make certain that the derivatives clearing organization's design, rules, overall strategy and major decisions appropriately reflect the legitimate interests of clearing members, customers of clearing members and other relevant stakeholders."

CME Group Exchange Rules as enumerated in our response, and the publicly available Corporate Governance Principles of CME Inc.'s Board of Directors ("Board")⁵ adopt the CEA's DCO Core Principle O and CFTC Regulation §39.24.⁶ The Corporate Governance Principles expressly state:

¹ The CFTC is an independent regulatory agency of the U.S. government. The Commodity Exchange Act establishes the statutory framework under which the CFTC operates. Under the Commodity Exchange Act, the CFTC has authority to establish regulations that are published in Title 17 of the Code of Federal Regulations (e.g., Part 39 of CFTC Regulations for DCOs).

² 7 USC §7a-1.

³ 17 CFR Pt. 39.

⁴ References to the CME Group Exchange Rules (or "Exchange Rules") and Rulebooks (or "Exchange Rulebooks") reference the rules and rulebooks, respectively, of CME Inc., the Board of Trade of the City of Chicago, Inc., the New York Mercantile Exchange, Inc., and the Commodity Exchange, Inc.

⁵ The Board of Directors of CME Inc. is comprised of the same individuals as the Board of Directors CME Group.

⁶ See <http://investor.cmegroup.com/static-files/60827cf0-529e-4656-a57a-d2007fa68e30>.

“The Board has governance and oversight responsibility of the safety and efficiency of CME Clearing. This includes CME Clearing’s operation in accordance with applicable regulations and subject to governance arrangements that prioritize the safety and efficiency of the Clearing House, generally support the stability of the broader financial system and consider the legitimate interests of clearing members and customers of clearing members and take into account prudent risk management standards (including systemic risk mitigation) and best practices in the industry.”

We note that all decisions by CME Clearing’s management, the CME Clearing Risk Committees (i.e., Clearing House Risk Committee and IRS Risk Committee)⁷, and/or the Board in relation to a clearing member’s (“Clearing Member”) continued access due to issues having an effect on the financial condition and good standing of a Clearing Member must be made in accordance with the CEA’s DCO Core Principles, CFTC Regulations, and applicable Exchange Rules. In order to comply with its obligations under the CEA’s DCO Core Principle O and CFTC Regulation §39.24, while ensuring best practices are observed in managing the risks associated with a Clearing Member’s financial distress, CME Group Exchange Rules allow CME Clearing to implement targeted and efficient risk management responses based on the facts and circumstances associated with the given Clearing Member’s distress.

Part I: Legal entity and general contract/service information:

0. Please provide:

- a) the date of the most recent version of the answers to this questionnaire, and
- b) an overview of the changes made since the previous version.

CME Clearing Response: The most recent version of the answers to this Questionnaire is dated as of May 31, 2025. The changes made since the previous version are not material in nature. Revisions to the Appendix reflect CME Group Exchange Rulebook changes that have been implemented since the previous responses were published.

1. Please provide the following details:

- a) Full Legal Name
- b) Legal Entity Identification Number (LEI)
- c) Jurisdiction of incorporation and registered number in the relevant corporate registry
- d) Supervisory, resolution or other relevant regulatory authority responsible for overseeing the activities of your organisation in (i) the relevant jurisdiction(s) of incorporation, and (ii) if different from the jurisdiction of incorporation, the relevant jurisdiction(s) of operation. Where an FMI is overseen by more than one regulatory authority, please also indicate which is the principal/ home regulator of the FMI and the relevant function(s) regulated by the respective authorities.

⁷ See <http://investor.cmegroup.com/static-files/7445789a-8aaa-46ec-8539-069e8cbf0fab> and <http://investor.cmegroup.com/static-files/50a72d75-6269-41ec-8bec-1799c4ac19e1>.

e) *The ownership arrangement of the legal entity (e.g. is it majority owned by its users?)*

CME Clearing Response: CME Inc. is registered with the CFTC as a DCO. In July 2012, CME Inc. was designated as a systemically important financial market utility under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act by the U.S. Financial Stability Oversight Council because of its clearing activities. Due to this designation, CME Inc. is a SIDCO under CFTC Regulations.

CME Inc.'s primary regulator is the CFTC. As a SIDCO, CME Inc. is also subject to the oversight of the Board of Governors of the Federal Reserve System.

CME Inc. is incorporated in Delaware. Its legal entity identification number is: SNZ2OJLFK8MNNCLQOF39.

CME Inc.'s direct parent is CME Group, a Delaware corporation. CME Group's shares of Class A Common Stock are publicly traded on the NASDAQ Global Select Market under "CME".

2. *Please provide the following information:*

- a) *Hyperlink to the published FMI disclosure template under the Disclosure Framework for Financial Market Infrastructures.⁸*
- b) *A list or description of services provided, including a summary of the key ongoing access requirements that you require of members for each service (including operational, financial, and capital requirements).*

CME Clearing Response: The CME Clearing PFMI Disclosure document is available at: <https://www.cmegroup.com/clearing/risk-management/files/cme-clearing-principles-for-financial-market-infrastructures-disclosure.pdf> and the CME Clearing Quantitative PFMI Disclosure document is available at: <https://www.cmegroup.com/clearing/cpmi-iosco-reporting.html>.

CME Clearing provides clearing and settlement services for a broad range of exchange-traded futures and options on futures ("exchange-traded derivatives") and over-the-counter derivatives contracts (also, referred to as "cleared swaps"). This includes the exchange-traded derivatives listed on CME Inc., the Board of Trade of the City of Chicago, Inc., the New York Mercantile Exchange, Inc., and the Commodity Exchange, Inc., which are each registered with the CFTC as a designated contract market ("DCM") (collectively and individually referred to as the "CME Group Exchange(s)" or "Exchange(s)").

The CME Group Exchange Rulebooks are publicly available on the CME Group website.⁹ In order to avoid any confusion that may arise from attempts to summarize provisions of the CME Group Exchange Rules, CME Clearing's response to the Questionnaire includes an Appendix that

⁸ See BIS-IOSCO, *Principles for financial market infrastructures: Disclosure framework and Assessment methodology*, 2012 (December).

⁹ See, for CME: <https://www.cmegroup.com/rulebook/CME/>, CBOT: <https://www.cmegroup.com/rulebook/CBOT/>, and NYMEX/COMEX: <https://www.cmegroup.com/rulebook/NYMEX/>.

contains the text of the primary Rules relevant to the Questionnaire.¹⁰ CME Clearing's requirements for clearing membership are enumerated primarily in Chapter 9 of the Exchange Rules and in particular, CME Group Exchange Rule 901 establishes the general requirements and obligations of clearing membership. CME Clearing publishes a Clearing Membership Handbook that is designed to supplement and clarify requirements for clearing membership.¹¹ In addition, Principle 18 of the CME Clearing PFMI Disclosure document summarizes the requirements for clearing membership.

Certain clearing membership requirements apply either to Base (i.e., primarily exchange-traded derivatives) or interest rate swaps ("IRS") products. Chapter 8G of the Exchange Rules is specific to IRS products¹² and Chapter 8F of the Exchange Rules is specific to cleared swaps products that are not IRS products,¹³ whereas Chapter 8 of the Exchange Rules is applicable to all products unless otherwise expressly excluded by Exchange Rule.¹⁴

3. Do your members/ clients access your services directly or through an intermediary?

CME Clearing Response: CME Clearing provides its clearing and settlement services through its Clearing Members, acting as buyer to every Clearing Member seller and seller to every Clearing Member buyer. This is the case whether a Clearing Member is acting for itself or for a customer. U.S. regulations require that a Clearing Member be registered as a futures commission merchant ("FCM") with the CFTC in order to intermediate public customer access to markets cleared by CME Clearing.

A list of Clearing Members and the DCMs for which they provide clearing is available on the CME Group website.¹⁵

4. Do your members/ clients need a specific software or IT programme to receive your services? If the answer is 'yes', is such software/ IT programme your proprietary product or a specific third party product (please also consider whether specific plug-ins that you require clients to run only run in combination with certain software, e.g. Microsoft products)?

CME Clearing Response: Please refer to CME Group Exchange Rule 901: General Requirements and Obligations. Additionally, CME Clearing notes that at a minimum, Clearing Members should have the ability to consume FIXML messages.

¹⁰ CME Clearing notes the text in the Appendix is accurate as of May 31, 2025.

¹¹ See <https://www.cmegroup.com/company/membership/files/cme-group-clearing-membership-handbook.pdf>.

¹² See Exchange Rule 8G04.

¹³ See Exchange Rule 8F004.

¹⁴ A reference to Base products encompasses exchange-traded derivatives and all non-IRS products that are cleared by CME Clearing. A reference to IRS products encompasses fixed-float swaps, zero coupon swaps, overnight index swaps, basis swaps, forward rate agreements, and swaptions and, applicable interest rate exchange-traded derivatives that are portfolio margined with the aforementioned products that are cleared by CME Clearing.

¹⁵ See <https://www.cmegroup.com/clearing/financial-and-regulatory-surveillance/clearing-firms.html>

5. *If your contracts are all governed by one governing law, please specify which governing law this is. If there are different governing laws, please specify the main governing laws applicable and explain whether this is dependent on the location of the services provided or as negotiated with the members/ client, or any other reason.*

CME Clearing Response: Please refer to CME Group Exchange Rule 905: Choice of Law.

6. *Are there any other service providers or FMIs (for example, CSDs, payment systems or other infrastructure) that a member / client would need to have access to in order to receive your services? Please provide the names of those types of service providers and their regulatory status, where applicable.*

CME Clearing Response: Consistent with Exchange Rule 901.S: General Requirements and Obligations, a Clearing Member must have a relationship with a: i) settlement bank that CME Clearing uses for any currency for which the Clearing Member's financial obligations (e.g., settlement variation, which is also commonly known as "variation margin") are denominated; and ii) collateral custodian that CME Clearing uses for any collateral type for which the Clearing Member posts to satisfy its financial obligations (e.g., performance bond, which is also commonly known as "initial margin"). A list of the settlement banks and collateral custodians CME Clearing uses is available on the CME Group website.¹⁶

In addition, should a Clearing Member carry an account that is required to make or accept physical delivery, it agrees to guarantee and assume complete responsibility for the performance of all delivery requirements set forth in the Rules. Please refer to Chapter 7 of the Exchange Rules for additional information on delivery procedures.

7. *Does your operating framework recognise the continued operations of FMI participants once they enter into resolution (e.g. as under the Bank of England's Resolvability Assessment Framework, or the Single Resolution Board's Expectations for Banks)?*

CME Clearing Response: Please refer to the CME Clearing's introductory remarks to the Questionnaire. For avoidance of doubt, CME Clearing notes that its primary regulator is the CFTC.

Part II: Rulebook / Contractual provisions regarding termination¹⁷

8. *Discretionary termination rights.*
a) *Rule Book / Participation agreement provisions: which provisions give rise to a right to terminate a service user's access? Are the FMI's termination provisions disclosed publicly? If so, please provide any link(s) to that information.*

¹⁶ See <https://www.cmegroup.com/clearing/financial-and-collateral-management/settlement-banks.html> and <https://www.cmegroup.com/clearing/financial-and-collateral-management/custodian-banks.html>.

¹⁷ If your FMI also has the option to suspend rather than terminate membership, please specify for each answer whether and how it would differ for suspension. Please also note Question 4, which asks about the details of suspension in your FMI's provisions.

- b) Are these provisions based solely on objective criteria, or can the FMI exercise judgement when triggering termination?*
- c) Does the FMI use 'forward looking' indicators that may trigger termination, and if so, which ones?*
- d) Do the FMI's provisions envisage that (i) financial stress on the participant's side (as defined in its provisions – please provide the definition of such stress) and/or (ii) a resolution event (recognised in the relevant jurisdiction) qualifies as a material change that may trigger termination?*
- e) During stress or resolution of the member, are actions by other FMIs taken into account as possible indicators or triggers for termination?*
- f) Are there any other relevant provisions regarding termination? If so, please explain why they are necessary for the FMI to enable rights for termination.*

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 412: Summary Actions;
- CME Group Exchange Rule 435: Effect of Suspension or Expulsion;
- CME Group Exchange Rule 802: Protection of Clearing House;
- CME Group Exchange Rule 8F006: Clearing Member Default;
- CME Group Exchange Rule 8G802: Protection of Clearing House;
- CME Group Exchange Rule 913: Withdrawal from Clearing Membership;
- CME Group Exchange Rule 8G913: Withdrawal from IRS Clearing Membership;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 976: Suspension of Clearing Members;
- CME Group Exchange Rule 978: Open Trades of Suspended Clearing Members; and
- CME Group Exchange Rule 979: Suspended or Expelled Clearing Members.

9. Suspension or restriction of membership.

- a) Does your framework allow for suspension or restriction of a participant's membership rather than termination? If yes, what exactly does this imply (for instance, limiting the right to enter new transactions in the system)? Please explain any differences to termination.*
- b) Is there a specific timeline for a suspension period before it leads to termination of membership, and are there circumstances where suspension may be lifted without a termination of membership?*

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 412: Summary Actions;
- CME Group Exchange Rule 435: Effect of Suspension or Expulsion;
- CME Group Exchange Rule 802: Protection of Clearing House;
- CME Group Exchange Rule 8F006: Clearing Member Default;
- CME Group Exchange Rule 8G802: Protection of Clearing House;
- CME Group Exchange Rule 913: Withdrawal from Clearing Membership;
- CME Group Exchange Rule 8G913: Withdrawal from IRS Clearing Membership;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 976: Suspension of Clearing Members;
- CME Group Exchange Rule 978: Open Trades of Suspended Clearing Members; and
- CME Group Exchange Rule 979: Suspended or Expelled Clearing Members.

10. *Critical FMI service rules, contractual arrangements, or procedures should reflect any legal restrictions on termination and suspension of access because of an FMI service user entering into resolution ([FSB 2017 Guidance, 1.1](#)).*
- a) *In what way do your rules, contractual arrangements and procedures reflect this?*
 - b) *Do such arrangements include the effect of parent or affiliates entering resolution?*
 - c) *Do you have any plans to amend or otherwise change, or have you recently changed your rules, contractual arrangements or procedures to address legal restrictions on termination of access in the event that an FMI service user enters resolution? If so, please provide details of the proposed/applied changes.*

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 412: Summary Actions;
- CME Group Exchange Rule 435: Effect of Suspension or Expulsion;
- CME Group Exchange Rule 802: Protection of Clearing House;

- CME Group Exchange Rule 8F006: Clearing Member Default;
- CME Group Exchange Rule 8G802: Protection of Clearing House;
- CME Group Exchange Rule 913: Withdrawal from Clearing Membership;
- CME Group Exchange Rule 8G913: Withdrawal from IRS Clearing Membership;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 976: Suspension of Clearing Members;
- CME Group Exchange Rule 978: Open Trades of Suspended Clearing Members; and
- CME Group Exchange Rule 979: Suspended or Expelled Clearing Members.

11. *Triggers, procedure and consequences of termination of FMI participation.*

- a) Triggers: in which situations would termination be considered? Is participation/membership generally terminated in case of financial stress? Are these criteria clearly outlined in the rulebook or other contractual documentation (please include the relevant references)?*
- b) Please explain the management and monitoring around the termination process - steps and timelines of the escalation and decision-making, as well as of the implementation of termination. (Please provide concrete examples, if any, of participation/membership terminations and flag, where relevant, any changes made to the termination process since).*
- c) What are the consequences of termination on the participant/member's ability to access the FMI's services? Would the firm be able to complete the processing of any outstanding transactions (e.g. not accepted for clearing or settlement, or in process but not complete) it has in the FMI's systems, or are these cancelled or liquidated?*
- d) Would the decision to terminate participation/ membership be notified ex ante (i.e. before it takes effect) to the competent authorities of (i) the direct participant and/or of (ii) the FMI? Would this decision be communicated ex ante to the participant itself? On both aspects, how long in advance of actual termination would such notifications occur?*
- e) What impact would a participant/member's termination have on their parent/subsidiaries' direct membership in the FMI?*
- f) Does the FMI have cross-default provisions in its rule set? Could it put a member in default because of an affiliate's insolvency or of an indirect participant/client's default or do the rules explicitly prevent or exclude such automatic termination (as long as other obligations are being met)?*
- g) What assistance would the FMI provide with the porting (within the FMI) of the participant's direct and/or indirect positions/outstanding transactions to a parent/subsidiary membership, third party successor or bridge entity?*
- h) Please discuss any other points related to termination.*

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;

- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 412: Summary Actions;
- CME Group Exchange Rule 435: Effect of Suspension or Expulsion;
- CME Group Exchange Rule 802: Protection of Clearing House;
- CME Group Exchange Rule 8F006: Clearing Member Default;
- CME Group Exchange Rule 8G802: Protection of Clearing House;
- CME Group Exchange Rule 913: Withdrawal from Clearing Membership;
- CME Group Exchange Rule 8G913: Withdrawal from IRS Clearing Membership;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 976: Suspension of Clearing Members;
- CME Group Exchange Rule 978: Open Trades of Suspended Clearing Members; and
- CME Group Exchange Rule 979: Suspended or Expelled Clearing Members.

In the event a Clearing Member's actions, failure to act, and/or financial condition were to cause a consideration of suspension or default pursuant to relevant Exchange Rules, CME Clearing would be in direct communication with staff of CFTC during the management of such event. In addition, CME Clearing would also be in direct contact with such Clearing Member.

Where a determination to suspend a Clearing Member or declare it in default is imminent pursuant to Exchange Rules and the Clearing Member provides customer clearing services, CME Clearing is authorized to port the customers of the Clearing Member to one or more Clearing Members in good standing and would endeavor to do so prior to the suspension or declaration of default; in such a situation, CME Clearing may also direct the Clearing Member to port its customers to one or more Clearing Members in good standing prior to the suspension or declaration of default. CME Clearing has successfully ported customers in past stress events allowing them to continue to maintain market access to manage their risks. Pursuant to Exchange Rules 819 and 8F008 for Base products and Rule 8G08 for IRS products, CME Clearing has a first-priority, unencumbered security interest in the collateral Clearing Members post to it, which supports CME Clearing's ability to port customers in a timely manner. Porting is also enhanced by the customer gross margining regime, which is established under CFTC Regulation §39.13(g)(8)(i)(A) and codified pursuant to Exchange Rules 930 and 8G930 for Base and IRS products, respectively.¹⁸

12. FMI's should retain the ability, as specified in rules or contractual arrangements, to terminate, suspend or restrict participation or continued provision of services where the firm fails to meet obligations or where safe and orderly FMI operations could be compromised (FSB 2017 Guidance, 1.1).

a) Under what conditions, if any, could safe and orderly FMI operations be at risk from maintaining participation of a service user in resolution?

¹⁸ The collection of performance bond on a gross basis means that the performance bond amount for each customer at the Clearing Member is individually calculated and the aggregate sum is the performance bond requirement that is posted to CME Clearing for a Clearing Member's customers.

b) Which indicators, if any, can a participant use to anticipate that such a scenario may occur?

CME Clearing Response: Please refer to CME Clearing's response to Question 2, as well as:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 412: Summary Actions;
- CME Group Exchange Rule 435: Effect of Suspension or Expulsion;
- CME Group Exchange Rule 802: Protection of Clearing House;
- CME Group Exchange Rule 8F006: Clearing Member Default;
- CME Group Exchange Rule 8G802: Protection of Clearing House;
- CME Group Exchange Rule 913: Withdrawal from Clearing Membership;
- CME Group Exchange Rule 8G913: Withdrawal from IRS Clearing Membership;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 976: Suspension of Clearing Members;
- CME Group Exchange Rule 978: Open Trades of Suspended Clearing Members; and
- CME Group Exchange Rule 979: Suspended or Expelled Clearing Members.

13. Are there any further aspects or issues to mention in relation to the provisions for termination or suspension of membership? If possible, please provide concrete examples of specific factors that were considered in the past when assessing whether to exercise judgement to terminate or suspend a participant's access. Please elaborate.

CME Clearing Response: No.

Part III: Prior to resolution, during signs of distress at the participant

The questions in this section assume a situation of stress, in which one of the FMI's (direct) participants/members, or an affiliate company, exhibits signs of distress. Please distinguish in case there are differences between situations of idiosyncratic vs. market stress.

To avoid duplication, respondents may cross-reference other answers when appropriate.

14. What management and monitoring process(es) does the FMI have in place to identify a situation of stress of a (direct) FMI participant or its affiliate?

CME Clearing Response: Please refer to the CME Clearing PFMI Disclosure document, particularly Key Consideration 3 of Principle 3 and Key Consideration 2 of Principle 4.

15. Which indicators does the FMI consider as part of its management and monitoring in order to determine whether its participants/members face difficulties due to idiosyncratic and/or market stress (outside of entry into resolution)?

CME Clearing Response: Please refer to the CME Clearing PFMI Disclosure document, particularly Key Consideration 3 of Principle 3 and Key Consideration 2 of Principle 4.

16. What risk mitigation actions could the FMI take under its rules / internal procedures vis-à-vis the participant or member? Which of those potential actions are likely, i.e. to be expected by the firm? How would risk mitigation vary in the event of mild, moderate, and severe stress situations at a participant/member? Could actions be taken even though the participant/member meets its obligations?

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 824: Additional Performance Bond;
- CME Group Exchange Rule 8G824: Additional IRS Performance Bond;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 970: Financial Requirements;
- CME Group Exchange Rule 8F011: Financial Requirements;
- CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements;
- CME Group Exchange Rule 980: Required Records and Reports;
- CME Group Exchange Rule 982: Risk Management;
- CME Group Exchange Rule 8F010: Risk Management; and
- CME Group Exchange Rule 8G10: Risk Management.

In addition, CME Clearing notes that pursuant to CFTC Regulation §39.13(h)(6), it is required to have the authority to take certain actions with respect to a Clearing Member:

“when appropriate, based on the application of objective and prudent risk management standards including, but not limited to:

- (i) Imposing enhanced capital requirements;*
- (ii) Imposing enhanced margin requirements;*
- (iii) Imposing position limits;*
- (iv) Prohibiting an increase in positions;*
- (v) Requiring a reduction of positions;*
- (vi) Liquidating or transferring positions; and*
- (vii) Suspending or revoking clearing membership.”*

17. What self-reporting requirements are placed on the member/participant in a situation of stress (e.g. additional reporting, increased reporting frequency; evidence of operational and financial capacity)? Please provide any templates or overviews of required data points, where available.

CME Clearing Response: Pursuant to CME Group Exchange Rule 980.C: Required Reports and Records, a Clearing Member, “must file any information requested by the Exchange within the time period specified in the request.” As such, based on the prevailing facts and circumstances, CME Clearing could require any Clearing Member to provide it additional information as it deems necessary. This is in addition to the standard reporting obligations under:

- CME Group Exchange Rule 901: General Requirements and Obligations;
- CME Group Exchange Rule 970: Financial Requirements;
- CME Group Exchange Rule 8F011: Financial Requirements;
- CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements;
- CME Group Exchange Rule 980: Required Reports and Records;
- CME Group Exchange Rule 982: Risk Management;
- CME Group Exchange Rule 8F010: Risk Management; and
- CME Group Exchange Rule 8G10: Risk Management.

18. Please explain the methodology used to calibrate additional membership requirements (including operational, financial and capital requirements) for a member/client in financial stress outside of resolution.

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;

- CME Group Exchange Rule 824: Additional Performance Bond;
- CME Group Exchange Rule 8G824: Additional IRS Performance Bond;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 970: Financial Requirements;
- CME Group Exchange Rule 8F011: Financial Requirements;
- CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements;
- CME Group Exchange Rule 980: Required Records and Reports;
- CME Group Exchange Rule 982: Risk Management;
- CME Group Exchange Rule 8F010: Risk Management; and
- CME Group Exchange Rule 8G10: Risk Management.

19. Please describe for each of the below risk mitigation actions, in as far as they form part of the FMI's set of potential risk mitigation actions: (i) whether these actions are discretionary or pre-determined, e.g., would the FMI follow a required set of actions, which may be described in its rule book; (ii) in which way, if at all, the FMI could deviate from the predetermined procedure so as to either disregard a mandated risk mitigation action or adopt a non-standard action?

- Increasing membership contributions (e.g. default fund/loss sharing contributions), mandating pre-funding, restricting withdrawal of deposits;*
- Increasing initial/variation margin/collateral requirements, restricting collateral types, removing cross-margining facilities; increasing liquidity obligations;*
- Removing credit lines, reliance on parental guarantees or securities borrowing facilities;*
- Enforcing trading controls including position limits, restricting markets;*
- Termination or suspension of participation/membership.*

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 824: Additional Performance Bond;
- CME Group Exchange Rule 8G824: Additional IRS Performance Bond;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 970: Financial Requirements;

- CME Group Exchange Rule 8F011: Financial Requirements;
- CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements;
- CME Group Exchange Rule 980: Required Records and Reports;
- CME Group Exchange Rule 982: Risk Management;
- CME Group Exchange Rule 8F010: Risk Management; and
- CME Group Exchange Rule 8G10: Risk Management.

20. Please answer question 19 also for other risk mitigation actions, if any, that are not mentioned here and would likely be taken.

CME Clearing Response: CME Clearing has nothing further to add.

21. In a situation of idiosyncratic or market stress, in which one of the FMI's (direct) participants/members, or an affiliate company, exhibits signs of distress, communications and notifications may be necessary. Please distinguish in the below in case there are differences between a situation of idiosyncratic vs. market stress.
- a) What notifications or communications would the FMI undertake to the participant/member, their competent and/or resolution authority, the FMI's competent and/or resolution authority, the stressed firm's settlement agent, and other stakeholders, and when? Would any of these be based on an obligation for the FMI to notify?
 - b) Do you have a specific communication plan for this, or does your approach leverage existing crisis communication mechanisms? In both cases, please describe the main features of the approach.
 - c) Does the FMI need to get consent from the firm or inform the firm prior to a notification or communication?
 - d) Do the communication/notification protocols require specific factors to be considered, for example legal implication, market impact, etc.?
 - e) Are your communication protocols standardised across participants or do they take into account the specificities of firms' participation and roles in respect of the FMI?

CME Clearing Response: CME Clearing would be in direct contact with a Clearing Member where it or one of its affiliates exhibits signs of distress. In addition, CME Clearing would be in communication with the CFTC. Further, CME Clearing notes that Clearing Members are subject to requirements to notify CME Clearing of certain events, as described in CME Clearing's response to Q17, and Clearing Members registered as FCMs are also subject to requirements to notify the CFTC of certain events under Part 1 of CFTC Regulations (e.g., CFTC Regulations §1.12 and §1.17). CME Clearing would also be in direct contact with the Clearing Member's settlement bank, where the Clearing Member indicates signs of distress, in order to support the Clearing House's ongoing understanding of the Clearing Member's continued ability to satisfy its obligations to the Clearing House. Although CME Clearing's communication protocols are standardized across Clearing Members, the frequency and type (e.g., telephone, email, etc.) of communications would be based on the existing facts and circumstance at the time of the stress event. However, regardless of a situation being characterized by idiosyncratic or market stress, where a Clearing Member or one of its affiliates is distressed, the parties CME Clearing would be in communication with are consistent.

In addition, CME Clearing has event-specific reporting obligations under CFTC Regulation §39.19(c)(4), which cover a number of reportable events relating to Clearing Members. In particular, CFTC Regulation §39.19(c)(4) requires:

“(c) Reporting requirements. Each registered derivatives clearing organization shall provide to the Commission or other person as may be required or permitted by this paragraph (c) the information specified as follows: (4) Event-specific reporting—

(vi) Request to clearing member to reduce its positions. A derivatives clearing organization shall notify the Commission immediately of a request by the derivatives clearing organization to one of its clearing members to reduce the clearing member's positions. The notice shall include:

(A) The name of the clearing member;

(B) The time the clearing member was contacted;

(C) The number of positions for futures and options, and for swaps, the number of outstanding trades and notional amount, by which the derivatives clearing organization requested the reduction;

(D) All products that are the subject of the request; and

(E) The reason for the request.

(vii) Determination to transfer or liquidate positions. A derivatives clearing organization shall notify the Commission immediately of a determination by the derivatives clearing organization that a position it carries for one of its clearing members must be liquidated immediately or transferred immediately, or that the trading of any account of a clearing member shall be only for the purpose of liquidation because that clearing member has failed to meet an initial or variation margin call or has failed to fulfill any other financial obligation to the derivatives clearing organization. The notice shall include:

(A) The name of the clearing member;

(B) The time the clearing member was contacted;

(C) The products that are subject to the determination;

(D) The number of positions for futures and options, and for swaps, the number of outstanding trades and notional amount, that are subject to the determination; and

(E) The reason for the determination.

(viii) Default of a clearing member. A derivatives clearing organization shall notify the Commission immediately of the default of a clearing member. An event of default shall be determined in accordance with the rules of the derivatives clearing organization. The notice of default shall include:

(A) The name of the clearing member;

(B) The products the clearing member defaulted upon;

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- (C) *The number of positions for futures and options, and for swaps, the number of outstanding trades and notional amount, the clearing member defaulted upon; and*
(D) *The amount of the financial obligation.*

...

(xvi) *Sanctions against a clearing member. A derivatives clearing organization shall provide notice to the Commission no later than two business days after the derivatives clearing organization imposes sanctions against a clearing member.*

(xvii) *Financial condition and events. A derivatives clearing organization shall provide to the Commission immediate notice after the derivatives clearing organization knows or reasonably should have known of:*

...

(C) *A material adverse change in the financial condition of any clearing member that is not otherwise required to be reported under this section.”*

Finally, consistent with CFTC Regulation §39.16(c)(2), CME Clearing would communicate the declaration of a Clearing Member default through notice on the publicly available CME Group website. It is our understanding that the CFTC, pursuant to its agreed upon information sharing protocols and practices, would be responsible for informing other authorities.

22. *Alleviating uncertainty for the FMI.*

- a) *Which actions could the firm or the relevant authorities take in order to alleviate uncertainty for the FMI, and reduce the risk that the FMI may take risk mitigation actions that may have an adverse financial impact on the firm?*
- b) *Which data / quantitative information and what qualitative information might you need to receive from the participant and/or RA in order to allow the participant to maintain access (please consider the three levels of access mentioned in footnote 3)? Please specify by when you would need each piece of information, if appropriate.*
- c) *What other actions could be taken ex-ante to avoid a temporary interruption of services or the risk of some transactions remaining unexecuted?*
- d) *Please discuss any other considerations.*

CME Clearing Response: To alleviate uncertainty, CME Clearing believes communication from an FMI participant (i.e., Clearing Member in case of CME Clearing) and its authorities to financial market infrastructures (“FMIs”) is of the utmost importance. To the extent practicable, communication procedures should be established *ex ante* and cover communications prior to and during a resolution event – e.g., the FMI receives information from its primary regulator, the FMI participant’s primary regulator, and/or the FMI participant’s resolution authority, etc. CME Clearing believes that it is critical for authorities to engage directly with FMIs to understand the information that is absolutely essential for each specific FMI and to ensure that

such information is provided in a timely manner to such FMI, in advance and upon the entry of a participant into resolution. An FMI must maintain its rights, as provided under its rulebook, to take the necessary actions where a participant is distressed to support financial stability. However, providing an FMI with as much information as practicable in a timely manner, so that they can more fully understand the existing facts and circumstance surrounding the participant's distress, would improve the likelihood of the continuity of access of that participant to the FMI and enhance the effectiveness of the ability of the FMI to manage the distress.

In particular, at a minimum, communication procedures should establish a "push message" mechanism whereby FMIs would directly receive a "push notification" of the resolution of a participant (or its affiliate), at the latest upon public disclosure of the resolution through existing means, but preferably in advance of the resolution. In addition, to enhance the likelihood of the continuity of access for an FMI participant, it would be beneficial for authorities (and in some cases, participants) to provide the following information to FMIs, which includes, but is not limited to:

- In advance of resolution, identification of:
 - i. The primary points of contact at the FMI participant – e.g., identify whether the FMI would have the same contact with senior leaders of the FMI participant that it engages with in business-as-usual and appointment of back-up contacts;
 - ii. Key tenants of the FMI participant's resolution plan, including which entities (e.g., FCM) of a participant (or its parent) are considered material legal entities and which services of a participant (or its parent) are considered critical functions.
- Intended timing of release of critical information – e.g., if predefined items for release are determined and timing of such release;
- "Resolution tools" that, if utilized, could impede continued participation in the FMI or would result in systemic risk;
- If certain services, particularly those provided to an FMI (and/or to FMI participants), will be delayed or cease to be provided where an FMI participant (or its parent) enters into resolution (e.g., settlement and custodial services);
- Updated financial and organizational information, as it becomes available, on an FMI participant (or its parent) that is subject to resolution;
- Expectations as to if and when (as well as how long) liquidity will flow to or from an FMI participant (or its parent), particularly relative to satisfying obligations to the FMI, including obligations in multiple currencies;
- Expectations as to the treatment of assets of an FMI participant with a foreign parent subject to resolution; and
- Implications of using differing resolution strategies (e.g., bail-in versus bridge bank).

23. Considering adverse financial impact of FMI risk mitigation actions on direct/indirect participants.

- a) Some actions, designed to protect the FMI, may precipitate the failure of the relevant participant/member or worsen its position at the time of resolution. How does the FMI consider this when deciding to protect itself?*
- b) Does the FMI take into account the impact on indirect participants of actions taken in response to a direct participant/member facing financial stress?*

CME Clearing Response: Please refer to the CME Clearing's introductory remarks to the Questionnaire.

24. Possible differences in treatment of domestic and foreign FMI service users entering into resolution.

- a) Do you differentiate in your treatment of domestic and foreign FMI service users, and if so in what way?*

b) Among foreign users, is there a distinction for users from certain jurisdictions? If so, what are those distinctions?

CME Clearing Response: CME Group Exchange Rules do not distinguish between domestic and foreign Clearing Members.

25. Safeguards in jurisdictional legal frameworks.

- a) How do you assess whether the resolution framework of the jurisdiction in which a firm resides provides adequate safeguards to the provider of critical FMI services?¹⁹*
- b) From which regulatory regimes (e.g. countries) do you accept service users?*

CME Clearing Response: Please refer to the CME Clearing PFMI Disclosure document, particularly Principle 1.

26. Are there any further aspects or issues to mention in relation to interaction between the FMI and a participant in financial stress? Do you have any examples of past experiences where the FMI has utilised its powers in relation to a member undergoing stress? What actions were undertaken and what were the outcomes? Could this example be indicative of actions that may be taken in a future case?

CME Clearing Response: No.

Part IV: During and after resolution

To avoid duplication, respondents may cross-reference other answers when appropriate.

27. When the FMI becomes aware of a participant entering a resolution process, which actions would the FMI be likely to take vis-à-vis the participant? Could actions be taken even though the participant/member meets its obligations?

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 824: Additional Performance Bond;
- CME Group Exchange Rule 8G824: Additional IRS Performance Bond;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;

¹⁹ See FSB, *Principles for Cross-border Effectiveness of Resolution Actions* 2015 (November).

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- CME Group Exchange Rule 970: Financial Requirements;
 - CME Group Exchange Rule 8F011: Financial Requirements;
 - CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements;
 - CME Group Exchange Rule 980: Required Records and Reports;
 - CME Group Exchange Rule 982: Risk Management;
 - CME Group Exchange Rule 8F010: Risk Management; and
 - CME Group Exchange Rule 8G10: Risk Management.

Please also refer to the CME Clearing PFMI Disclosure document, particularly Key Consideration 3 of Principle 3 and Key Consideration 2 of Principle 4.

28. Please explain the methodology used to calibrate additional membership requirements (including operational, financial and capital requirements) for a member/client in resolution. To what extent does the FMI take into account the resolution strategy and tools applied to a member to determine their financial and operational requirements? Does the FMI consider anything specific in its methodology in relation to ring-fenced or specifically safeguarded entities?

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
 - CME Group Exchange Rule 402: Business Conduct Committee;
 - CME Group Exchange Rule 403: Clearing House Risk Committee;
 - CME Group Exchange Rule 8G27: IRS Risk Committee;
 - CME Group Exchange Rule 824: Additional Performance Bond;
 - CME Group Exchange Rule 8G824: Additional IRS Performance Bond;
 - CME Group Exchange Rule 975: Emergency Financial Conditions;
 - CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
 - CME Group Exchange Rule 970: Financial Requirements;
 - CME Group Exchange Rule 8F011: Financial Requirements;
 - CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements;
 - CME Group Exchange Rule 980: Required Records and Reports;
 - CME Group Exchange Rule 982: Risk Management;
 - CME Group Exchange Rule 8F010: Risk Management; and
 - CME Group Exchange Rule 8G10: Risk Management.
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29. Please describe for each of the below risk mitigation actions, in as far as they form part of the FMI's set of risk mitigation actions upon a participant entering a resolution process (in addition to actions that would be taken prior to resolution): (i) whether these actions are discretionary or pre-determined, e.g., would the FMI follow a required set of actions, which may be described in its rule book; (ii) in which way, if at all, the FMI could deviate from the predetermined procedure so as to either disregard a mandated risk mitigation action or adopt a non-standard action; (iii) how/when the following risk mitigation actions would be communicated to the participant.

- i. Temporary suspension of certain activities (and if so, which activities);
- ii. Potential requirements to contribute additional margin or amounts to default or guarantee funds, secure additional liquidity commitments (including on an intraday basis), or to pre-fund part or all of payment and settlement obligations;
- iii. Potential changes to operational or information requirements, including those needed because certain services might not be available;
- iv. Potential requirements that may apply in relation to a bridge institution or a third party purchaser to which functions have been transferred.

CME Clearing Response: Please refer to:

- CME Group Exchange Rule 230.K: General;
- CME Group Exchange Rule 402: Business Conduct Committee;
- CME Group Exchange Rule 403: Clearing House Risk Committee;
- CME Group Exchange Rule 8G27: IRS Risk Committee;
- CME Group Exchange Rule 824: Additional Performance Bond;
- CME Group Exchange Rule 8G824: Additional IRS Performance Bond;
- CME Group Exchange Rule 975: Emergency Financial Conditions;
- CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions;
- CME Group Exchange Rule 970: Financial Requirements;
- CME Group Exchange Rule 8F011: Financial Requirements;
- CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements;
- CME Group Exchange Rule 980: Required Records and Reports;
- CME Group Exchange Rule 982: Risk Management;
- CME Group Exchange Rule 8F010: Risk Management; and
- CME Group Exchange Rule 8G10: Risk Management.

30. Please answer question 29 also for other risk mitigation actions, if any, that are not mentioned here and that would likely be taken.

CME Clearing Response: CME Clearing has nothing further to add.

31. *In what way should a service user prepare for resolution-related risk mitigation measures by the FMI to maximise the likelihood of maintaining access? Does the FMI provide any documented guidance on this to its participants/members, and/or to their RAs?*

CME Clearing Response: Please refer to CME Clearing's response to Question 22.

32. *What impact would a member/ participant's resolution have on any parent or subsidiary's direct membership at the FMI?*

CME Clearing Response: Please refer to the CME Clearing's introductory remarks to the Questionnaire.

33. *In a situation of idiosyncratic or market stress in which one of the FMI's (direct) participants/members, or an affiliate company, enters resolution, communications and notifications may be necessary. Please distinguish in the below in case there are differences between a situation of idiosyncratic vs. market stress.*

- a) *What notifications or communications would the FMI undertake to the participant/member, their competent and/or resolution authority, the FMI's competent and/or resolution authority, the firm's settlement agent, and other stakeholders, and when? Would any of these be based on an obligation for the FMI to notify?*
- b) *Do you have a specific communications plan for this or does your approach leverage existing crisis communication mechanisms?*
- c) *Does the FMI need to get consent from the firm or inform the firm prior to a notification or communication?*
- d) *Do the communication/notification protocols require specific factors to be considered, for example legal implication, market impact, etc.?*
- e) *Are your communication protocols standardised across participants or do they take into account the specificities of firms' participation and roles in respect of the FMI?*
- f) *Would your members / clients be able to leverage any preparations your organization has undertaken to access the necessary communication infrastructure to deliver the increased extent of communications that may be needed to respond to a resolution and any restructuring of a member/ client (such as increased call volumes to call centres)?*
- g) *What management and monitoring arrangements would apply for these crisis communications and notifications? Would you have a dedicated team or a point of contact for receiving and initiating all communications that relate to a member/ client entity in resolution or any related restructuring?*

CME Clearing Response: Please refer to CME Clearing's response to Question 21, which applies to CME Clearing's communications both prior to the resolution and during the resolution of a Clearing Member or its affiliate.

In addition, regarding CME Clearing's communications with a Clearing Member that has itself or has an affiliate that has entered into resolution, to the extent possible, it would leverage its existing points of contact to communicate with the Clearing Member. CME Clearing recognizes the value in maintaining communications with its business-as-usual points of contact where a Clearing Member or its affiliate has entered into resolution. Clearing Members would also be able to leverage their existing relationships at CME Clearing, as well as established risk management hotlines and group email inboxes, which are designed to address inquiries in a timely manner and ensure that the appropriate CME Clearing staff are aware of any inquiries.

34. *Alleviating uncertainty for the FMI. (As requested in Part II, if the responses to sub-questions a.-f. below have been documented in rulebook/contractual provisions or other documents, please reference.)*

- a) *What actions (such as communication) could the participant or authorities take in order to alleviate uncertainty for the FMI about the participant's situation, and thereby reduce the risk that the FMI may take risk mitigation actions that may have a further adverse financial impact on the participant?*
- b) *Assuming that the authorities and the affected member/ client may not be able to share relevant information before the commencement of the resolution process, would that represent a material issue that could determine how your organization responds to the fact that a member/ client has been placed in resolution?*
- c) *Which data / quantitative information would the FMI need to receive from the participant and/or RA in order to allow the participant to maintain access (please consider the three levels of access mentioned in footnote 3)? Please specify by when you would need each piece of information, if appropriate, including when you would need to be informed prior to resolution measures.*
- d) *Which qualitative information would the FMI need to receive from the participant and/or RA in order to allow the participant to maintain access to the FMI? Please specify by when you would need each piece of information, if appropriate, including when you would need to be informed prior to resolution measures.*
- e) *What other actions could be taken ex-ante to avoid a temporary interruption of services or the risk of some transactions remaining unexecuted?*
- f) *Please discuss any other considerations.*

CME Clearing Response: Please refer to CME Clearing's response to Question 22, which applies prior to the resolution and during the resolution of a Clearing Member or its affiliate.

35. *Considering adverse financial impact of FMI risk mitigation actions on direct/indirect participants.*

- a) *Some actions, designed to protect the FMI, may worsen the position of the participant at the time of resolution and as a result may also affect other participants. How does the FMI consider this when deciding to protect itself?*
- b) *Does the FMI take into account the impact on indirect participants of actions taken in response to a direct participant/member entering into resolution?*

CME Clearing Response: Please refer to the CME Clearing's introductory remarks to the Questionnaire.

36. *FMI rules and contractual arrangements should allow a bridge institution to maintain its predecessor's participation (membership) during a resolution process (FSB 2017 Guidance, 1.1). (As requested in Part II, if the responses to the sub-questions below have been documented in rulebook/contractual provisions or other documents, please reference.)*

- a) *Please explain how the FMI rules, contractual arrangements and/or procedures reflect this.*
- b) *What would be the FMI's process to ensure that continuity of access can be maintained for the purchaser of a resolved entity or for a bridge institution?*

- c) *Please share any timelines and any external dependencies for this process.*
- d) *If the purchaser or bridge institution requires a new access, do you have a “fast-track” procedure to allow access for such a purchaser or bridge institution? How long is setting up access expected to take (with or without a “fast-track” procedure)? What would the FMI require in order to continue providing the service pending completion of the onboarding procedure (e.g. connectivity and BIC/SWIFT codes to remain unchanged)?*
- e) *What type of information is needed in the context of a change-of-control assessment, i.e. to accept a purchaser or bridge institution as a participant/member? Please specify by when you would need each piece of information, if appropriate. How long would you then need to take an informed decision on access for the purchaser or bridge institution?*
- f) *Does the FMI explicitly consider, in its rulebooks or internal procedures, the possibility of a RA requiring access for the purchaser or bridge institution even in case they do not meet the membership or participation criteria (for instance where a credit rating is required)?*
- g) *Please discuss any other, e.g. practical, considerations around continuity of FMI access of a bridge institution or of a purchaser.*

CME Clearing Response: The CME Group Exchange Rulebooks allow for admission of Clearing Member applicants that meet CME Clearing’s membership requirements. Any determination to admit a bridge institution as a Clearing Member should support the stability of the broader financial system and other relevant public interest considerations of Clearing Members, customers, and other relevant stakeholders. CME Clearing would consider all relevant information to understanding the unique facts and circumstances associated with allowing the bridge institution to become a Clearing Member, including its ability to satisfy future obligations to CME Clearing.

37. *FMIs should consider the operational, technological, financial and legal implications arising from the transfer of functions or positions to a successor (either a bridge institution or a third-party purchaser). (FSB 2017 Guidance, 1.4)*
- a) *What preparations are necessary in your circumstances for such a transfer to be successful? What changes would be necessary for such a transfer to be successful? Please consider any preparations and changes by the FMI as well as by FMI members/service providers/others.*

CME Clearing Response: Consistent with CME Clearing’s response to Question 22, the likelihood of a transfer being successful is improved with fulsome communication from the participant and relevant authorities to CME Clearing.

The same considerations that apply to making a transfer to a bridge institution outlined in CME Clearing’s response to Question 36 apply when making a transfer to a third-party purchaser. CME Clearing has efficiently effectuated transfers to third-party purchasers in the past and will continue to do so in the future as necessary and appropriate.

38. *Portability/Transferability of underlying client positions, for example to facilitate a bridge or partial transfer resolution strategy.*
- a) *For CCPs: Which kind of segregated accounts are offered to (underlying) clients to facilitate the portability/transferability of client positions and securities collateral? Do you envisage that there may be material barriers to the effective and timely transfer of client positions following a decision to transfer the activities of the member in resolution to another member? If so, please explain.*

b) For ICSDs: Do you offer segregated accounts to (underlying) clients? Do you envisage that there may be material barriers to the effective and timely transfer of client securities and cash to another custodian following a decision to transfer the activities of the participant in resolution to another participant? If so, please explain.

CME Clearing Response: CME Clearing's segregation arrangements satisfy the requirements under Sections §4d(a)(2) and §4d(f)(2) of the CEA²⁰ that customer positions and performance bond funds are segregated from the positions and performance bond funds of their Clearing Member – commonly referred to as customer segregated accounts for exchange-traded derivatives and cleared swaps customer accounts for cleared swaps derivatives. Further, under CFTC regulations, customers' exchange-traded derivatives positions and performance bond funds are segregated from customers' cleared swaps derivatives positions and performance bond funds; unless customers' exchange-traded and cleared swaps derivatives positions are portfolio margined as elected by the customer. In addition, where CME Clearing offers clearing services to a foreign board of trade (i.e., non-DCM), customers associated positions and performance bond funds may be segregated from other customer types in secured 30.7 accounts. Segregation at the CME Clearing- and FCM-level is achieved by the utilization of customer segregated, secured 30.7, and cleared swaps customer account classes, as applicable. The funds in each customer account class are held on an omnibus basis by CME Clearing.

CME Clearing does not envisage material barriers to the effective and timely transfer of customer positions following a decision to transfer the customer clearing services of a Clearing Member in resolution to another Clearing Member based on its historical successes and the benefits of customer gross margining, as further described in CME Clearing's response to Question 11.

39. Are there any further aspects or issues to mention in relation to interaction between the FMI and the participant during or after resolution of the participant?

CME Clearing Response: No.

Part V: Arrangements and operational processes to facilitate continued access in resolution

40. The FMI should consider establishing management, monitoring and operational rules and procedures that facilitate the ability of FMI management to make prompt decisions in response to a service user's resolution (including a period when the FMI is closed for business). (FSB 2017 Guidance, 1.4)

- a) What procedures are in place at the FMI to facilitate prompt decision making at any time? What, if any, are the limitations?*
- b) What would be the likely range of decisions undertaken after receiving notice of a service user entering into resolution? What market communications or notifications to the regulator would be undertaken?*

CME Clearing Response: CME Clearing has established rules and procedures that facilitate its ability to make prompt decisions if a Clearing Member or one of its affiliates is subject to resolution.

²⁰ Also, of relevance to customer segregation are CFTC Regulations §39.15(b), §1.20(g), §22.3, and §30.7.

41. *In line with the Key Attributes,²¹ FMIs should regularly test the effectiveness of their relevant rules, contractual arrangements and procedures in responding to a resolution scenario of a participant.*

- a) *How do you test these contingency arrangements? How do you take participants in resolution into account in those contingency arrangements?*
- b) *How do your rules facilitate the transfer of positions of a client of a service user in resolution to another service user of the FMI, as applicable?*

CME Clearing Response: CME Clearing previously participated in a table-top exercise with a group of other FMIs that assumed that a hypothetical global systemically important bank (“G-SIB”) entered into resolution. Each FMI participating in the exercise demonstrated how it would manage the resolution relative to facing the G-SIB directly and/or through one of its affiliates. CME Clearing assumed it faced the G-SIB subject to resolution and its affiliates in multiple ways, including as a Clearing Member.

Please refer to CME Clearing’s response to Questions 38 and 11 regarding the transfer of positions of a customer of a Clearing Member in resolution.

42. *How do you test members’ readiness of arrangements for meeting increased information and communication requests (beyond those required in BAU) that will be needed prior to and during resolution? Which disclosures do you require from members in this regard?*

CME Clearing Response: Consistent with CME Clearing’s response to Question 33, to the extent possible, CME Clearing would leverage its existing points of contact to communicate with a Clearing Member prior to and during resolution. During business-as-usual, Clearing Members are subject to regular information and communication requests. Clearing Members regular satisfaction of these requests acts to affirm the ongoing ability of Clearing Members to meet these requests. Of particular note is that Clearing Members were able to satisfy applicable information and communication requests during the height of volatility observed during March and April 2020.

43. *Are there any further aspects or issues to mention in relation to arrangements and operational processes to facilitate continued access in resolution? a role in each phase of the identification, escalation, and final decision-making process?*

CME Clearing Response: Please refer to CME Clearing’s response to Question 22.

²¹ See FSB, *Key Attributes of Effective Resolution Regimes for Financial Institutions*, 2014 (October), Appendix II-Annex I, part II, section 2.2, p. 73.

Appendix

CME Clearing notes the text in the Appendix is accurate as of May 31, 2025.

Chapter 2: Government

CME Group Exchange Rule 230: General

The Board shall, subject to applicable provisions in the relevant corporate charter and bylaws:

- a. Be the governing body of the Exchange;
- b. Have charge and control of all property of the Exchange;
- c. Provide, acquire and maintain suitable Exchange quarters and facilities;
- d. [Reserved];
- e. [Reserved];
- f. Designate and authorize specific appointed officers to act on behalf of the Board to execute contracts within specified budgetary limits;
- g. Fix, determine and levy all membership dues, fees and assessments when necessary;
- h. Act in a judicial capacity in the conduct of hearings with respect to any charges proffered against Members as defined in Rule 400 and non-members and, after such hearings, determine what disciplinary action, if any, should be taken by the Exchange with respect to those charges;
- i. Determine the commodities traded, the Division in which they shall be traded, the delivery months, hours of trading, the days of the contract month on which delivery may be made, and performance bond requirements;
- j. Make and amend the Rules; provided, the Board may also delegate authority to make and amend the Rules as it deems appropriate; and
- k. Have power to act in emergencies. In the event that the Board or a hearing panel of the Board determines that an emergency situation exists in which the free and orderly market in a commodity is likely to be disrupted, or the financial integrity of the Exchange is threatened, or the normal functioning of the Exchange has been or is likely to be disrupted, it may, upon a majority vote of the members present or upon a majority vote of the members who respond to a poll, take such action as may in the Board's sole discretion appear necessary to prevent, correct or alleviate the emergency condition. Board members who abstain from voting on a Significant Action as defined in Rule 234 shall not be counted in determining whether such action was approved by a majority vote, but such members can be counted for the purpose of determining whether a quorum exists. Without limiting the foregoing, the Board may: (1) suspend, curtail or terminate trading in any or all contracts, (2) limit trading to liquidation of contracts only, (3) order liquidation or transfer of all or a portion of a member's proprietary and/or customers' accounts, (4) order liquidation of positions of which the holder is unable or unwilling to make or take delivery, (5) confine trading to a specific price range, (6) modify the trading days or hours, (7) alter conditions of delivery, (8) fix the settlement price at which contracts are to be liquidated, and (9) require additional performance bonds to be deposited with the Clearing House. All Exchange contracts shall be subject to the Board's emergency powers and the specifications of each shall be deemed subject to this rule.

Any authority or discretion by these rules vested in or delegated to any other Person or committee shall not be construed to deprive the Board of such authority or discretion and in the event of a conflict, the determination of the matter by the Board shall prevail.

Chapter 4: Enforcement of Rules and Chapter 8G: Interest Rate Derivatives Clearing

CME Group Exchange Rule 402: Business Conduct Committee

402.A. Jurisdiction and General Provisions

The Business Conduct Committee (“BCC”) shall have: 1) jurisdiction over any party subject to the jurisdiction of the Exchange, including any Member, with respect to matters relating to business conduct, trading practices, sales practices, trading ethics and market manipulations or other actions that threaten the integrity of the market; (2) jurisdiction over any party subject to the jurisdiction of the Exchange, including Members, with respect to matters relating to the clearing of transactions or products at the Clearing House, the requirements and obligations of membership in the Clearing House or other actions that threaten the integrity of the Exchange or Clearing House; 3) the authority, pursuant to Rule 402.C., to take emergency actions; 4) the authority, pursuant to Rule 413.B., to conduct hearings on denials of access pursuant to Rule 413.A., 5) the authority to conduct hearings, proceedings and appeals on all matters over which it has jurisdiction; and 6) the authority to make findings on Rule violations against any party subject to the jurisdiction of the Exchange, including any Member.

With respect to subject matter set forth in clause (1) above, the BCC shall act through a panel (“Panel”, “BCC Panel”, or “Hearing Panel”)) comprised of a Hearing Panel Chair, two exchange members or employees of member firms and two non-members. At least one of the exchange members or employees of member firms must be from the designated contract market where the case originated. A quorum of a Panel shall consist of a majority of the panel, but must include at least the Hearing Panel Chair, one exchange member or employee of a member firm from the designated contract market where the case originated and one non-member.

With respect to subject matter set forth in clause (2) above, the BCC shall act through a BCC Panel comprised of at least one Hearing Panel Chair that is not an employee of a clearing member, two employees of clearing member firms and two non-members. A quorum of a BCC Panel shall consist of a majority of the panel, but must include at least the Hearing Panel Chair, one employee of a clearing member firm and one non-member.

The BCC Panel shall consist of panelists who possess the requisite level of industry knowledge and experience and with sufficiently diverse interests so as to ensure fairness in the hearing or proceeding.

No Person shall serve on the BCC unless they have agreed in writing that they will not publish, divulge, or make known in any manner, any facts or information regarding the business of any Person or any other information which may come to their attention in their official capacity as a member of the BCC, except when reporting to the Board or to a committee concerned with such information or to the Legal Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding.

All information, records, materials and documents provided to the BCC and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Exchange investigation or as required by law.

402.B. Sanctions

If the Panel finds that a party, including a Member, has violated a Rule, the Panel may take one or more of the following actions:

1. Order the party to cease and desist from the conduct found to be in violation of these Rules or from conduct which would violate the rules of any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group, or the Commodity Exchange Act;
2. Order a party to liquidate such portion of the open contracts in the party’s proprietary or customers’ accounts, or both, as the Panel deems appropriate to ensure the integrity of Exchange contracts or to ensure an orderly and liquid market;
3. Order a party or its customer to deposit such additional performance bonds with the Clearing House as the Panel deems appropriate to protect the integrity of open contracts;
4. Prescribe such additional capital or other financial requirements as it deems appropriate;
5. Restrict the ability of the party to have a business affiliation with, be employed by or have a financial or beneficial interest in a Member or broker association;

6. Restrict, suspend or terminate the party's 1) access to the Trading Floor, 2) direct and/or indirect access to any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group, or 3) right to supervise the entry of any orders by others into CFTC-regulated entities owned or controlled by CME Group;
7. Restrict the party's ability to trade, place, enter, accept or solicit orders in any or all products of any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group;
8. Suspend any or all of the Member's privileges of membership as defined in Rule 121;
9. Expel the Member from membership in any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group;
10. Impose a fine upon the party not to exceed \$5,000,000 per violation;
11. Order a party to disgorge any monetary benefit resulting from a violation of an Exchange Rule whether by that party or another party. For purposes of this provision, benefit includes, without limitation, profit, whether realized or unrealized, and avoided losses;
12. Prescribe limitations on positions of the party as may be appropriate, including issuing an order that no Clearing Member accept new positions on behalf of any such party;
13. Impose advertising restrictions upon the Member pursuant to these Rules;
14. Order a party to make restitution to the account of anyone damaged by the conduct, or to the Clearing Member who has previously made restitution to the account of such party;
15. Order a party or its legal counsel or other representative to pay out of pocket expenses incurred by the exchange in connection with the matter if such party, counsel or representative engaged in vexatious, frivolous or bad faith conduct during the course of an investigation or enforcement proceeding;
16. Revoke the regularity status of a regular firm;
17. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or Exchange Rules; and/or
18. With the approval of the Market Regulation Department and the party, order any other sanction or undertaking to address or deter the underlying violative conduct pursuant to a supported offer of settlement.

When determining whether to impose any of the sanctions listed above, the Panel may consider any factors determined by the Panel to be relevant in the context of a particular case, including any of the factors described in the "Sanctioning Guidance to Self-Regulatory Organizations" in the CFTC Policy Statement Relating to the Commission's Authority to Impose Civil Money Penalties and Futures Self-Regulatory Organizations' Authority to Impose Sanctions: Penalty Guidelines (1994).

402.C. Emergency Actions

1. The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:
 - a. Any actual, attempted, or threatened market manipulation;
 - b. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
 - c. Any action taken or considered by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have an impact on trading on the Exchange;
 - d. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, self regulatory organization, court or arbitrator upon a Member which may affect the ability of that Member to perform on its contracts;
 - e. Any circumstance in which it appears that a Member or any other Person or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such Person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, or the Exchange; and/or

f. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

2. In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:

- a. Suspend, curtail or terminate trading in any or all contracts;
- b. Restrict, suspend or terminate a party's 1) access to the Trading Floor, 2) direct and/or indirect access to any Designated Contract Market, Derivatives Clearing Organization, or Swap Execution Facility owned or controlled by CME Group, or 3) right to supervise the entry of any orders by others into CFTC-regulated entities owned or controlled by CME Group;
- c. Limit trading to liquidation of contracts only;
- d. Impose or modify position limits and/or order liquidation of all or a portion of a party's account;
- e. Order liquidation or transfer of positions as to which the holder is unable or unwilling to make or take delivery;
- f. Confine trading to a specific price range;
- g. Modify price limits;
- h. Modify the trading days or hours;
- i. Modify conditions of delivery;
- j. Establish the settlement price at which contracts are to be liquidated;
- k. Require additional performance bond to be deposited with the Clearing House; and/or
- l. Order any other action or undertaking to address or relieve the emergency.

3. All actions taken pursuant to subsections 1 and 2 above shall be by a majority vote of the Panel members present. The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Board and the CFTC shall be notified of the emergency action in accordance with CFTC regulations. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

CME Group Exchange Rule 403: Clearing House Risk Committee

403.A. Jurisdiction and General Provisions

The Clearing House Risk Committee (or any subcommittee thereof) (collectively, "CHRC"), shall review each applicant's qualifications for status as a Clearing Member and refer each such application for Clearing Membership along with the CHRC's feedback to the Clearing House Oversight Committee for approval. The CHRC may adopt regulations regarding qualifications for admission to membership in the Clearing House, which regulations, when approved by the Board, shall have the same effect as Rules of the Exchange. The CHRC shall review any changes to the Clearing Membership requirements and new types of clearing membership and shall approve all substantive changes and recommend them to the Clearing House Oversight Committee for its approval.

In addition to the responsibilities set forth in these Rules, the CHRC shall have the composition, responsibilities and other characteristics as set forth in its Charter.

If the CHRC determines that a Clearing Member is in a financial condition which jeopardizes or may jeopardize the integrity of the Exchange, the CHRC may, by majority vote:

1. Order the Clearing Member or its customers to deposit such additional performance bond with the Clearing House as deemed appropriate to protect the integrity of open contracts;
2. Prescribe such additional capital or other financial requirements as it deems appropriate;
3. Impose position limits on Clearing Members based on their regulatory capital and such other criteria as it deems appropriate;
4. Suspend a Clearing Member, subject to approval of any two of the following individuals: the Chief Executive Officer, the Global Head of Clearing & Post-Trade Services, the Chairman of the Board, Chairman of the CHRC, or the Chairman of the Clearing House Oversight Committee;
5. Order the Clearing Member to cease and desist from the conduct found to be contrary to the best interests of the Exchange; and/or
6. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.

No Person shall serve on the CHRC unless they have agreed in writing that they will not publish, divulge, or make known in any manner, any facts or information regarding the business of any Person or entity or any other information which may come to their attention in their official capacity as a member of the CHRC, except when reporting to the Board or to a committee concerned with such information or to the Legal Department, Financial and Regulatory Surveillance Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding.

All information and documents provided to the CHRC and all deliberations and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Exchange investigation or as required by law.

403.B. Emergency Actions

1. The CHRC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:
 - a. Any circumstances which may materially affect the performance of contracts traded on the Exchange, including failure of the payment system;
 - b. Any action taken by the United States or any foreign government or any state or local government body, any other contract market, board of trade, or any other exchange or trade association (foreign or domestic), which may have a direct impact on trading on the Exchange;
 - c. The actual or threatened bankruptcy or insolvency of any Member or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a Member of the Exchange which may affect the ability of that Member to perform on its contracts;
 - d. Any circumstance in which it appears that a Member or any other Person or entity has failed to perform contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such Person or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Members, and/or the Exchange; and/or
 - e. Any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.
2. In the event that the CHRC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:
 - a. Order the Clearing Member or its customer to deposit such additional performance bond with the Clearing House as deemed appropriate to protect the integrity of open contracts;
 - b. Prescribe such additional capital requirements as it deems appropriate;
 - c. Prescribe such position limitations as it deems appropriate;

- d. Order special or advance performance bond or funds to be deposited with the Clearing House from Members or from longs, shorts or both;
- e. Order such performance bond changes as it deems appropriate; and/or
- f. Order any other action or undertaking to address or relieve the emergency.

All actions taken pursuant to this subsection shall be by majority vote of the committee members present. A Member affected by the action taken shall be notified in writing of such action. As soon as practicable, the Board and the CFTC shall be promptly notified of the emergency action in accordance with CFTC regulations. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

CME Group Exchange Rule 8G27: IRS Risk Committee

There shall be an IRS Risk Committee which shall serve to provide guidance to the Clearing House on general matters relating to IRS Products including risk management policies and practices. In addition to the responsibilities set forth in these Rules, the IRS Risk Committee shall have the composition, responsibilities and other characteristics as set forth in its Charter.

If the IRS Risk Committee determines that a IRS Clearing Member fails to meet the requirements for being an IRS Clearing Member or is in a financial or operational condition which jeopardizes or may jeopardize the integrity of the Clearing House, the IRS Risk Committee may, by majority vote:

1. Order the IRS Clearing Member or its customers to deposit such additional performance bond with the Clearing House as deemed appropriate to protect the integrity of open contracts;
2. Prescribe such additional capital or other financial requirements as it deems appropriate;
3. Impose position limits on IRS Clearing Members based on their regulatory capital and such other criteria as it deems appropriate;
4. Suspend an IRS Clearing Member, subject to approval of any two of the following individuals: the Chief Executive Officer, the Global Head of Clearing & Post-Trade Services, the Chairman of the Board, a Chairman of the IRS Risk Committee or the Chairman of the Clearing House Oversight Committee;
5. Order the IRS Clearing Member to cease and desist from the conduct found to be contrary to the best interests of the Clearing House; and/or
6. Order the liquidation or transfer of all or a portion of the open positions of the IRS Clearing Member; provided that all costs associated with any such liquidation and/or transfer shall solely be obligations of the IRS Clearing Member.

No person shall serve on the IRS Risk Committee unless they have agreed in writing that they will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or entity or any other information which may come to their attention in their official capacity as a member of the IRS Risk Committee, except when reporting to the Board or to a committee concerned with such information or to the Legal Department, Financial & Regulatory Surveillance Department or Market Regulation Department, when requested by the CFTC or other governmental agency or self-regulatory organization or when compelled in any judicial or administrative proceeding.

All information and documents provided to the IRS Risk Committee and all deliberations and documents related thereto shall be treated as non-public and confidential and, subject to the provisions in the previous paragraph, shall not be disclosed, except as necessary to further a Clearing House investigation or as required by law.

CME Group Exchange Rule 412: Summary Actions

In cases of action taken against a Member pursuant to Rules 975, 976, 977 or 8G975, the Member affected shall be notified in writing of such action. The notice shall state: the action taken; the reason for the action; and the effective time, date and duration thereof.

The Member may, within two business days following receipt of notice of action taken, request a hearing before a hearing panel of the Board (“Panel”). The hearing shall be conducted within 60 days of such request, in accordance with the requirements of Rule 408, unless the Hearing Panel Chair determines that good cause for an extension has been shown, but shall not stay any action taken pursuant to Rules 975, 976 977 or 8G975.

Following the hearing, if any, the Panel shall cause to be prepared a written decision containing: a description of the summary action; the reasons for such action; a description of the evidence produced at the hearing; findings and conclusions; a determination that the summary action should be affirmed, set aside, modified or amended and the reasons therefor; and the effective date and duration, if any, of subsequent or continuing actions. The Panel shall not set aside, modify or amend the summary action taken against a Member unless it determines, by a majority vote, that the summary action taken was:

- A. Arbitrary, capricious, or an abuse of discretion; or
- B. In excess of the committee’s authority or jurisdiction.

CME Group Exchange Rule 435: Effect of Suspension or Expulsion

Unless otherwise determined by the committee with jurisdiction over such matters, a suspended or expelled Member shall not be entitled to any of the privileges of membership during the period of such suspension or expulsion, including, but not limited to, the right to:

- A. access any trading floor owned or controlled by CME Group;
- B. direct and indirect access to any Designated Contract Market, Derivatives Clearing Organization or Swap Execution Facility owned or controlled by CME Group;
- C. obtain member rates; and
- D. any applicable cross-exchange trading privileges.

A member who has been expelled may not lease out an owned membership in any exchange owned or controlled by CME Group and must relinquish ownership of such membership(s) within 30 days of the date that the expulsion becomes the final decision of the Exchange.

Chapter 8: Clearing House and Performance Bonds and Chapter 8G: Interest Rate Derivatives Clearing

CME Group Exchange Rule 802: Protection of Clearing House

802.A. Default by Clearing Member or Other Participating Exchanges

The Clearing House shall establish a guaranty fund (the “Base Guaranty Fund”) for products other than IRS Products and any positions commingled with IRS Contracts pursuant to Rule 8G831 (such products, the “Base Guaranty Fund Products”). Each Base Clearing Member shall contribute to the Base Guaranty Fund in accordance with the requirements of Rule 816. A Base Clearing Member’s Base Guaranty Fund contribution may be applied by the Clearing House in accordance with this Rule 802 to mitigate a Loss (as defined below) to the Clearing House attributable to cleared Base Guaranty Fund Products.

1. Default by Clearing Member

If a Base Clearing Member of CME, CBOT, NYMEX, COMEX, or an OTC Clearing Member (i) fails promptly to discharge any obligation to the Clearing House or (ii) becomes subject to any bankruptcy, reorganization, arrangement, insolvency, moratorium, or liquidation proceedings, or other similar proceedings under U.S. federal or state bankruptcy laws, any comparable non-U.S. laws, or other applicable law, the Clearing House may declare such Base Clearing Member to be in default. The Clearing House will post notice of a default declaration on CME Group Inc.’s public website. For purposes of this Rule 802, each default by a Base Clearing Member will be considered a separate default event, provided that if a Base Clearing Member has been declared in default, subsequent failures to pay by such defaulting Base



Clearing Member shall not be considered separate default events unless and until the original default has been fully resolved and such Base Clearing Member has been restored to good standing.

Upon a default, the Clearing House shall act promptly to mitigate any loss caused by such default. The Clearing House may engage in any commercially reasonable transaction or action contemplated by the Rules and the Base Default Management Guidelines to manage, reduce, or eliminate the risk created by the default, including but not limited to, entering into hedges, liquidating positions in the market, auctioning or selling a portion or all of the portfolio of the defaulting firm and, if applicable, its customers, and combining or offsetting by book-entry positions in eligible accounts of one or more defaulters. The Clearing House shall maintain plans for managing the default of a Base Clearing Member (including but not limited to the Base Default Management Guidelines). A Base Clearing Member that clears or plans to clear Base Products at the Clearing House may obtain a copy of the Base Default Management Guidelines on a confidential basis.

With respect to each hedging or liquidation transaction in a contract that the Clearing House executes via book-entry, the provisions in the second paragraph of Rule 804 shall apply as if there were a substitution.

2. Defaulting Base Clearing Member's Collateral

Upon the default of a Base Clearing Member, Base Collateral shall be applied by the Clearing House to discharge any loss to the Clearing House associated with such default (a "Loss"). A Loss shall include, but shall not be limited to, costs associated with the liquidation, transfer and managing of Base Contracts of the defaulted Base Clearing Member, hedging costs and other costs incurred by the Clearing House related to managing the risk surrounding the default of the Base Clearing Member. The defaulting Base Clearing Member shall take no action, including but not limited to, attempting to obtain a court order that would interfere with the ability of the Clearing House to so apply such assets and proceeds.

If the Base Guaranty Fund contribution, performance bond relating to Base Guaranty Fund Products and other assets of a defaulted Base Clearing Member available to the Clearing House are insufficient to satisfy all of its obligations to the Clearing House, including all claims against the Clearing House by reason of its substitution for that Base Clearing Member pursuant to Rule 804 or Rule 8F05, the Clearing House shall nonetheless pay all such claims, which payments by the Clearing House shall be deemed a Loss to it (hereinafter "Loss") and which shall be a liability of the defaulting Base Clearing Member to the Clearing House, which the Clearing House may collect from any other assets of such Base Clearing Member or by process of law.

A Loss arising in the defaulted Base Clearing Member's proprietary account class shall be satisfied from the Base Collateral. A Loss resulting from any cleared swaps customer's cleared swap position in a Base Product held in a cleared swaps account shall be satisfied by application of performance bond, excess performance bond, other collateral and settlement variation gains held for the respective cleared swaps customer consistent with Part 22 of the CFTC's regulations (collectively, "Base Swap Customer Collateral"). A Loss resulting from any customer's position in any futures held in a futures segregated account, or any swap position in a Base Product or foreign futures position that is commingled with such futures positions in such segregated account, shall be satisfied by application of performance bond, excess performance bond, other collateral and settlement variation gains held in the Base Clearing Member's customer account in a manner consistent with section 4d(a) of the CEA and CFTC Regulation 1.20 (collectively, "Base Futures Customer Collateral").

A Loss resulting from any customer's position in any foreign futures held in a secured account shall be satisfied by application of performance bond, excess performance bond, other collateral and settlement variation gains held in the Base Clearing Member's customer account in a manner consistent with Commission Regulation 30.7 (collectively, "Base Futures 30.7 Customer Collateral").

For purposes of this Rule, the positions in the cross-margin account of a Participating Clearing Member or its Cross-Margining Affiliate at a Cross-Margining Clearing Organization, and the performance bond thereon, shall be considered assets of the Participating Clearing Member available to the Clearing House to the extent

provided in the Cross-Margining Agreement between the Clearing House and such Cross-Margining Clearing Organization. A Base Clearing Member in default shall immediately make up any deficiencies in its Base Guaranty Fund contribution resulting from such default and in any event no later than the close of business on the banking day following demand by the Clearing House.

3. Default by Other Participating Exchanges or Partner Clearinghouses

If a Participating Exchange or Partner Clearinghouse fails to promptly discharge any obligation to the Clearing House arising out of its obligations to the Exchange, such Participating Exchange's or Partner Clearinghouse's letters of credit, performance bonds and other assets available to the Clearing House shall be applied by the Clearing House to discharge the obligation, pursuant to the procedures set forth below in Rule 802.A.5 with respect to a defaulting Base Clearing Member. If such resources are insufficient to satisfy the Participating Exchange's or Partner Clearinghouse's obligations to the Clearing House, the deficiency shall be considered a Loss that is subject to satisfaction pursuant to Rule 802.B.

4. The Base Guaranty Fund

The Base Guaranty Fund shall be composed of the required Base Guaranty Fund contributions of Base Clearing Members pursuant to Rule 816, or any comparable security deposit contributions from a Participating Exchange or Partner Clearinghouse.

5. Application of Defaulting Base Clearing Member's Collateral

Upon a default, the Clearing House shall apply the defaulting Base Clearing Member's collateral to the deficiency.

i. Allocation of Assets. Subject to the provisions of 802.G, as of the cycle in which the default occurs, the Clearing House shall allocate assets of the defaulting Base Clearing Member as follows: (a) the defaulting Base Clearing Member's Base Guaranty Fund requirement (b) the defaulting Base Clearing Member's required performance bond amounts as of the prior clearing cycle, (c) any CME shares (whether common shares or class B shares) or any cash posted in lieu of such shares, and (d) any of the defaulting Base Clearing Member's other assets held by, pledged to or otherwise available to the Clearing House, including any amounts from IRS Products made available to the Base Guaranty Fund pursuant to Rule 8G802.D.

ii. Management of Obligations for Cycle of Default. As of the cycle in which the default occurs, the Clearing House shall aggregate the following assets of the defaulting Clearing Member: any excess Base Guaranty Funds, any excess performance bond from the prior clearing cycle, any partial payment by the Base Clearing Member for the default cycle, and any other available assets of the Base Clearing Member. Such unassigned assets shall be allocated first to any net settlement variation payment obligation of the defaulting Base Clearing Member to the Clearing House, pro rata across the customer and proprietary classes relative to the net settlement variation payment obligation for each account class. If the unassigned funds are not sufficient to satisfy the Base Clearing Member's settlement variation payment obligations for the default cycle, then the remaining settlement variation payment obligations for such clearing cycle shall be satisfied only from the assets allocated pursuant to 802.A.5.i. If the Clearing House is unable to satisfy a settlement variation payment obligation from such assets, the deficiency shall be a Loss that the Clearing House shall satisfy pursuant to the procedures in Rule 802.B.

iii. Payment Obligations as Losses are Finalized. During any subsequent clearing cycles in which the Clearing House is managing and/or liquidating open positions in respect of the defaulting Base Clearing Member, the Clearing House shall satisfy any settlement variation payment obligations owed by the defaulting Base Clearing Member to the Clearing House, or other realized losses of or expenses to the Clearing House with respect to the default only from the assets allocated pursuant to 802.A.5.i. Any settlement variation gain to the defaulting Base Clearing Member during such subsequent clearing cycles shall be added to collateral pursuant to 802.A.5.i. The Clearing House shall apply such collateral to such payment obligations for all account classes, giving priority to customer account classes (i.e., customer accounts over proprietary accounts). If the Clearing House is unable to satisfy a settlement variation payment obligation to the Clearing House, or other realized loss or expense to the Clearing House, from the defaulting Base Clearing Member's collateral as set forth in this paragraph, the deficiency shall be a Loss that the Clearing House shall satisfy pursuant to the procedures in Rule 802.B. For the avoidance of doubt, as set forth in 802.G, the Clearing House shall not use performance bond amounts or other collateral in any customer account class of the defaulting Base Clearing Member to satisfy a payment obligation to the Clearing



House in respect of the defaulting Base Clearing Member's proprietary account, and shall not use performance bond amounts or other collateral held in one account class for customers of the defaulting Base Clearing Member to satisfy a payment obligation to the Clearing House in respect of another account class for customers of the defaulting Base Clearing Member.

Any gains or excess collateral within a segregated customer account class following final determination of the defaulting Base Clearing Member's losses shall remain segregated to the relevant customer account class, where it may be used to satisfy payment obligations arising from such account class, but shall not be added to the Base Clearing Member's collateral generally.

Any remaining unsatisfied obligations of the defaulting Base Clearing Member shall become Losses to the Clearing House that shall be satisfied as set forth below.

802.B. Satisfaction of Clearing House Obligations

If the Clearing House is unable, using the defaulting Base Clearing Member's collateral as set forth in Rule 802.A, to satisfy all of the Base Clearing Member's obligations to the Clearing House then such obligations shall be met and made good promptly by the Clearing House pursuant to this Rule 802.B. Such obligations include, but shall not be limited to, costs associated with the liquidation, transfer and managing of positions, arising out of: 1) its substitution (pursuant to Rule 804 or Rule 8F05) for a defaulting Base Clearing Member a defaulting Participating Exchange, or a defaulting Partner Clearinghouse; 2) a shortfall in a cross-margining program; 3) the failure of a depository, exchange or market apart from the Exchange but whose transactions are cleared pursuant to the provisions of Chapters 8B, 8C or 8F; or 4) any other cause. All of the foregoing shall be deemed Losses to the Clearing House. Losses shall be satisfied by the Clearing House in the order of priority hereafter listed. Non-defaulting Base Clearing Members shall take no actions, including but not limited to attempting to obtain a court order, that would interfere with the ability of the Clearing House to collect and apply assets and proceeds in accordance with this Rule 802.B. For purposes of this Rule 802.B, a default by a Participating Exchange or a Partner Clearinghouse shall be managed in the same manner as a default by a clearing member.

1. If the Base Collateral and the Base Customer Collateral, as applicable, are insufficient to cover the Loss produced by the default, the Clearing House shall cover, or reduce the size of, such Loss by applying the following funds to such losses in the order of the Base Priority of Payments, as follows:

- i. The corporate contribution of CME, which shall equal \$100,000,000 (the "CME Contribution").
- ii. The Base Guaranty Fund.
- iii. The Guaranty Fund contributions of non-defaulting Base Clearing Members, applied in the following manner:
 - a. The Base Guaranty Fund contribution of Subordinated Bidders equal to the relevant Aggregate Subordinated Amounts of such Subordinated Bidders applied on a pro rata application pursuant to this sub-section (a).
 - b. the (remaining Base Guaranty Fund of all other Base Clearing Members (excluding an amount of the Base Guaranty Fund of each Winning Bidder equal to the Final Aggregate Seniorized Amounts for such Winning Bidders) will be applied pro rata until the entire loss is allocated; then, to the extent not all losses have been applied after application pursuant to this subsection (b);
 - c. the (remaining) Base Guaranty Fund of all Winning Bidders, which is equivalent to the Final Aggregate Seniorized Amount, will be applied pro rata.

As used in this Rule 802.B:

"Aggregate Subordinated Amount" means the sum of all subordinated amounts as determined by the Clearing House in accordance with the Base Default Management Guidelines.

“Final Aggregate Seniorized Amount” means the sum of all seniorized amounts as determined by the Clearing House in accordance with the Base Default Management Guidelines.

“Subordinated Bidder” means in respect of each default management auction, the Mandated Base Clearing Member(s), voluntarily participating Base Clearing Members or Participating Base OTC Clearing Members whose Base Guaranty Fund, contribution is subject to subordination as determined by the Clearing House in accordance with Base Default Management Guidelines. The maximum subordination amount for purposes of this definition shall be the lesser of 100% of: x) the Subordinated Bidder’s Guaranty Fund contribution, or y) the defaulted Base Clearing Member’s Base Guaranty Fund contribution.

“Winning Bidder” means, in respect of each Default Management Auction, the Base Clearing Member(s) designated as such by the Clearing House with respect to such Default Management Auction.

iv. The balance of any Losses remaining after the application of the above funds shall be assessed against all Base Clearing Members (excluding any insolvent or defaulting clearing members). Each Base Clearing Member (excluding any insolvent or defaulting Base Clearing Member) shall be subject to an assessment up to an amount that does not exceed (A) a total of 275 per cent of such Base Clearing Member’s Base Guaranty Fund requirements at the time of the default with respect to Losses attributed to a single defaulted Base Clearing Member and (B) a total of 550 per cent of such Base Clearing Member’s Base Guaranty Fund requirements at the time of the default with respect to Losses attributed to all defaulted Base Clearing Members during a Base Cooling Off Period. Assessed amounts shall be divided among clearing members pro rata in proportion to the size of the Clearing House’s assessment authority with respect to each clearing member.

2. [Reserved]

3. [Reserved]

4. [Reserved]

5. Fedwire and Satisfaction of Assessment

All amounts assessed by the Clearing House against a Base Clearing Member pursuant to this Rule, during the hours in which the Federal Reserve's wire transfer system (Fedwire) is in operation, shall be paid to the Exchange by such Base Clearing Member prior to the close of Fedwire on such day (regardless of any local business hours or local holidays in a jurisdiction where a Base Clearing Member is located); provided, however, that all amounts assessed within one (1) hour prior to the close of Fedwire shall be paid to the Exchange within one (1) hour after Fedwire next opens.

Any Base Clearing Member that does not satisfy an assessment, made pursuant to this paragraph 802.B.5 or paragraphs 802.B.1.v, 802.B.2.v, 802.B.3.v, 802.B.4.iv or 802.B.4.v above, shall be in default. Any Loss that occurs as a result of such default shall itself be assessed by the Clearing House to non-defaulting Base Clearing Members pursuant to the applicable paragraph.

If a Base Clearing Member (i) has made payment of all amounts assessed against it pursuant to this Rule 802.B in connection with any single default and any related default by any other Base Clearing Member with respect to its own assessment, (ii) has replenished any deficiency in its Base Guaranty Fund contribution in accordance with Rule 802.F, and (iii) within five (5) business days after making such payments, has satisfied the other conditions for withdrawal set forth in Rule 913.A, it may provide written notice of its application to withdraw from clearing membership pursuant to Rule 913. Upon receipt of such notice, provided that the foregoing conditions have been satisfied, the withdrawing Base Clearing Member shall not be subject to any residual assessment to cover Losses for defaults occurring after the related Base Cooling Off Period. Further, the Base Guaranty Fund contribution that it has restored shall not be used or applied towards meeting any claim or obligation of the Clearing House pursuant to Rule 802.B that arises with respect to defaults occurring after the related Base Cooling Off Period, and the withdrawing Base Clearing Member’s Base Guaranty Fund contribution shall be released in accordance with Rule 913.

After payment of an assessment pursuant to Rule 802.B, a Base Clearing Member shall charge other clearing members for whom it clears contracts or carries positions on its books to recover their proportional share of the assessment. Such other Base Clearing Members shall promptly pay the charge.

6. Details of Implementation

While adherence to the provisions of this Rule 802.B shall be mandatory, the detailed implementation of the process of finalizing Losses with respect to a default, including the liquidation, auction or sale of positions or assets of the defaulting Base Clearing Member, shall be conducted by the Clearing House in accordance with the Rules and the Base Default Management Guidelines.

In order to ensure that the process for liquidating open commodity contracts results in competitive pricing, to the extent feasible under market conditions at the time of liquidation, liquidation of open commodity contracts held for a house account or customer account of a defaulting Base Clearing Member may occur by one or more of the following methods: (a) book entry that offsets open commodity contracts on the books of the defaulting Base Clearing Member; (b) liquidation in the open market; and/or (c) one or more private auctions amongst qualified market participants invited by the Clearing House to submit confidential bids. The Clearing House shall have discretion to select the best bid submitted for any portfolio in an auction, based on the totality of the circumstances. All information received by a Base Clearing Member, its affiliate or customer in connection with the Clearing House's liquidation and default management processes shall be treated as confidential.

In the event that identical customer commodity contracts are liquidated in the open market on the same date but cannot be liquidated at the same price, unless the Clearing House determines that it would be inappropriate, a weighted average of the liquidation prices for such contracts shall be used in determining the value of the liquidated commodity contracts for each such customer. In the event that open commodity contracts of multiple customers are liquidated in a bulk auction, the net proceeds of such auction shall be allocated on a pro rata basis amongst the affected customers based upon their applicable performance bond requirements for the clearing cycle immediately prior to the default.

7. Modifications of Clearing House's Obligations for Base Contracts

(a) If at any time following a default of a Base Clearing Member, the assets available to cover the default under the preceding sections of Rule 802 are insufficient to satisfy the Loss and obligations of the Clearing House to Base Clearing Members as a result of such default, then the Clearing House shall, in a manner that is consistent with the requirements of the Commodity Exchange Act and the regulations adopted thereunder, conduct its next settlement cycle as described in Rule 802.B.7(b).

(b) The Clearing House shall issue a Clearing Advisory Notice and conduct a settlement cycle to determine settlement prices for all Base Contracts and the net portfolio gain or loss for each Base Clearing Member and its customers, in accordance with the following:

(i) The net portfolio gain of a Base Clearing Member (a "collect"), or the net portfolio loss of a Base Clearing Member to the Clearing House (a "pay") shall be determined separately:

(A) For the Base Clearing Member's proprietary positions in Base Contracts (the net portfolio gain or net portfolio loss for such positions, "Proprietary Base Collects" or "Proprietary Base Pays"),

(B) For a Base Clearing Member that is an FCM, for (i) the futures positions of the Base Clearing Member's customers in Base Contracts held in a futures segregated account and (ii) any swap positions or foreign futures positions of such customers that are commingled with such futures positions in such account (the net portfolio gain or net portfolio loss for such positions described in (i) and (ii) collectively, "Customer Futures Collects" or "Customer Futures Pays").

(C) For a Base Clearing Member that is an FCM, (i) the swap positions in Base Contracts of each customer of the Base Clearing Member held in a cleared swaps customer account for such customer and (ii) any Commingled Futures Positions (as such term is defined in Rule 8G831) for each customer (the net portfolio gain or

net portfolio loss for such swap positions and Commingled Futures Positions described in (i) and (ii) collectively, “Individual Customer Swap Collects” or “Individual Customer Swap Pays”).

(D) For a Base Clearing Member that is an FCM, for the foreign futures positions of the Base Clearing Member’s customers held in a secured account (the net portfolio gain or net portfolio loss for such positions, also the “Customer Futures Collects” or “Customer Futures Pays,” provided, however, that the Clearing House will determine the Customer Futures Collects and Customer Futures Pays separately for a Base Clearing Member’s futures account class and foreign futures account class.

(ii) The Clearing House Oversight Committee (after considering any recommendation of the Emergency Financial Committee) may determine a maximum amount of position liquidation payments that may be included in the Aggregate Base Collects, based upon then existing facts and circumstances, that it deems appropriate to mitigate further disruptions to the markets.

(iii) The Clearing House shall notify each Base Clearing Member of the amount of its remaining Base Assessments, Proprietary Base Pays, Customer Futures Pays and Individual Customer Swap Pays and each Base Clearing Member shall pay all such amounts no later than the time required for the relevant settlement cycle. If a Base Clearing Member does not pay all such amounts to the Clearing House, the Clearing House shall determine such Base Clearing Member to be in default and may take any of the actions specified in Rule 802.A. with respect to such Base Clearing Member and its customers.

(iv) If the amount of Aggregate Base Available Funds received by the Clearing House exceeds the Aggregate Base Collects, the Clearing House shall calculate reimbursements of, and distribute, the excess funds, in reverse order of the utilization of Base Priority of Payments.

(v) If the amount of the Aggregate Base Collects exceeds the amount of Aggregate Base Available Funds received:

(A) the Clearing House shall notify Base Clearing Members and provide an opportunity for Base Clearing Members and their customers to make voluntary contributions to the Clearing House.

(B) If the amount of the Aggregate Base Collects continues to exceed the amount of Aggregate Base Available Funds after the Clearing House adds any voluntary contributions from Rule 802.B.7(b)(v)(A) to the Aggregate Base Available Funds, then the Clearing House shall apply Base Gains Haircuts (as defined below) to the Proprietary Base Collects, Customer Futures Collects and Individual Customer Swap Collects for the current settlement cycle and each successor settlement cycle on the current Business Day and, unless a Bankruptcy Event has occurred, each of the next two Business Days, in accordance with the following:

Proprietary Base Collects, Customer Futures Collects and Individual Customer Swap Collects each shall be reduced on a pro rata basis according to the amount of such collects, to equal the amount of Aggregate Base Available Funds received relative to Proprietary Base Collects, Customer Futures Collects, and Individual Customer Swap Collects (such process, a “Base Gains Haircut”).

Customer Futures Collects shall be haircut by the Clearing House at the customer account class level of each Base Clearing Member. Each Base Clearing Member shall allocate the haircut of its Customer Futures Collects pro rata among its customer with net portfolio gains for the relevant settlement cycle;

(C) The Clearing House Oversight Committee may instruct the Clearing House to extend or reduce the number of days during which Base Gains Haircuts are applied by one or two Business Days, provided that in no circumstance may the Clearing House conduct settlement cycles in which Base Gains Haircuts are applied for longer than five Business Days. Before providing such instruction, the Clearing House Oversight Committee must consider any recommendation of the Emergency Financial Committee. Any recommendation of the Emergency Financial Committee and the decision of the Clearing House Oversight Committee, each regarding adjusting the duration of settlement cycles with Base Gains Haircuts, must be based upon then existing facts and circumstances, be in furtherance of the integrity of the Clearing House and the stability of the financial system, and take into consideration the legitimate interests of Base Clearing Members and market participants;

(D) For each settlement cycle conducted in accordance with this subparagraph (v), absent a Bankruptcy Event, the Clearing House shall pay the haircut Proprietary Base Collects, Customer Futures Collects, and Individual Customer Swap Collects to Base Clearing Members as soon as practicable after receipt of the Aggregate Base Available Funds. Subject to applicable law, the Clearing House will make arrangements to pay the customers of a defaulted Base Clearing Member; and

(E) If a Bankruptcy Event occurs following a default of a Base Clearing Member on a day during which Base Gains Haircuts are applied to settlement cycles, on the day of the Bankruptcy Event, the Clearing House shall conduct a final settlement cycle which shall be subject to a Base Gains Haircut. The price determined in accordance with such settlement cycle shall be used as the price for a Base Contract when netting and closing out pursuant to Rule 818.

8. Base Partial Tear-Ups and Base Full Tear-Ups

(a) The Clearing House may, at any time following a default of a Base Clearing Member, notify Base Clearing Members and provide an opportunity for Base Clearing Members to voluntarily agree to have their proprietary positions or, with a customer's consent, to agree to have each such customer's positions, extinguished by the Clearing House.

(b) If proprietary or customer positions in Base Contracts of a defaulted Base Clearing Member remain open (the "Remaining Open Base Positions") following the last settlement cycle conducted pursuant to Rule 802.B.7(b)(v), the Clearing House shall extinguish the Remaining Open Base Positions through a partial tear-up process ("Base Partial Tear-Up") or a full tear-up process ("Base Full Tear-Up") of proprietary and customer positions of non-defaulted Base Clearing Members and non-defaulted customers of the defaulted Base Clearing Member in accordance with the following:

(i) The Clearing House Oversight Committee shall determine the appropriate scope of each Base Partial Tear-Up or shall determine that a Base Full Tear-Up is appropriate. Before making such determination, the Clearing House Oversight Committee must consider any recommendation of the Emergency Financial Committee. Any recommendation of the Emergency Financial Committee and each determination of the Clearing House Oversight Committee made for purposes of this Rule 802.B.8 must:

(A) be based upon then existing facts and circumstances;

(B) be in furtherance of the integrity of the Clearing House and the stability of the financial system;

(C) take into consideration the legitimate interests of Base Clearing Members and market participants; and

(D) aim to extinguish Remaining Open Base Positions and any additional positions in Base Contracts deemed necessary to mitigate further disruptions to the markets affected by the Remaining Open Base Positions.

(ii) A Base Partial Tear-Up may include, but need not be limited to, the following methods:

(A) Line-by-Line Tear-Up Against the Remaining Open Base Positions. Proportionately extinguish Base Contracts held by non-defaulted Base Clearing Members, their non-defaulted customers and the non-defaulted customers of the defaulted Base Clearing Member that are opposite to the Remaining Open Base Positions and relative to the size of the Remaining Open Base Positions; and

(B) Tear-Up of All Positions in Base Contracts within a Product or Combination of Products. Extinguish all open positions in Base Contracts for a product or combination of products.

(iii) A Base Full Tear-Up would involve the extinguishment of all open positions in Base Contracts.

(c) In connection with any settlement cycle with Base Gains Haircuts, the Clearing House Oversight Committee may instruct the Clearing House to extinguish a portion of the Remaining Open Base Positions through a Base Partial Tear-Up of proprietary and customer positions of non-defaulted Base Clearing Members and non-defaulted customers of the defaulted Base Clearing Member. The Clearing House Oversight Committee would determine the appropriate scope of each such Base Partial Tear-Up in accordance with the procedures set forth in Rule 802.B.8(b)(i) and (ii), except that each reference to "Remaining Open Base Positions" shall mean the relevant portion of Remaining Open Base Positions.

9. Limited Recourse for Base Guaranty Fund Products

If a default occurs, Base Collateral, Base Customer Collateral and the Base Priority of Payments shall be the sole source of payments to cover the Loss until the default is fully and finally resolved, as applicable. In the event the Base Collateral, Base Customer Collateral and the Base Priority of Payments are insufficient to cover the Loss, regardless of whether the CME is able to require a Base Clearing Member to cure a deficiency in the Base Guaranty Fund because of the occurrence of a Bankruptcy Event (as such term is defined in Rule 818.A.), Base Clearing Members and the holders of Base Contracts shall have no recourse to any other funds or any other entity, including without limitation the guaranty funds that support clearing of other products, CME, CME Group Inc. or any of its affiliates, other than any amounts recovered as described in Rule 802.E.

10. No Claims Against the Exchange or Clearing House

(a) Base Clearing Members, their affiliates and their customers shall have no claim against the Exchange, CME Group Inc. or any affiliates of the Exchange or CME Group Inc., or any directors, officers or employees of any of the foregoing, including but not limited to claims against any other guaranty fund established by the Exchange, CME Group Inc. or any of its affiliates with respect to losses suffered as a result of the application of any provision in this Rule 802.B. No beneficial holder of a Base Contract shall have any claim against its non-defaulted Base Clearing Member as a result of the application of this Rule 802.B. other than any amounts recovered as described in Rule 802.E.

(b) Notwithstanding anything in subparagraph (a), Base Clearing Members, for both their proprietary positions in Base Contracts and their customers' positions in Base Contracts, and non-defaulted customers of defaulted Base Clearing Members will have a claim on any recovery from the defaulted Base Clearing Member or the estate of the defaulted Base Clearing Member in the amount of the Base Gains Haircuts, in the aggregate, applied to such positions (such amount with respect to all non-defaulted Base Clearing Members and their customers and the non-defaulted customers of the defaulted Base Clearing Member, "Aggregate Base Gains Haircuts"), as set forth more fully in Rule 802.E. If the recovery from the defaulted Base Clearing Member is less than the Aggregate Base Gains Haircuts, non-defaulted Base Clearing Members and their customers and the non-defaulted customers of defaulted Base Clearing Members will share pro rate in the recovery.

11. Non-Petition

No Base Clearing Member and no customer of a Clearing Member shall institute against, or join any other person in instituting against, the Exchange any bankruptcy, reorganization, arrangement, insolvency, moratorium, liquidation or examinership proceedings, or other similar proceedings under U.S. federal or state bankruptcy laws or other applicable law arising out of any claimed default by the Clearing House on a Base Contract as a result of the extinguishment of such Base Contract and related payments in accordance with these Rules.

802.C. Application of Funds to Avoid Clearing House Insolvency

If at any point following a default, the Clearing House will be unable to timely fulfill its obligations following application of the funds described above in the priority described above, such that the Clearing House is in imminent danger of defaulting on its obligations or being declared insolvent, then the Clearing House shall be entitled to apply to such obligation any available funds from the defaulting Base Clearing Member's collateral, the CME Contribution, or the Base Guaranty Fund, in the foregoing order of priority, if necessary to avoid a default by the Clearing House or a declaration of its insolvency. Such use of funds may only be made (i) if the Clearing House reasonably concludes that there is a reasonable expectation that (A) the use of such funds will satisfy the immediate obligation and avoid a default or insolvency and (B) that the remaining funds in the overall financial safeguards package (including assessment powers) will be sufficient to satisfy the finalized Losses, and (ii) the Clearing House reaches such conclusion in consultation with the Clearing House's primary regulator as to the specific facts, circumstances and estimates of Losses supporting such conclusion. In such case, the Clearing House shall restore the funds so employed to the CME Contribution segments, or the Base Guaranty Fund from which they were drawn promptly following receipt by the Clearing House of assessment payments or any other amounts that become available to it in respect of obligations arising out of the defaulted Base Clearing Member's default.

802.D. Utilization of Remaining Base Collateral of Defaulted Clearing Member; Restoration of Funds Following Final Determination of Losses

1. After the default of a Base Clearing Member is finally resolved, excess Base Collateral of the Base Clearing Member may be used by the Clearing house for losses to the Clearing House of such clearing member for IRS Products on a pro rata basis based on the amount of any unresolved losses for such product classes.
2. If after the default of a Base Clearing Member is finally resolved, the Clearing House determines that collateral of the defaulting Base Clearing Member, the CME Contribution, the Base Guaranty Fund, or assessment powers were employed in a manner different from what would have occurred had all assets been secured and liquidated immediately and all Losses finalized simultaneously, then the Clearing House shall make appropriate distributions to the non-defaulting firms whose Base Guaranty Funds were applied or who were assessed.

802.E. Rights of Exchange for Recovery of Loss

Losses caused by the default of a Base Clearing Member, Participating Exchange or Partner Clearinghouse are amounts due to the Clearing House from such Base Clearing Member, Participating Exchange or Partner Clearinghouse and shall remain legal obligations thereof notwithstanding the Clearing House's recourse to the loss-mutualization provisions of this Rule 802, and the Clearing House shall take commercially reasonable steps to recover (including claims submitted in an insolvency or resolution proceeding) such amounts. If any portion of these amounts is subsequently recovered by the Exchange, the net amount of such recovery shall be credited to non-defaulted Base Clearing Members (whether or not they are still clearing members at the time of recovery) in the following order on a pro rata basis based on (1) the amount of their (and their customers', if applicable) voluntary contributions with respect to such default, (2) the amount of their (and their customers', if applicable) Aggregate Base Gains Haircuts with respect to such default, (3) the amount of their Base Assessments utilized by the Clearing House with respect to such default, and (4) the amount of their guaranty fund contribution utilized by the Clearing House with respect to such default, each in the order listed, and then to the Exchange for the amount of the CME Contribution utilized by the Clearing House with respect to such default.

802.F. Guaranty Fund Contributions to be Restored

In the event it shall become necessary to apply all or part of the Base Guaranty Fund contributions to meet obligations to the Clearing House pursuant to this Rule 802, Base Clearing Members shall restore their contribution to the Base Guaranty Fund to previously required level prior to the close of business on the next banking day.

802.G. Default Management Across Account Classes

The procedures set forth in 802.A and 802.B shall be conducted separately by the Clearing House with respect to open positions and associated performance bond contributions for different account classes (futures, foreign futures and cleared swaps). Upon a default, the Clearing House may, in accordance with applicable law, act immediately to attempt to transfer to alternate Base Clearing Members part or all customer positions and associated collateral with respect to any customer account class in which there is no default on payment obligations or shortfall in required collateral, and in such cases the Clearing House shall not apply segregated customer collateral to any payment obligations or Losses arising from a default in any proprietary account or a different customer account class.

1. If a default occurs in a customer futures account, the Clearing House has the right to liquidate and apply toward the default all open positions and customer performance bond deposits in the futures account class of the defaulting Base Clearing Member. Accordingly, positions and performance bonds deposited by customers not causing the default are at risk if there is a default in the futures account class of their Base Clearing Member. If the Clearing House liquidates positions and/or collateral in the futures account class, any collateral remaining after application to Losses in respect of such account class shall be reserved to the futures account class in order to satisfy the claims of non-defaulting customers in accordance with applicable law. If the Clearing House liquidates positions and/or collateral in the foreign futures account class, any collateral remaining after application to Losses in respect of such account class shall be reserved to the foreign futures account class in order to satisfy the claims of non-defaulting customers in accordance with applicable law.

2. In order to minimize disruptions and loss to its public customers if a Base Clearing Member defaults, each Base Clearing Member shall cause its cleared swaps customers to establish arrangements to directly make all required performance bond and settlement variation payments directly to the Clearing House and to keep current and on file with the Clearing House any direction to transfer its open positions and collateral to another Base Clearing Member.

3. The Clearing House shall treat positions and collateral of the cleared swaps customers of a Base Clearing Member, which has been declared to be in default, in accordance with Part 22 of the CFTC's regulations. Immediately after the default of a Base Clearing Member, the Clearing House shall cease netting settlement variation among the cleared swaps customers of the defaulted Base Clearing Member.

4. If the Clearing House ceases to net settlement variation margin of the customers of a defaulted Base Clearing Member, the Clearing House will calculate the settlement variation margin obligation owed to each cleared swaps customer ("collects"), and also calculate the settlement variation margin obligation owed to the Clearing House by each cleared swaps customer ("pays"). The Clearing House will establish a holding account for settlement variation margin collects owed to each cleared swaps customer or, subject to necessary approvals, pay such settlement variation margin collects directly to each cleared swaps customer. The Clearing House will collect cleared swaps customer settlement variation margin pays from the following sources:

- (i) Directly from the obligated cleared swaps customer in accordance with the arrangements established pursuant to 802.G.2 or by attaching any excess collateral attributable to that customer;
- (ii) By means of liquidating the collateral supporting the cleared swaps customer's position attributed to a cleared swaps customer that fails to make a required settlement variation payment when due. The proceeds of such liquidation shall be used to meet the cleared swaps customer's settlement variation pay obligation to the clearing house. (If the collateral is liquidated, the positions supported by the collateral shall be promptly liquidated.);

Any unmet cleared swaps customer obligation to the Clearing House will be a "Loss," per 802.A.2, and will be cured in accordance with the provisions of 802.B.

5. The Clearing House shall rely on its own books and records to identify the portfolio of rights and obligations arising from the positions of each cleared swaps customer. To the extent the Clearing House's books and records are not available or the Clearing House determines that its books and records are not accurate, the Clearing House shall rely on the information provided by the defaulted Base Clearing Member to identify the portfolio of rights and obligations arising from the positions for each of its cleared swaps customers.

6. Upon liquidating the defaulting Base Clearing Member's proprietary account, any remaining collateral may be applied by the Clearing House to Losses remaining in the defaulting Base Clearing Member's customer account classes. If the defaulting Base Clearing Member has more than one customer account class that has been declared to have defaulted, proceeds from the defaulting Base Clearing Member's proprietary account shall be divided by the Clearing House pro rata among such customer account classes, based on their applicable performance bond requirements for the clearing cycle immediately prior to the default.

802.H. Base Cooling Off Period and Multiple Defaults

The provisions set forth in Rule 802.A and 802.B shall apply with respect to each default by a Base Clearing Member. If more than one Base Clearing Member default occurs at a time or in close sequence, including a default that occurs by reason of a Base Clearing Member's failure to satisfy an assessment demand, the Clearing House shall manage the defaults separately. Upon any default, non-defaulted Base Clearing Members shall be subject to a maximum obligation during the relevant Base Cooling Off Period to contribute to the Base Guaranty Fund and to fund assessments as set forth in Rule 802.B. This maximum shall apply from the date of the original default until the later of (i) the 5th Business Day thereafter and (ii) if another Base Clearing Member defaults during the 5 Business Days following the initial or any subsequent default, the 5th Business Day following the last such default (such period, the "Base Cooling Off Period"), regardless of the number of defaults that occur during such Base Cooling Off Period.

The aggregate maximum contribution for the Base Cooling Off Period shall be based upon each Base Clearing Member's Base Guaranty Fund requirement and assessment exposure in effect at the commencement of the Base Cooling Off Period. The maximum does not limit clearing members' obligations to restore their Guaranty Fund contributions as set forth in Rule 802.F, except that if the Base Clearing Member's required Guaranty Fund contribution would exceed such maximum, the Base Clearing Member's Base Guaranty Fund requirement shall be reduced accordingly for the remainder of the Base Cooling Off Period. Following a Base Cooling Off Period, the Clearing House shall notify each clearing member of its Base Guaranty Fund deposit obligation and its assessment exposure.

The CME Contribution to the Base Guaranty Fund shall be limited to an aggregate maximum of \$100,000,000 during the Base Cooling Off Period. The Board may, at its discretion, authorize additional funds be added to the CME Contribution during the Base Cooling Off Period.

CME Group Exchange Rule 8F006: Clearing Member Default

If an OTC Clearing Member fails promptly to discharge any obligation to the Clearing House, it shall be in default and the Clearing House may take all actions permitted by these Rules in the event of a default. All of the assets and collateral of an OTC Clearing Member that are available to CME including, but not limited to, its guaranty fund deposit and performance bond shall be applied by the Clearing House to discharge the obligation. The Clearing House may engage in any commercially reasonable transaction or action contemplated by the Rules and the Base Default Management Guidelines to manage, eliminate or reduce the risk created by the default, including but not limited to, entering into hedges, liquidating positions in the market, auctioning or selling a portion or all of the portfolio of the defaulting firm and, if applicable, its customers. and combining or offsetting by book-entry positions in eligible accounts of one or more defaulters. All obligations, costs and expenses incurred by entering into any transactions contemplated under the Rules shall be an obligation of the defaulting OTC Clearing Member to the Clearing House. If the defaulting clearing member has proprietary or customer positions in contracts traded on an execution platform with which CME has a clearing services agreement, the Clearing House, acting in good faith and a commercially reasonable manner, will determine the appropriate default management approach, which may include but is not limited to the determination to close out and cash settle all open positions in contracts executed on such execution platform.

CME Group Exchange Rule 8G802: Protection of Clearing House

8G802.A. Default by IRS Clearing Member

The Clearing House shall establish a separate guaranty fund for IRS Contracts (the "IRS Guaranty Fund"). Each IRS Clearing Member shall contribute to the IRS Guaranty Fund in accordance with the requirements of Rule 8G07. A non-defaulted IRS Clearing Member's deposit to the IRS Guaranty Fund may be applied by the Clearing House in accordance with this Rule 8G802 to mitigate any loss to the Clearing House attributable to IRS Contracts and will not be applied to losses in any other product classes.

1. Default by IRS Clearing Member

(i) If an IRS Clearing Member (i) fails to promptly discharge any obligation to the Clearing House or (ii) becomes subject to any bankruptcy, reorganization, arrangement, insolvency, moratorium, or liquidation proceedings, or other similar proceedings under U.S. federal or state bankruptcy laws or other applicable law, the Clearing House may declare such IRS Clearing Member to be in default. If an Affiliate of an IRS Clearing Member fails to discharge any obligation to the Clearing House and the Clearing House determines that the default by such Affiliate is likely to cause a default of the IRS Clearing Member, the Clearing House may declare such IRS Clearing Member to be in default.

Upon a default, the Clearing House shall act promptly to mitigate any loss caused by such default. The Clearing House may engage in any commercially reasonable transaction or action contemplated by the Rules and the IRS Default Management Guidelines, to manage, eliminate or reduce the risk created by the default, including but not limited to, entering into hedges, liquidating positions in the market, auctioning or selling a portion or all of the portfolio of the defaulting firm and, if applicable, its customers, and combining or offsetting by book-entry positions in eligible accounts of one or more defaulters. The Clearing House shall maintain plans

for managing the default of an IRS Clearing Member (including the “IRS Default Management Guidelines”). An IRS Clearing Member that clears or plans to clear IRS Products at the Clearing House may obtain a copy of the IRS Default Management Guidelines on a confidential basis. All information received by a Clearing Member, its affiliate or customer in connection with the Clearing House’s liquidation and default management processes shall be treated as confidential.

With respect to each hedging or liquidation transaction in a contract that the Clearing House executes via book-entry, the provisions in the second paragraph of Rule 804 shall apply as if there were a substitution.

All obligations, costs and expenses incurred by entering into any transactions under the Rules shall be an obligation of the defaulted IRS Clearing Member to the Clearing House.

(ii) Defaults by different IRS Clearing Members will each be considered a separate default event. After an IRS Clearing Member has been declared in default, subsequent failures by such defaulted IRS Clearing Member to discharge any obligation shall be considered part of the same original default and shall not be considered separate default events, unless and until the original default has been fully resolved and such IRS Clearing Member has been restored to good standing or is no longer an IRS Clearing Member.

(iii) The defaulted IRS Clearing Member shall not take any action that would interfere with the ability of the Clearing House to mitigate the loss or to apply the assets of the defaulted IRS Clearing Member to offset any loss. The defaulted IRS Clearing Member shall not file any action in any court seeking to stay the actions of the Clearing House with respect to the default.

(iv) A defaulted IRS Clearing Member shall immediately make up any deficiencies in its IRS Guaranty Fund deposit resulting from such default and in any event no later than the close of business on the banking day following demand by the Clearing House.

2. Application of Defaulted IRS Clearing Member’s Collateral; Rights and Obligations of Clearing House

Upon the default of an IRS Clearing Member IRS Collateral shall be applied by the Clearing House to discharge any loss to the Clearing House associated with such default (an “IRS Loss”) in accordance with and subject to this Rule 8G802. An IRS Loss shall include, but shall not be limited to, costs associated with the liquidation, transfer and managing of IRS Contracts of the defaulted IRS Clearing Member, hedging costs and other costs incurred by the Clearing House related to managing the risk surrounding the default of the IRS Clearing Member.

An IRS Loss arising in the defaulted IRS Clearing Member’s proprietary account class shall be satisfied from the IRS Collateral. An IRS Loss resulting from any cleared swaps customer of a defaulted IRS Clearing Member shall be satisfied by application of performance bond, excess performance bond, other collateral and settlement variation gains (“IRS Customer Collateral”) held for the respective cleared swaps customer consistent with Part 22 of the CFTC’s regulations. After finalizing the IRS Loss of the defaulted IRS Clearing Member’s proprietary account, the Clearing House shall reserve any excess IRS Collateral that remains first, to satisfy any IRS Loss arising in the defaulted IRS Clearing Member’s customer account class for IRS Contracts, and second, to satisfy any losses to the Clearing House arising in other product classes, including, but not limited to, pursuant to Rule 818; provided however that such excess IRS Collateral shall not be applied to an IRS Loss arising from the IRS Contracts of a defaulted cleared swaps customer until after any permitted application of IRS Customer Collateral held in such customer account class.

Any remaining IRS Customer Collateral of a customer of an IRS Clearing Member following final resolution of any IRS Loss attributed to such customer shall remain in such customer account class, where it may be used to satisfy losses of such customer to the Clearing House arising in such account class with respect to other product classes. Any customer assets used by the Clearing House to cure an IRS Loss associated with a customer account shall not be added to the defaulted IRS



Clearing Member's collateral generally. The Clearing House shall not use IRS Customer Collateral to satisfy a payment obligation, realized loss or expense to the Clearing House in respect of the defaulted IRS Clearing Member's proprietary account.

Should an IRS Loss continue to exist after application of the amounts above, any remaining deficiency shall be satisfied pursuant to the procedures in Rule 8G802.B, in accordance with Part 22 of the CFTC's regulations as applicable. Any such amount shall continue to be a liability of the defaulted IRS Clearing Member to the Clearing House, which the Clearing House may collect from any other assets of such clearing member or by process of law.

8G802.B. Satisfaction of Clearing House Obligations

1. Application of Clearing House and non-defaulting IRS Clearing Member contributions

If the IRS Collateral and the IRS Customer Collateral, as described in Rule 8G802.A, is insufficient to cover the IRS Loss produced by the default, the Clearing House shall cover, or reduce the size of, such IRS Loss by applying the following funds to such losses in the order of priority as follows (the "IRS Priority of Payments"):

(i) First, the corporate contribution of CME for IRS Products (the "CME IRS Contribution"), which shall equal \$150,000,000;

(ii) Second, the IRS Guaranty Fund (excluding the contribution of the defaulted IRS Clearing Member), which shall be applied in the following manner:

(a) the IRS Guaranty Fund contribution of Subordinated Bidders equal to the relevant Aggregate Subordinated Amounts of such Subordinated Bidders applied on a pro rata basis until the entire IRS Loss is allocated; then, to the extent not all IRS Losses have been applied after application pursuant to this sub-section (a);

(b) the (remaining) IRS Guaranty Fund of all IRS Clearing Members (excluding an amount of the IRS Guaranty Fund of each Winning Bidder equal to the Final Aggregate Seniorized Amounts for such Winning Bidders) will be applied pro rata until the entire IRS Loss is allocated; then, to the extent not all IRS Losses have been applied after application pursuant to this subsection (b); and

(c) the (remaining) IRS Guaranty Fund of all Winning Bidders will be applied pro rata;

(iii) Third, IRS Assessments against all IRS Clearing Members (excluding any defaulted IRS Clearing Members), which shall be assessed against each non-defaulted IRS Clearing Member pro rata in proportion to their required contributions to the IRS Guaranty Fund in accordance with Rule 8G07. Assessments against non-defaulted IRS Clearing Members shall be subject to a maximum of the maximum IRS Assessment assigned to such IRS Clearing Member pursuant to Rule 8G07 at the time of the default, and also subject to the limits set forth in Rule 8G802.H in the case of multiple successive defaults.

Non-defaulted IRS Clearing Members and their customers shall not take any action that would interfere with the ability of the Clearing House to collect and apply assets and proceeds in accordance with this Rule 8G802.B, including, but not limited to, attempting to obtain a court order. Determinations under this Rule 8G802.B that are based upon an IRS Clearing Member's IRS Guaranty Fund deposit and/or IRS Assessment requirement shall be based upon the requirement in effect at the time of the default.

As used herein:

"Aggregate Subordinated Amount" means the sum of all subordinated amounts as determined by the Clearing House in accordance with the IRS Default Management Guidelines.

"Final Aggregate Seniorized Amount" means the sum of all seniorized amounts as determined by the Clearing House in accordance with the IRS Default Management Guidelines.

"Subordinated Bidder" means in respect of each Default Management Auction, the IRS Clearing Member(s) whose IRS Guaranty Fund contribution is subject to subordination as determined by the Clearing House in accordance with the IRS Default Management Guidelines.

"IRS Default Management Guidelines" means the IRS Default Management Guidelines of the Clearing House.

"Winning Bidder" means, in respect of each Default Management Auction, the IRS Clearing Member(s) designated as such by the Clearing House with respect to such Default Management Auction.

2. Modification of Clearing House's Obligations for IRS Contracts

(a) If at any time following a default of an IRS Clearing Member, the assets available to cover the default under the preceding sections of Rule 8G802 are insufficient to satisfy the IRS Loss and obligations of the Clearing House to IRS Clearing Members as a result of such default, then absent an IRS Termination Event, the Clearing House shall, in a manner that is consistent with the requirements of the Commodity Exchange Act and the regulations adopted thereunder, conduct its next settlement cycle as described in Rule [8G802.B.2(b)].

(b) If the circumstances described in Rule [8G802.B.2(a)] occur, the Clearing House shall issue a Clearing Advisory Notice to inform IRS Clearing Members and their customers of such circumstances and conduct a settlement cycle to determine settlement prices for all IRS Contracts and the net portfolio gain or loss for each IRS Clearing Member and its customers, in accordance with the following:

(i) The net portfolio gain of an IRS Clearing Member (a "collect"), or the net portfolio loss of an IRS Clearing Member (a "pay"), shall be determined separately for: (A) the IRS Clearing Member's proprietary positions in IRS Contracts (the net portfolio gain or net portfolio loss for such positions, a "Proprietary IRS Collect" or a "Proprietary IRS Pay"), and

(B) the positions in IRS Contracts of each customer of the IRS Clearing Member held in an account consistent with Part 22 of the CFTC's regulations (each customer's net portfolio gain or net portfolio loss for such positions, an "Individual Customer IRS Collect" or an "Individual Customer IRS Pay").

(ii) The Clearing House Oversight Committee (after considering any recommendation of the IRS Emergency Financial Committee) may determine a maximum amount of position liquidation payments that may be included in the Aggregate IRS Collects, based upon then existing facts and circumstances, that it deems appropriate to mitigate further disruptions to the markets.

(iii) The Clearing House shall notify each IRS Clearing Member of the amount of its remaining IRS Assessments, Proprietary IRS Pays and Individual Customer IRS Pays and each IRS Clearing Member shall pay all such amounts no later than the time required for the relevant settlement cycle. If an IRS Clearing Member does not pay all such amounts to the Clearing House, the Clearing House shall determine such IRS Clearing Member to be in default and may take any of the actions specified in 8G802.A with respect to such IRS Clearing Member and its customers. Payments owed by each non-defaulted customer of the defaulted IRS Clearing Member shall be paid by such non-defaulted customer to the Clearing House in accordance with Rule 8G802.I.

(iv) If the amount of Aggregate IRS Available Funds received by the Clearing House exceeds the Aggregate IRS Collects, the Clearing House shall calculate reimbursements of, and distribute, the excess funds, in reverse order of the utilization of the IRS Priority of Payments.

(v) If the amount of the Aggregate IRS Collects exceed the amount of Aggregate IRS Available Funds received:

(A) the Clearing House shall notify IRS Clearing Members and provide an opportunity for IRS Clearing Members and their customers to make voluntary contributions to the Clearing House;

(B) if the amount of the Aggregate IRS Collects continues to exceed the amount of Aggregate IRS Available Funds after the Clearing House adds any voluntary contributions from Rule 8G802.B.2(b)(v)(A) to the Aggregate IRS Available Funds, then the Clearing House shall apply IRS Gains Haircuts (as defined below) to the Proprietary IRS Collects and Individual Customer IRS Collects for the current settlement cycle and each successor settlement cycle on the current Business Day and, unless a Bankruptcy Event has occurred, each of the next two Business Days in accordance with the following:

Proprietary IRS Collects and Individual Customer IRS Collects each shall be reduced on a pro rata basis according to the amount of such collects, to equal the amount of Aggregate IRS Available Funds received relative to the Aggregate IRS Collects (such process, an "IRS Gains Haircut");

(C) The Clearing House Oversight Committee may instruct the Clearing House to extend or reduce the number of days during which IRS Gains Haircuts are applied under the process under Rule 8G802.B.2(b)(v) by up to two Business Days at a time, provided that in no circumstance may the Clearing House conduct settlement cycles in which IRS Gains Haircuts are applied for longer than five Business Days. Before providing such instruction, the Clearing House Oversight Committee must consider any recommendation of the IRS Emergency Financial Committee. Any recommendation of the IRS Emergency Financial Committee and the decision of the Clearing House Oversight Committee, each regarding adjusting the duration of settlement cycles with IRS Gains Haircuts, must be based upon then existing facts and circumstances, be in furtherance of the integrity of the Clearing House and the stability of the financial system, and take into consideration the legitimate interests of clearing members and customers of clearing members.

(D) For each settlement cycle conducted in accordance with this subparagraph (v): For non-defaulted IRS Clearing Members, the Clearing House shall pay the haircut Proprietary IRS Collects and Individual Customer IRS Collects to IRS Clearing Members as soon as practicable after receipt of the Aggregate IRS Available Funds. For non-defaulted customers of a defaulted IRS Clearing Member, subject to applicable law, the Clearing House will account for Individual Customer IRS Collects owed to each customer.

(c) If a Bankruptcy Event occurs (i) following a default of an IRS Clearing Member and (ii) during the IRS Cooling Off Period, all IRS Contracts shall be terminated promptly in accordance with Rule [8G802.B.6].

3. IRS Partial Tear-Ups and IRS Full Tear-Ups

(a) The Clearing House may, at any time following a default of an IRS Clearing Member, notify IRS Clearing Members and provide an opportunity for IRS Clearing Members to voluntarily agree to have their proprietary positions or, with a customer's consent, to agree to have each such customer's positions, extinguished by the Clearing House.

(b) If proprietary or customer positions in IRS Contracts of a defaulted IRS Clearing Member remain open (the "Remaining Open IRS Positions") following the last settlement cycle conducted pursuant to Rule 8G802.B.2, the Clearing House shall extinguish the Remaining Open IRS Positions through a partial tear-up process ("IRS Partial Tear-Up") or a full tear-up process ("IRS Full Tear-Up") of proprietary and customer positions of non-defaulted IRS Clearing Members and non-defaulted customers of the defaulted IRS Clearing Member in accordance with the following:

i. The Clearing House Oversight Committee shall determine the appropriate scope of each IRS Partial Tear-Up or shall determine that an IRS Full Tear-Up is appropriate, in accordance with Part 22 of the CFTC's regulations. Before making such determination, the Clearing House Oversight Committee must consider any recommendation of the IRS Emergency Financial Committee. Any recommendation of the IRS Emergency Financial Committee and each determination of the Clearing House Oversight Committee made for purposes of this Rule 8G.802.B.3(b) must:

- A. be based upon then existing facts and circumstances;
- B. be in furtherance of the integrity of the Clearing House and the stability of the financial system;
- C. take into consideration the legitimate interests of clearing members and customers of clearing members; and
- D. aim to extinguish Remaining Open IRS Positions and any additional positions in IRS Contracts deemed necessary to mitigate further disruptions to the markets affected by the Remaining Open IRS Positions.

ii. Such IRS Partial Tear-Up may include, but need not be limited to, the following methods:

A. Tear-Up of Positions in IRS Contracts that Offset Remaining Open IRS Positions

Proportionate extinguishment of IRS Contracts held by non-defaulted IRS Clearing Members, their non-defaulted customers and the non-defaulted customers of the defaulted IRS Clearing Member whose positions offset the Remaining Open IRS Positions, relative to the size of the Remaining Open IRS Positions; and

B. Tear-Up of All Positions in IRS Contracts within a Product or Combination of Products.

Extinguishment of all open positions in IRS Contracts for a product or combination of products.

iii. An IRS Full Tear-Up would involve the extinguishment of all open positions in IRS Contracts.

(c) In connection with any settlement cycle with IRS Gains Haircuts, the Clearing House Oversight Committee may instruct the Clearing House to extinguish a portion of the Remaining Open IRS Positions through an IRS Partial Tear-Up of proprietary and customer positions of non-defaulted IRS Clearing Members and non-defaulted customers of the defaulted IRS Clearing Member. The Clearing House Oversight Committee would determine the appropriate scope of each such IRS Partial Tear-Up in accordance with the procedures set forth in Rule 8G802.B.3(b)(i) and (ii), except that each reference to “Remaining Open IRS Positions” shall mean the relevant portion of Remaining Open IRS Positions.

4. IRS Product Limited Recourse

If a default occurs, IRS Collateral, IRS Customer Collateral and the IRS Priority of Payments shall be the sole source of payments to cover the IRS Loss until the default is fully and finally resolved, as applicable. In the event the IRS Collateral, IRS Customer Collateral and the IRS Priority of Payments are insufficient to cover the IRS Loss, regardless of whether CME is able to require an IRS Clearing Member to cure a deficiency in the IRS Guaranty Fund because of the occurrence of a Bankruptcy Event (as such term is defined in Rule 818.A), IRS Clearing Members and the holders of IRS Contracts shall have no recourse to any other funds or any other entity, including without limitation the guaranty funds that support clearing of other products, CME, CME Group Inc. or any of its affiliates other than any amounts recovered as described in Rule 8G802.E.

5. IRS Termination Events

If at any time following a default: (a) the Clearing House is unable to cover a settlement variation payment obligation when due and has no expectation of accessing funds to permit it to cover such payment obligation (for example through access to credit lines or assessment funds), (b) the Clearing House determines (after consultation with the IRS Risk Committee) that the available IRS Collateral and the IRS Priority of Payments will be insufficient to satisfy Default Management Auction bid results for the defaulted IRS Clearing Member’s portfolio, (c) the Clearing House otherwise determines (after consultation with the IRS Risk Committee) the IRS Loss will exceed the available IRS Collateral and IRS Priority of Payments, or (d) a Bankruptcy Event of the Exchange (each an “IRS Termination Event”), then all IRS Contracts shall be terminated and the IRS Collateral and IRS Priority of Payments shall be distributed in accordance with Rule 8G802.B.6 below. If the IRS Customer Collateral attributable to a cleared swaps customer of the defaulted IRS Clearing Member is sufficient to satisfy any IRS Loss associated with such cleared swaps customer, the IRS Customer Collateral shall be so applied and any remaining IRS Customer Collateral shall remain in such customer account class. The Clearing House shall, in a manner that is consistent with the requirements of the Commodity Exchange Act and the regulations adopted thereunder (including, without limitation Part 190 of the Regulations, if applicable) fix a U.S. dollar amount (the “IRS Close-Out Value”) to be paid to or received from the Clearing House in respect of all IRS Contracts to be terminated by conducting a special settlement cycle to determine a final settlement price for all open IRS Contracts.

6. Termination of IRS Contracts on an IRS Termination Event; Netting and Offset

If an IRS Termination Event occurs as described in Rule 8G802.B.5, all IRS Contracts shall be terminated promptly. The Clearing House shall determine the amount to be paid to or collected from each non-defaulted IRS Clearing Member, and the IRS Collateral and IRS Priority of Payments shall be distributed, as follows:

(i) The Clearing House shall, in a manner that is consistent with the requirements of the Commodity Exchange Act and the regulations adopted thereunder (including, without limitation Part 190 of the Regulations, if applicable) fix a U.S. dollar amount (the “IRS Close-Out Value”) to be paid to or received from the Clearing House in respect of all IRS Contracts to be terminated by conducting a special settlement cycle to determine a final settlement price for all open IRS Contracts.

(ii) The net portfolio gain of a non-defaulted IRS Clearing Member (a “collect”), or the net portfolio loss of a non-defaulted IRS Clearing Member (a “pay”), shall be determined separately for (a) its proprietary positions in IRS Contracts (a “Close-Out Proprietary IRS Collect” or a “Close-Out Proprietary IRS Pay”) and (b) the

positions of each of its customers in IRS Contracts (each, a Close-Out “Individual Customer IRS Collect” or a “Close-Out Individual Customer IRS Pay”), using the IRS Close-Out Value for IRS Contracts. The Clearing House shall also use the IRS Close-Out Value to determine a Close-Out Individual Customer IRS Collect or a Close-Out Individual Customer IRS Pay for each non-defaulted cleared swaps customer of a defaulted IRS Clearing Member. The sum of all Close-Out Proprietary IRS Collects and Close-Out Individual Customer IRS Collects shall be the “Aggregate Close-Out IRS Collects”. The sum of all Close-Out Proprietary IRS Pays and Close-Out Individual Customer IRS Pays shall be the “Aggregate Close-Out IRS Pays”.

(iii) The Clearing House shall determine the amount of each non-defaulted IRS Clearing Member’s remaining payment obligations, if any, in respect of IRS Assessments (which, together with the CME IRS corporate contribution and any remaining IRS Guaranty Fund amounts and any IRS Assessments previously funded, constitute the “Remaining IRS Priority of Payments”).

(iv) The Clearing House shall add any remaining IRS Collateral, IRS Customer Collateral (if applicable as described in Rule [8G802.A.2.] above) and Remaining IRS Priority of Payments to the Aggregate Close-Out IRS Pays, and deduct the amount of any uncovered IRS Loss (the sum of such amount, the “Aggregate Close-Out IRS Available Funds”).

(v) The Clearing House shall then notify each IRS Clearing Member of the amount of its remaining IRS Assessments, Close-Out Proprietary IRS Pay and Close-Out Individual Customer IRS Pays and each IRS Clearing Member shall pay all such amounts no later than the time specified by the Clearing House in such notice. If an IRS Clearing Member does not make such payment, the Clearing House shall determine such IRS Clearing Member to be in default and may take any of the actions specified in 8G802.A with respect to such IRS Clearing Member and its customer. Payments owed by each non-defaulted customer of the defaulted IRS Clearing Member shall be paid by such non-defaulted customer to the Clearing House in accordance with Rule 8G802.I.

(vi) If the amount of Aggregate Close-Out IRS Available Funds received by the Clearing House exceeds the Aggregate Close-Out IRS Collects, the Clearing House shall calculate reimbursements of the excess funds, in reverse order of the IRS Priority of Payments.

(vii) If the Aggregate Close-Out IRS Collects exceed the amount of Aggregate Close-Out IRS Available Funds received, the Clearing House shall haircut the amount of each Close-Out Proprietary IRS Collect (such haircut amount, the “Allocated Close-Out Proprietary IRS Collect”) and Close-Out Individual Customer IRS Collect (such haircut amount, the “Allocated Close-Out Individual Customer IRS Collect”) on a pro rata basis based on the amount of Aggregate Close-Out IRS Available Funds received relative to the amount of the Close-Out Proprietary IRS Collects and Close-Out Individual Customer IRS Collects (such process, a “Close-Out IRS Gains Haircut”).

(viii) For non-defaulted IRS Clearing Members, the Clearing House shall pay the Close-Out Proprietary IRS Collect or Allocated Close-Out Proprietary IRS Collects, as applicable, and Close-Out Individual Customer IRS Collects or Allocated Close-Out Individual Customer IRS Collects, as applicable, as soon as practicable after receipt of the Aggregate Close-Out IRS Available Funds. For non-defaulted customers of a defaulted-IRS Clearing Member, subject to applicable law, the Clearing House will account for Individual Customer IRS Collects owed to each such non-defaulted customer.

(ix) Upon the completion of payments, all IRS Contracts shall be extinguished, and the Clearing House shall have no further access to funds or collateral in respect of IRS Contracts or IRS clearing activity of a non-defaulting IRS Clearing Member. For the avoidance of doubt, neither IRS Contracts that are extinguished under this Rule [8G802.B.6] nor any claims thereunder shall be available for netting under Rule 818.

7. No Claims Against the Exchange or Clearing House

(a) IRS Clearing Members, their affiliates and their customers shall have no claim against the Exchange, CME Group Inc. or any affiliates of the Exchange or CME Group or any directors, officers or employees of any of the foregoing, including but not limited to claims against any other guaranty fund established by the Exchange, CME Group Inc. or any of its affiliates with respect to losses suffered as a result of the application of any provision of this Rule 8G802.B.

No beneficial holder of an IRS Contract shall have any claim against its non-defaulted IRS Clearing Member as a result of the application of this Rule 8G802.B. other than any amounts recovered as described in Rule 8G802.E.

(b) Notwithstanding anything in subparagraph (a), IRS Clearing Members, for both their proprietary positions in IRS Contracts and their customers’ positions in IRS Contracts, and non-defaulted customers of defaulted IRS Clearing Members will have a claim on any recovery from the defaulted IRS Clearing Member or the estate

of the defaulted IRS Clearing Member in the amount of the IRS Gains Haircuts and Close-Out IRS Gains Haircuts, each in the aggregate, applied to such positions (such amount with respect to all non-defaulted IRS Clearing Members and their customers and the non-defaulted customers of the defaulted IRS Clearing Member, "Aggregate IRS Gains Haircuts"), as set forth more fully in Rule 8G802.E. If the recovery from the defaulted IRS Clearing Member is less than the Aggregate IRS Gains Haircuts, non-defaulted IRS Clearing Members and their customers and the non-defaulted customers of defaulted IRS Clearing Members will share pro rata in the recovery.

8. Non-Petition

No IRS Clearing Member and no customer of an IRS Clearing Member shall institute against, or join any other person in instituting against, the Exchange any bankruptcy, reorganization, arrangement, insolvency, moratorium, liquidation or examinership proceedings, or other similar proceedings under U.S. federal or state bankruptcy laws or other applicable law arising out of any claimed default by the Clearing House on an IRS Contract as a result of the termination of such IRS Contract and related payments in accordance with these Rules.

9. Fedwire and Satisfaction of IRS Assessments

All amounts assessed by the Clearing House against an IRS Clearing Member pursuant to this Chapter and any advance assessments pursuant to Rule 8G802.C where notice of such assessment is delivered to an IRS Clearing Member during the hours in which the Federal Reserve's wire transfer system (Fedwire) is in operation shall be paid to the Clearing House by such IRS Clearing Member prior to the close of the Fedwire on such day; provided, however, that where notice of such assessment is delivered to an IRS Clearing Member within one (1) hour prior to the close of Fedwire or after the close of Fedwire shall be paid to the Clearing House within one (1) hour after Fedwire next opens.

Any IRS Clearing Member that does not satisfy an assessment made pursuant to this Chapter 8G shall be in default. Any IRS Loss that occurs as a result of such default shall itself be assessed by the Clearing House to non-defaulted IRS Clearing Members pursuant to Rule 8G802.A and 8G802.B. After payment of an IRS Assessment pursuant to Rule 8G802.B, an IRS Clearing Member shall charge other clearing members for whom it clears contracts or carries positions on its books to recover their proportional share of the assessment. Such other clearing members shall promptly pay the charge.

10. Details of Implementation

While adherence to the provisions of this Rule 8G802.B shall be mandatory, the detailed implementation of the process of finalizing an IRS Loss with respect to a default, including the liquidation, hedging, auction or sale of positions or assets of the defaulted IRS Clearing Member, shall be conducted by the Clearing House in consultation with the Active IRS Default Management Committee.

8G802.C. Limited Advance Assessment Authority

If a default occurs and the collateral for IRS Contracts of the defaulted IRS Clearing Member for its proprietary and customer accounts (including any IRS Contracts entered into by the Clearing House to hedge such defaulted Clearing Members' IRS Contracts) held by the Clearing House (after taking into account settlement variation payment obligations) is less than 50 percent of the performance bond requirement for IRS Contracts calculated using the performance bond methodology at the time of default, the Clearing House may issue an advance assessment demand to non-defaulted IRS Clearing Members to contribute capital up to a maximum of the amount that would be necessary to bring the collateral of the defaulted IRS Clearing Member to 100% of the relevant requirement. Any such assessment shall be subject to any cap on assessments pursuant to Rule 8G802.B and shall be made pro rata among IRS Clearing Members on the same basis as assessments under Rule 8G802.B.

8G802.D. Utilization of Remaining IRS Collateral of Defaulted IRS Clearing Member; Restoration of Funds Following Final Determination of Losses

1. After the default of an IRS Clearing Member is finally resolved, excess IRS Collateral of the IRS Clearing Member may be used by the Clearing House for losses to the Clearing House of such IRS Clearing Member for Base Products on a pro rata basis based on the amount of any unresolved losses for such product classes.
2. If, after the default of an IRS Clearing Member is finally resolved, the Clearing House determines that collateral of the defaulted IRS Clearing Member, surplus funds, IRS Guaranty Funds, IRS Assessments, other guaranty fund contributions, or assessment powers were employed in a manner different from what would have occurred had all assets been secured and liquidated immediately and the IRS Loss finalized simultaneously, then the Clearing House shall make distributions or rebalancing allocations to non-defaulted IRS Clearing Members and/or the guaranty funds, as appropriate.

8G802.E. Rights of Clearing House for Recovery of Loss

Losses caused by the default of an IRS Clearing Member are amounts due to the Clearing House from such IRS Clearing Member and shall remain legal obligations thereof notwithstanding the Clearing House's recourse to the loss-mutualization provisions of this Rule 8G802 and Rule 802, which amounts the Clearing House shall take commercially reasonable steps to recover (including claims submitted in an insolvency or resolution proceeding). If any portion of these amounts is subsequently recovered by the Clearing House, the net amount of such recovery shall be credited to non-defaulted IRS Clearing Members (whether or not they are still IRS Clearing Members at the time of recovery) on a pro rata basis based on (1) the amount of their (and their customers', if applicable) voluntary contributions with respect to such default, (2) the amount of their (and their customers', if applicable) Aggregate IRS Gains Haircuts with respect to such default, (3) the amount of their IRS Assessments utilized by the Clearing House with respect to such default, and (4) the amount of their guaranty fund contribution utilized by the Clearing House with respect to such default, each in the order listed, and then to the Exchange for the amount of the CME Contribution utilized by the Clearing House with respect to such default.

If an IRS Clearing Member clears contracts or carries positions for other clearing members and such other clearing members were required to pay an assessment pursuant to Rule 8G802.B, such IRS Clearing Member shall return to such other clearing members, a pro rata share of any recoveries received by such IRS Clearing Member which shall be calculated on the basis of the assessed amount paid by the other clearing member relative to the total assessment paid by the IRS Clearing Member.

8G802.F. IRS Guaranty Fund Contributions to be Restored

In the event it shall become necessary to apply all or part of the IRS Guaranty Fund to meet obligations to the Clearing House pursuant to this Rule 8G802, IRS Clearing Members shall restore their deposits to the IRS Guaranty Fund to previously required level prior to the close of business on the next banking day after notice that such amount is due from the Clearing House, subject to the maximum obligations to contribute to the IRS Guaranty Fund and to fund IRS Assessments set forth in 8G802.H.

8G802.G. Default Management Across Account Classes

Subject to Rule 8G831, the procedures set forth in 8G802.A and 8G802.B shall be conducted separately by the Clearing House with respect to open positions and associated performance bond deposits for different product classes and account classes. Upon a default, the Clearing House may, in accordance with applicable law, act immediately to attempt to transfer to alternate IRS Clearing Members part or all customer positions and associated performance bond collateral with respect to any cleared swaps customer that has not defaulted on payment obligations.

8G802.H. IRS Cooling Off Period and Multiple Defaults

The provisions set forth in Rule 8G802.A and 8G802.B shall apply with respect to each default by an IRS Clearing Member. If more than one IRS Clearing Member default occurs at a time or in close sequence, including a default that occurs by reason of an IRS Clearing Member's failure to satisfy an assessment demand, the Clearing House shall manage the defaults separately. Upon a default, non-defaulted IRS Clearing Members shall be subject to a maximum obligation to contribute to the IRS Guaranty Fund and to fund IRS Assessments equal to the aggregate amounts set forth in Rules 8G07 and 8G802. This maximum shall apply from the date of

the original default until the later of (i) the 25th Business Day thereafter and (ii) if another IRS Clearing Member is in default during the 25 Business Days following the initial or any subsequent default, the 25th Business Day following the last default (the “IRS Cooling Off Period”), regardless of the number of defaults that occur during such IRS Cooling Off Period.

The maximum does not limit IRS Clearing Members’ obligations to restore their IRS Guaranty Fund contributions as set forth in Rule 8G802.F, except that if the IRS Clearing Member’s required IRS Guaranty Fund contribution would exceed the maximum, the IRS Clearing Member’s IRS Guaranty Fund requirement shall be reduced accordingly for the remainder of the IRS Cooling Off Period. Following an IRS Cooling Off Period, the Clearing house shall notify each IRS Clearing Member of its IRS Guaranty Fund deposit obligation and its IRS Assessments exposure.

The aggregate maximum contribution for the IRS Cooling Off Period shall be based upon each IRS Clearing Member’s IRS Guaranty Fund requirement and IRS Assessments in effect at the time of the original default, provided that if an IRS Clearing Member’s IRS Guaranty Fund requirement and IRS Assessments is increased during the IRS Cooling Off Period due to material changes in its own business creating a material shortfall as to the requirement (as described in Rule 8G07) then the maximum shall be based on the revised requirement.

The CME IRS Contribution shall be limited to an aggregate maximum of \$150,000,000 during the Cooling Off Period, regardless of the number of defaults that occur during such Cooling Off Period.

8G802.I. Post-Default Cleared Swaps Customer Account Processing

1. In order to minimize disruptions and loss to its public customers if an IRS Clearing Member defaults, each IRS Clearing Member shall cause its cleared swaps customers to establish arrangements to directly make all required performance bond and settlement variation payments directly to the Clearing House and to keep current and on file with the Clearing House any direction to transfer its open positions and collateral to another IRS Clearing Member.
2. The Clearing House shall treat positions and collateral of the cleared swaps customers of an IRS Clearing Member, which has been declared to be in default, in accordance with Part 22 of the CFTC’s regulations. Immediately after the default of an IRS Clearing Member, the Clearing House shall cease netting settlement variation among the cleared swaps customers of the defaulted Clearing Member.
3. If the Clearing House ceases to net settlement variation margin of the customers of a defaulted IRS Clearing Member, the Clearing House will calculate the settlement variation margin obligation owed to each customer (“collects”), and also calculate the settlement variation margin obligation owed to the Clearing House by each customer (“pays”). The Clearing House will account for settlement variation margin collects owed to each customer. The Clearing House will procure customer settlement variation margin pays from the following sources:
 - (i) Directly from the obligated customer in accordance with the arrangements established pursuant to 8G802.I.1 or by attaching any excess collateral attributable to that customer; and
 - (ii) By means of liquidating the IRS collateral supporting the customer’s position attributed to a customer that fails to make a required settlement variation payment when due. The proceeds of such liquidation shall be used to meet the customer’s variation pay obligation to the clearing house. (If the collateral is liquidated, the positions supported by the collateral shall be promptly liquidated.)
4. Any unmet customer obligation to the Clearing House will be an “IRS Loss,” per 8G802.A.2, and will be cured in accordance with the provisions of 8G802.B. Consistent with Part 22 of the CFTC’s regulations, if the IRS Customer Collateral attributable to a cleared swaps customer of the defaulted IRS Clearing Member is

sufficient to satisfy any IRS Loss associated with such cleared swaps customer, the IRS Customer Collateral shall be so applied and any remaining IRS Customer Collateral shall remain in such customer account class.

5. The Clearing House shall rely on its own books and records to identify the portfolio of rights and obligations arising from the IRS Contracts of each cleared swaps customer. To the extent the Clearing House's books and records are not available or the Clearing House determines that its books and records are not accurate, the Clearing House shall rely on the information provided by the defaulted IRS Clearing Member to identify the portfolio of rights and obligations arising from the IRS Contracts for each of its cleared swaps customers.

CME Group Exchange Rule 824: Additional Performance Bond

Whenever, in the opinion of the Clearing House Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, unstable conditions relating to one or more products exist, they may from time to time, call for additional performance bond collateral from clearing members. Such additional performance bond calls may be as much as or more than the original performance bond collateral. The performance bond collateral thus called for may be for one or more contract(s) from one or more clearing member(s) and on long positions, short positions or both.

In the event market conditions and price fluctuations at any time shall cause the Clearing House Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, to conclude that additional performance bond collateral is required to maintain an orderly market in contracts traded on the exchange or to preserve fiscal integrity the Clearing House Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or their delegate may call for additional performance bond collateral to be deposited with the Clearing House during the next banking hour after demand therefor, or at such times as may be specified. Such additional performance bond collateral may be called from the longs or the shorts or from both.

When the Clearing House Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, shall be of the opinion that any clearing member is carrying commitments or incurring risk in its proprietary, customer and/or cross-margin accounts, that are larger than is justified by the financial condition of that clearing member, then the Clearing House Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, may require additional performance bond collateral of such clearing member which shall be deposited with the Clearing House during the next banking hour after demand therefor, or at such time as may be specified, or a portion of the open positions of said clearing member may be required to be transferred to the books of another clearing member.

CME Group Exchange Rule 8G824: Additional IRS Performance Bond

Whenever, in the opinion of the IRS Risk Committee, the President of Global Operations, Technology & Risk, the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, unstable conditions relating to one or more products exist, they may from time to time, call for additional performance bond collateral from IRS Clearing Members. Such additional performance bond calls may be as much as or more than the original performance bond collateral. The performance bond collateral thus called for may be for one or more contract(s) from one or more IRS Clearing Member(s) and on long positions, short positions or both.

In the event market conditions and price fluctuations at any time shall cause the IRS Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, to conclude that additional performance bond collateral is required to maintain an orderly market or to preserve fiscal integrity the IRS Risk Committee or the Global Head of Clearing & Post-Trade Services or their delegate may call for additional performance bond collateral to be deposited with the Clearing House during the next banking hour after demand therefor, or at such times as may be specified. Such additional performance bond collateral may be called from the longs or the shorts or from both.

When the IRS Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, shall be of the opinion that any IRS Clearing Member is carrying commitments or incurring risk in its proprietary, customer and/or cross-margin accounts, that are larger than is justified by the financial condition of that IRS Clearing Member, then the IRS Risk Committee, the President of Global Operations, Technology & Risk or the Global Head of Clearing & Post-Trade Services or, in their absence, their delegate, may require additional performance bond collateral of such IRS Clearing Member which shall be deposited with the Clearing House during the next banking hour after demand therefor, or at such time as may be specified, or a portion of the open positions of such IRS Clearing Member may be required to be transferred to the books of another IRS Clearing Member.

Chapter 9: Clearing Members and Chapter 8G: Interest Rate Derivatives Clearing

CME Group Exchange Rule 901: General Requirements and Obligations

Membership in the Clearing House is a privilege and license granted by the Board and may be withdrawn by the Board for cause at any time. Clearing House staff may grant exemptions to the General Requirements and Obligations set forth below for Clearing Members if it is determined that such an exemption will not jeopardize the financial integrity of the Clearing House. Subject to such exemptions, each applicant for qualification as a clearing member must satisfy the following requirements:

- A. It shall be a corporation (defined by the Rules of the Exchange to include a limited liability company), partnership or other entity approved by Exchange staff. It shall agree to: 1) abide by all Exchange Rules and to cooperate in their enforcement; 2) be responsible, even after it has withdrawn as a clearing member, for any violations of Exchange Rules committed by it while it was a clearing member; and 3) continue to meet all requirements applicable to clearing members, including all financial requirements provided by these rules;
- B. It shall have an authorized representative (i.e., officer, principal, or partner) who shall represent the clearing member before the Exchange and its committees. Such authorized representative shall be responsible to the Exchange for any representations made to the Exchange as if such person were a member as defined by Rule 400.
- C. It shall be qualified to do business in the State of Illinois or the State of New York or have a valid agency agreement with an entity qualified to do business in the State of Illinois or the State of New York;
- D. It shall be engaged in or demonstrate immediate capacity to engage in the conduct of the business of a clearing member;
- E. It shall demonstrate such fiscal and moral integrity as would justify the Clearing House's assumption of the risks inherent in clearing its trades;
- F. It shall demonstrate financial capitalization commensurate with Exchange requirements as set by the Clearing House Risk Committee;
- G. 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 such clearing member shall guarantee the obligations of the others to the Clearing House and shall execute a written guarantee to the Clearing House on a form approved by the Clearing House.
- H. It shall notify the Exchange prior to any significant business transaction or significant change in operations which shall include, but is not limited to the following:
 - 1. The merger, combination or consolidation between the clearing member and another person or entity;

2. 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;
3. The sale by the clearing member of a significant part of its business and/or assets to another person or entity;
4. A change in the direct or indirect beneficial ownership of 20% or more of the clearing member;
5. Any change in the system provider used by the clearing member to process its trades; and
6. A significant increase in the number of members that a clearing member qualifies.

Additionally, a clearing member that qualifies members must provide fifteen days notice to the Exchange of any proposal to terminate such business or any material part of such business.

The relevant committee or Exchange staff, upon such notice, may disapprove or approve, subject to certain conditions, such changes in structure or operations if it determines that the proposed change could jeopardize the financial or operational integrity of the Exchange or the Clearing House. For purposes of this Rule, the Clearing House Oversight Committee shall be the relevant committee with respect to corporate organization and structure changes and the Clearing House Risk Committee shall be the relevant committee with respect to all other changes.

I. It shall agree to guarantee and assume complete responsibility for the financial obligations attendant to: 1) all trades and orders executed or accepted for execution by a member it qualifies, including trades and orders executed, or which such member fails to execute, negligently, fraudulently or in violation of Exchange rules; 2) an unpaid arbitration award issued by a panel of the Arbitration Committee against a member it qualifies in circumstances where the dispute is related to a matter described in number 1) above; 3) an unpaid restitution order issued against a member it qualifies by a panel of the Business Conduct Committee, or a hearing panel of the Board of Directors; and 4) unpaid Exchange disciplinary fines imposed upon a member it qualifies if the member is also an employee of the clearing member or its affiliate, subject to a determination by the sanctioning entity.

J. It shall notify the Financial and Regulatory Surveillance Department in a timely manner of any material change in key personnel who are responsible to act on behalf of the clearing member.

K. [Reserved]

L. [Reserved]

M. It shall guarantee and assume financial responsibility for all trading activity routed through a Globex portal, or routed through any other electronic trading system to CME for clearing of such transactions. Such activity is guaranteed to CME by the clearing member via any connection, terminal, link, telecommunications hub or handheld unit provided by the clearing member to a third party as well as any other applicable electronic trading systems and terminals that the clearing member provides to a third party to enter orders.

N. It shall be responsible for the acts of Globex terminal operators accessing the Globex system through its connections, including direct connections or other connections that it provides to firms that are under common ownership with it. It shall be the duty of the clearing member to supervise its employees and agents acting as Globex terminal operators to ensure such employees and agents comply with Exchange rules, and any violation of Exchange rules by such terminal operators shall be considered a violation by the clearing member.

O. It shall agree to guarantee and assume complete responsibility for trades executed on Marketplaces for which the Exchange provides clearing services.

P. Each clearing member shall use systems and appropriate procedures to track accurately, and to provide to the Clearing House accurately, the positions and collateral of each of the cleared swaps customers.

Q. Requirement to Establish Uncommitted Repo. Each clearing member that is a U.S. Government Securities Broker-Dealer or has a U.S. Government Securities Broker-Dealer affiliate shall enter into (or arrange for such affiliate, or an affiliate that is a bank, to enter into) a master repurchase agreement with CME on terms substantially similar to those set out by the Clearing House. Each clearing member that has entered into such master repurchase agreement shall (or shall cause its affiliate that has entered into such master repurchase agreement to) periodically test repurchase transactions with the Clearing House when requested by the Clearing House.

R. Reserved

S. The obligation of a clearing member to pay settlement variation during each settlement cycle is satisfied when all required cash is credited as a settlement variation payment into the correct CME bank account at the relevant settlement bank. The obligation of a clearing member to post performance bond during each settlement cycle is satisfied when all required assets are deposited as performance bond into the correct CME bank account at the relevant custodial bank.

T. To clear transactions in futures or options on futures executed on or subject to the rules of a foreign board of trade identified in Rule 8C04, the applicant must meet any other conditions that the Clearing House may require.

CME Group Exchange Rule 8F004: OTC Clearing Member Obligations and Qualifications

OTC Clearing Members are subject to all relevant CME, CBOT, NYMEX and COMEX Rules and the Clearing House Manual unless an exemption has been granted by staff or the Clearing House Risk Committee. OTC Clearing Members must execute all agreements and documents required by the Clearing House. The qualifications and requirements to become an OTC Clearing Member are set forth below.

An OTC Clearing Member clearing OTC Derivatives must satisfy the requirements set forth below.

1. An OTC Clearing Member must be in “good standing” under each applicable regulatory regime to which it is subject at the time it applies for OTC clearing membership and it must maintain its good standing status while it is an OTC Clearing Member.
2. An OTC Clearing Member must be in compliance with all applicable regulatory capital requirements and an OTC Clearing Member must maintain minimum capital of:
 - i. \$5 million if it clears only agricultural OTC Derivatives; and
 - ii. \$50 million if it clears other OTC Derivatives, excluding interest rate swaps.
3. [Reserved]
4. [Reserved]
5. [Reserved]

6. An OTC Clearing Member and an OTC Clearing Member applicant shall be engaged in or demonstrate immediate capacity to engage in the conduct of the business of an OTC Clearing Member and to perform all other obligations of an OTC Clearing Member as described or referenced in these Rules, including the ability to properly risk manage OTC Derivatives, monitor OTC Derivatives exposures and comply with default management obligations. In the event that an OTC Clearing Member does not have the capabilities to perform such responsibilities or obligations, such OTC Clearing Member may contract with a third-party (including an Affiliate) to fulfill certain operational or risk requirements; provided that all agreements relating to such service shall be subject to the prior review and approval by the Clearing House staff and consultation with the Clearing House Risk Committee, as appropriate. The Clearing House may impose limitations on OTC Clearing Member utilization of service providers, including limitations on the number of OTC Clearing Members to which a service provider may provide services. Notwithstanding the above, each OTC Clearing member remains liable to the Clearing House for failure to comply with the obligations of an OTC Clearing Member.

7. [Reserved]

8. An OTC Clearing Member must comply with the financial requirements set forth in CME Rule 970. However, if the OTC Clearing Member is regulated by another regulatory authority, then it shall submit to CME annual audited financial statements as well as all unaudited financial statements provided to its primary regulator within five days after such statements are provided to its regulator. All financial statements shall be in the English language.

9. The books and records of an OTC Clearing Member regarding OTC Derivatives cleared by the Clearing House shall be made promptly available for inspection upon request by CME and such books and records shall be subject to reasonable standards of confidentiality.

10. Each OTC Clearing Member that is a Futures Commission Merchant shall keep the types of information and records that are described in Section 4g of the Commodity Exchange Act and CFTC regulations thereunder including, but not limited to, Regulation 1.35, with respect to all OTC Derivatives submitted for clearing.

11. Each Base OTC Clearing Member shall make at least two traders (one primary and one backup) per OTC Derivative Product Category available to the Clearing House to participate in the Active Base OTC Default Management Committee immediately upon notice from the Clearing House that it is convening the Active Base OTC Default Management Committee for (i) a potential or actual default of a Base OTC Clearing Member and (ii) for OTC Derivative default drill exercises.

Upon acceptance as a Base OTC Clearing Member and upon any update request by Clearing House, each Base OTC Clearing Member shall provide a list of traders that the Base OTC Clearing Member nominates for the Active Base OTC Default Management Committee. Any such trader shall have a title at the level of Vice President (or equivalent title) and/or shall have the minimum level of experience the Clearing House deems necessary for the relevant OTC Derivatives. Each Base OTC Clearing Member shall make at least one trader per each OTC Derivative Product Category available to the Clearing House to participate in the Active Base OTC Default Management Committee immediately upon notice from the Clearing House that it is convening the Active Base OTC Default Management Committee for (i) a potential or actual default of an OTC Clearing Member or (ii) for OTC default drill exercises. Base OTC Clearing Members shall make traders available for each OTC Derivative Product Category as requested by the Clearing House until the later of (i) the end of the relevant default management process or drill or (ii) the end of such traders' rotation.

12. Each OTC Clearing Member or a third-party approved to act on its behalf shall participate in OTC Derivative default drill exercises as prescribed by the Clearing House.

CME Group Exchange Rule 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, 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:

1. An IRS Clearing Member must be in compliance with all applicable regulatory capital requirements and it must maintain minimum capital (as defined in CFTC Regulation 39.12(a) (2)) of \$50 million. For an IRS Clearing Member that is a bank, "capital" shall mean Tier 1 Capital (as defined in accordance with regulation applicable to the relevant bank and acceptable to the Clearing House or, in the absence of any such regulation, as defined by the Basel Committee on Banking Supervision of the Bank for International Settlements).
2. The capital requirement with respect to the participation of an IRS Clearing Member in the Clearing House shall be scalable to the risks posed by such IRS Clearing Member. Accordingly, an IRS Clearing Member must maintain capital (as defined in 8G04.1 above) at least equal to 20% of the aggregate performance bond requirement for its proprietary and customer IRS Contracts.
3. An IRS Clearing Member and any applicant for IRS clearing membership shall be engaged in or demonstrate immediate capacity to engage in the conduct of the business of a IRS Clearing Member and to perform all other obligations of a IRS Clearing Member as described or referenced in these Rules, including the ability to properly risk manage IRS Products, monitor IRS Product exposures and comply with default management obligations. In the event that a IRS Clearing Member does not have the capabilities to perform such responsibilities or obligations, such IRS Clearing Member may contract with a third party (including an Affiliate) to fulfill certain operational or risk requirements; provided that all agreements relating to such service shall be subject to the prior review and approval by the Clearing House staff and consultation with the IRS Risk Committee. The Clearing House may impose limitations on IRS Clearing Member utilization of service providers, including limitations on the number of IRS Clearing Members to which a service provider may provide services. Notwithstanding the above, each IRS Clearing Member remains liable to the Clearing House for failure to comply with the obligations of an IRS Clearing Member.
4. Upon Clearing House request, each IRS Clearing Member shall submit nominations for an Independent Member of the IRS Risk Committee.
5. When required by the rotation established by the Clearing House, each IRS Clearing Member shall make at least one trader per IRS Product Category available to the Clearing House to participate in the IRS Default Management Committee immediately upon notice from the Clearing House that it is convening the IRS Default Management Committee for (i) a potential or actual default of an IRS Clearing Member or (ii) for IRS default drill exercises. Upon acceptance as an IRS Clearing Member and upon any update request by the Clearing House, each IRS Clearing Member shall provide a list of traders (at least one primary and one backup per IRS Product Category) that the IRS Clearing Member nominates for the IRS Default Management Committee. Any such trader shall have a title at the level of Vice President (or equivalent title) or above and/or shall have the minimum level of experience the Clearing House deems necessary for the relevant IRS Product Category. IRS Clearing Members shall make traders available for each IRS Product Category as requested by the Clearing House until the later of (i) the end of the relevant default management process or drill or (ii) the end of such traders' rotation.
6. Each IRS Clearing Member shall bid in each hedging or liquidation auction conducted by the Clearing House for part or all of a defaulted IRS Clearing Member's IRS Contracts (each a "Default Management Auction"), as required by the Clearing House. Each IRS Clearing Member shall participate in IRS default drill exercises as prescribed by the Clearing House. Each IRS Clearing Member shall have the ability to provide quotations to CME for hedging transactions for the IRS portfolio of a defaulted IRS Clearing Member.

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 IRS Risk Committee 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.

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.

9. An IRS Clearing Member must comply with the financial requirements set forth in CME Rule 970. However, if the IRS Clearing Member is regulated by another regulatory authority, then it shall submit to CME annual audited financial statements as well as all unaudited financial statements provided to its primary regulator within five days after such statements are provided to its regulator. All financial statements shall be in the English language.

10. The books and records of an IRS Clearing Member regarding IRS Contracts cleared by the Clearing House shall be made promptly available for inspection upon request by CME and such books and records shall be subject to reasonable standards of confidentiality.

11. Each IRS Clearing Member that is a Futures Commission Merchant shall keep the types of information and records that are described in Section 4g of the Commodity Exchange Act and CFTC regulations thereunder including, but not limited to, Regulation 1.35, with respect to all IRS Contracts submitted for clearing.

CME Group Exchange Rule 905: Choice of Law

(a) THE RULES OF THE EXCHANGE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, WITHOUT GIVING EFFECT TO ITS CONFLICT-OF-LAW PRINCIPLES. EXCEPT AS OTHERWISE PROVIDED IN CHAPTERS 4, 5 AND 6 OF THE RULEBOOK, ANY ACTION, CLAIM, DISPUTE OR LITIGATION OF ANY KIND BETWEEN THE CLEARING MEMBER AND THE EXCHANGE ARISING FROM THE CLEARING MEMBER’S MEMBERSHIP IN THE EXCHANGE SHALL BE ADJUDICATED IN A FEDERAL OR STATE COURT IN CHICAGO, ILLINOIS. CLEARING MEMBERS CONSENT TO THE JURISDICTION OF SUCH COURT AND TO SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY ILLINOIS OR U.S. FEDERAL LAW, AND SHALL NOT SEEK TO TRANSFER THE VENUE OF SUCH LITIGATION.

(b) EACH CLEARING MEMBER IRREVOCABLY WAIVES, WITH RESPECT TO ITSELF AND ITS REVENUES AND ASSETS, ANY IMMUNITY ON THE GROUND OF SOVEREIGNTY OR OTHER SIMILAR GROUNDS FROM SUIT, JURISDICTION OF ANY COURT, INJUNCTIVE RELIEF, ORDER FOR SPECIFIC PERFORMANCE OR FOR RECOVERY OF PROPERTY, ATTACHMENT OF ASSETS, AND EXECUTION OR ENFORCEMENT OF ANY JUDGMENT TO WHICH IT OR ITS REVENUES OR ASSETS MIGHT OTHERWISE BE ENTITLED IN ANY PROCEEDINGS IN THE COURTS OF ANY JURISDICTION, AND IRREVOCABLY AGREES THAT IT WILL NOT CLAIM ANY SUCH IMMUNITY IN ANY PROCEEDINGS.

CME Group Exchange Rule 913: Withdrawal from Clearing Membership

913.A. Voluntary Withdrawal

A clearing member that intends to withdraw from clearing membership for Base Guaranty Fund Products shall provide written notice of such intent to the Clearing House and the Clearing House Oversight Committee. A clearing member’s withdrawal shall be effective on the earlier of (i) the date Clearing House Staff approves such withdrawal or (ii) the 10th Business Day following the date of the clearing cycle in which the withdrawing clearing member liquidates or transfers to an appropriate clearing member all of its open customer and house positions in Base Guaranty Fund Products (such earlier date, the “Base Withdrawal Date”); provided

that the withdrawing clearing member shall remain liable for Base Guaranty Fund contributions and assessments in accordance with Rule 913.B. Promptly following the Base Withdrawal Date, the Clearing House shall post a notice of the clearing member's withdrawal.

913.B. Release of Guaranty Fund Deposit, Membership Proceeds and Assignments

When a clearing member withdraws from clearing membership for Base Guaranty Fund Products (whether voluntarily or involuntarily), its Base Guaranty Fund deposit, the proceeds from the sale of its memberships assigned for clearing qualification or any other deposits required by the Clearing House, and any remaining assets available to the Clearing House associated with Base Guaranty Fund Products including, but not limited to, memberships will be released when Clearing House staff determines that the following has occurred: (1) all contracts and obligations with the Exchange have been settled and paid, (2) all sums owing to the Exchange have been paid, (3) all obligations to other members and customers arising out of claims directly related to Base Guaranty Fund Products cleared on the Exchange have been paid or otherwise provided for, (4) all obligations to other members and customers arising out of other arbitration claims for Base Guaranty Fund Products filed pursuant to Chapter 6 have been paid or otherwise provided for and (5) the requisite liquidity providers for the Exchange have released the security interest in such clearing member's "assets" associated with the clearing of Base Guaranty Fund Products in accordance with the terms of the liquidity facility described in Rule 817; provided, however, that in the event that Exchange staff determines that all of the foregoing other than (4) have occurred, the Clearing House Risk Committee may in its discretion authorize the release of such property.

Generally, no such property shall be released prior to the 60th day following the posting of the notice of the clearing member's withdrawal. Notwithstanding the above, Clearing House staff may grant an exemption to the above restriction for good cause shown. Further, for purposes of the paragraph above, if the withdrawing clearing member will not remain a clearing member in any other capacity with the Exchange, all obligations of the withdrawing clearing member to the Exchange, of whatever nature or kind, shall be accelerated and become due and payable upon the effective date of withdrawal. If the clearing member will remain a clearing member for other product classes other than Base Guaranty Fund Products, the foregoing sentence shall apply only to obligations related to the clearing of Base Guaranty Fund Products.

For purposes of Rules 802 and 816, the Base Guaranty Fund contributions and assessments of a non-defaulted clearing member that has withdrawn shall not be accessible by the Clearing House to satisfy any losses in respect of the default of another clearing member where such default occurred after the Base Cooling Off Period as of which the withdrawing clearing member had liquidated or transferred all of its open customer and house positions in Base Guaranty Fund Products. For the avoidance of doubt, a withdrawing clearing member shall be subject to assessments for all defaults occurring during the Base Cooling Off Period in which such clearing member withdraws.

CME Group Exchange Rule 8G913: Withdrawal from IRS Clearing Membership

8G913.A. Voluntary Withdrawal

An IRS Clearing Member that intends to withdraw from clearing membership for IRS Products shall provide written notice of such intent to the Clearing House and the Clearing House Oversight Committee. An IRS Clearing Member's withdrawal shall be effective on the earlier of (i) the date Clearing House Staff approves such withdrawal or (ii) the 10th Business Day following the date of the clearing cycle in which the withdrawing IRS Clearing Member liquidates or transfers to an appropriate IRS Clearing Member all of its open customer and house positions in IRS Contracts (such earlier date, the "IRS Withdrawal Date"); provided that the withdrawing IRS Clearing Member shall remain liable for IRS Guaranty Fund contributions and IRS Assessments in accordance with Rule 8G913.B. Promptly following the IRS Withdrawal Date, the Clearing House shall post a notice of the IRS Clearing Member's withdrawal.

An IRS Clearing Member may withdraw from serving as an IRS Clearing Member clearing IRS Products without withdrawing as a CME, CBOT, NYMEX or COMEX clearing member for any other products, if applicable.

8G913.B. Release of Guaranty Fund Deposit, Membership and Assignments

When an IRS Clearing Member withdraws from clearing membership for IRS Products (whether voluntarily or involuntarily), its IRS Guaranty Fund deposit or any other deposits required by the Clearing House, and any remaining assets available to the Clearing House associated with IRS Products will be released when Clearing House staff determines that the following has occurred: (1) all contracts and obligations with the Clearing House relating to IRS Products have been settled and paid, (2) all sums owing to the Clearing House relating to IRS Products have been paid, (3) all obligations to other members and customers arising out of claims directly related to IRS Contracts have been paid or otherwise provided for, (4) all obligations to other members and customers arising out of other arbitration claims relating to IRS Products filed pursuant to Chapter 6 or Rule 8G600 have been paid or otherwise provided for, and (5) the requisite liquidity providers for the Clearing House have released the security interest in such IRS Clearing Member's "assets" associated with the clearing of IRS Products in accordance with the terms of the liquidity facility described in Rule 817; provided, however, that in the event that Clearing House staff determines that all of the foregoing other than (4) have occurred, the IRS Risk Committee may in its discretion authorize the release of such property.

Generally, no such property shall be released prior to the 60th day following the posting of the notice of the IRS Clearing Member's withdrawal. Notwithstanding the above, Clearing House staff may grant an exemption to the above restriction for good cause shown. Further, for purposes of the paragraph above, if the withdrawing IRS Clearing Member will not remain a clearing member in any other capacity with the Exchange, all obligations of the withdrawing IRS Clearing Member to the Exchange, of whatever nature or kind, shall be accelerated and become due and payable upon the effective date of withdrawal. If the IRS Clearing Member will remain a clearing member for other product classes other than IRS Products, the foregoing sentence shall apply only to obligations related to the clearing of IRS Products.

For purposes of Rule 8G802 and 8G07, the IRS Guaranty Fund contributions and IRS Assessments of a non-defaulted IRS Clearing Member that has withdrawn shall not be accessible by the Clearing House to satisfy any losses in respect of the default of another IRS Clearing Member where such default occurred after the IRS Cooling Off Period as of which the withdrawing IRS Clearing Member had liquidated or transferred all of its open customer and house positions in IRS. For the avoidance of doubt, a withdrawing IRS Clearing Member shall be subject to IRS Assessments for all defaults occurring during the Cooling Off Period in which such IRS Clearing Member withdraws.

8G913.C. Customer Positions of Withdrawing Clearing Member Following a Default

If, following a default that causes mutualized losses under Rule 8G802.B, an IRS Clearing Member notifies the Clearing House during the applicable IRS Cooling Off Period of its intent to withdraw from status as an IRS Clearing Member, the IRS Clearing Member shall promptly notify its customers in writing of such decision. The notice shall specify that customers must close out or transfer to another IRS Clearing Member their affected open positions, and that the withdrawing IRS Clearing Member shall have the right to liquidate any customer positions that remain open on its books after 10 business days have passed from the customers' receipt of such notice. If any customer fails to close out or transfer to another IRS Clearing Member during such 10 business day period, the IRS Clearing Member shall have the right to liquidate any such customer position that remains open on its books. The IRS Clearing Member shall cooperate with customers and with the Clearing House on any proposed transfer of customer positions, and shall include in its notice to customers such information as the Clearing House may require at the time regarding other IRS Clearing Members that may receive transfers of customer positions. With respect to customer positions in products that are listed for electronic trading on any exchange for which the Clearing House provides clearing services, the IRS Clearing Member shall liquidate such positions in the open market unless otherwise agreed with the customer. With respect to customer positions in IRS products that are not so listed for electronic trading, the IRS Clearing Member may liquidate such positions by submitting to the Clearing House for clearing an offsetting trade executed at a commercially reasonable price reflecting the clearing member's side of the market (i.e., the bid side if liquidating a long position and the offer side if liquidating a short position), taking into account any pricing information that is available to it in the market at the time, which pricing information shall be shared with the Clearing House and the customer. Each IRS Clearing Member will promptly provide to its customers reasonable detail of how it determined the liquidation amount for any liquidation effected pursuant to this Rule 8G913.C.

CME Group Exchange Rule 970: Financial Requirements

A. Subject to exemptions granted by Exchange staff, all clearing members, including non-FCMs, must comply with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18. This includes, but is not limited to, the following:

1. Maintenance of minimum capital requirements of at least \$5 million except that a clearing member that is a bank must maintain minimum Tier I Capital (as defined in accordance with regulation applicable to the relevant bank) of at least \$5 billion;
2. Submission of a Form 1-FR, FOCUS Report or other requested information within the specified period of time;
3. Notification requirements when a clearing member:
 - a. Fails to maintain minimum capital requirements;
 - b. Fails to maintain early warning capital requirements;
 - c. Fails to maintain current books and records; or
 - d. Determines the existence of a material inadequacy as specified in CFTC Regulation 1.16(d)(2);
 - e. Changes its fiscal year; or
 - f. Changes its public accountant;

In addition to the notifications required by CFTC regulations, all clearing members must provide written notice to the Financial and Regulatory Surveillance Department of the above events.

4. Completely and accurately computing and recording the balances in the net capital computation including capital requirements;
5. Subordination agreement requirements, including the filing of such agreements; and
6. Preparation of a monthly computation of adjusted net capital and minimum financial requirements.

B. For non-FCMs, all filing, notification, and approval requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18 and in the rules of the Exchange must be submitted to or obtained from the Financial and Regulatory Surveillance Department, if necessary, rather than the Commission. Non-FCM clearing members shall make available to the CFTC, upon the CFTC's request, copies of financial reports required to be submitted to the Financial and Regulatory Surveillance Department under this Rule.

C. In conjunction with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17, and 1.18, clearing members must comply with the following requirements:

1. Submit a monthly Form 1-FR or FOCUS Report and the Exchange Supplementary Information schedule including an unaudited monthly Form 1-FR or FOCUS Report as of the clearing member's fiscal year-end, within the time requirements set forth in CFTC Regulation 1.10. A clearing member must include with its Form 1-FR or FOCUS Report a Statement of Income (loss) for the period between the date of the most recent financial statement or, at the option of the clearing member, the most recent certified financial statement filed with the Financial and Regulatory Surveillance Department and the date for which the report is made.
2. Submit a certified Form 1-FR or FOCUS Report as of the clearing member's fiscal year-end within the time requirements set forth in CFTC Regulation 1.10. A clearing member must include with its certified Form 1-FR or FOCUS Report, a reconciliation from the certified Form 1-FR or FOCUS Report to the monthly Form 1-FR or FOCUS Report as of the same date or a statement that no differences were noted.
3. A clearing member for which CME is the designated self-regulatory organization may request the Financial and Regulatory Surveillance Department's permission to change its fiscal year. Such request will only be granted for good cause and in accordance with the requirements of CFTC Regulation 1.10(e)(2). The Financial and Regulatory Surveillance Department's grant of the change in fiscal year will fulfill the approval requirements of CFTC Regulation 1.10(e)(2).

D. Exchange staff may prescribe additional accounting, reporting, and other financial and/or operational requirements and clearing members must comply with such requirements. All clearing members must provide notice to the Financial and Regulatory Surveillance Department of a failure to comply with the additional accounting,



reporting, financial, and/or operational requirements. The Financial and Regulatory Surveillance Department must receive immediate written notification when a clearing member knows or should know of such failure.

E. Financial statement filing requirements under this Rule must be met through Exchange-approved electronic transmissions, except for certified Form 1-FRs or FOCUS Reports.

Personal Identification Numbers (PINs) must be submitted by authorized signers of the Form 1-FR or FOCUS Report. The PIN will constitute and become a substitute for the manual signature of the authorized signer to the electronically filed Form 1-FR or FOCUS Report. The PIN is a representation by the authorized signer that, to the best of their knowledge, all information contained in the statement being transmitted under the PIN is true, correct and complete. The unauthorized use of a PIN for electronic attestation by an unauthorized party is expressly prohibited.

F. Exchange staff may grant exceptions to the financial and reporting requirements of Rule 970 for good cause if it is determined that such exceptions will not jeopardize the financial integrity of the Exchange.

CME Group Exchange Rule 8F011: Financial Requirements

A. Subject to exceptions granted by CME staff regarding CME imposed financial requirements, OTC Clearing Members must comply with the following:

1. Maintenance of minimum capital requirements;
2. Notification requirements to the Financial and Regulatory Surveillance Department when a clearing member:
 - (i) Fails to maintain minimum capital requirements;
 - (ii) Fails to maintain current books and records; or
 - (iii) Changes its fiscal year.

B. CME staff may prescribe additional accounting, reporting, and other financial and/or operational requirements and OTC Clearing Members must comply with such requirements. All OTC Clearing Members must provide immediate notice to the Financial and Regulatory Surveillance Department of a failure to comply with the additional accounting, reporting, financial, and/or operational requirements.

C. CME staff may grant exceptions to the financial requirements of Rule 970 if it is determined that such exceptions will not jeopardize the financial integrity of CME.

CME Group Exchange Rule 971: Segregation, Secured and Cleared Swaps Customer Account Requirements

A. All clearing members must comply with the requirements set forth in CFTC Regulations 1.20 through 1.30, 1.32, 1.49 and 30.7, and Part 22 of the CFTC Regulations. This includes, but is not limited to, the following:

1. Maintaining sufficient funds at all times in segregation, secured 30.7 and Cleared Swaps Customer accounts;
2. Computing, recording and reporting completely and accurately the balances in the:
 - a. Statement of Segregation Requirements and Funds in Segregation;
 - b. Statement of Secured Amounts and Funds Held in Separate Accounts; and
 - c. Statement of Segregation Requirements and Cleared Swaps Customer Collateral Held in Cleared Swaps Customer Accounts.
3. Obtaining satisfactory segregation, secured 30.7 and Cleared Swaps Customer account acknowledgment letters and identifying segregated, secured 30.7 and Cleared Swaps Customer accounts as such; and

4. Preparing complete and materially accurate daily segregation, secured 30.7 and Cleared Swaps Customer amount computations in a timely manner.

B. All FCM clearing members must submit a daily segregated, secured 30.7 and Cleared Swaps Customer amount statement, as applicable, through Exchange-approved electronic transmissions by 12:00 noon on the following business day.

C. In addition to complying with all applicable CFTC regulations, in order for each of an FCM clearing member's customer segregated, secured 30.7 and Cleared Swaps Customer accounts held at a depository to be included as segregated and secured 30.7 funds and Cleared Swaps Customer Collateral in their respective origin and calculation:

1. The FCM clearing member must provide the Financial and Regulatory Surveillance Department with access to the account information, in a form and manner prescribed by the Financial and Regulatory Surveillance Department; and
2. The depository must allow the FCM clearing member to provide the Financial and Regulatory Surveillance Department with access to the account information, in a form and manner prescribed by the Financial and Regulatory Surveillance Department.

D. All FCM clearing members must submit a report of investments in a manner as prescribed through Exchange-approved electronic transmissions as of the 15th of the month (or the following business day if the 15th is a holiday or weekend) and last business day of the month by the close of business on the following business day. The report of investments shall be prepared and shall identify separately for segregated and secured 30.7 funds and Cleared Swaps Customer Collateral held:

1. The dollar amount of funds held in cash and each permitted investment identified in CFTC Regulation 1.25(a); and
2. The identity of each depository holding funds and the dollar amount held at each depository.

E. All disbursements not made for the benefit of a customer from a segregated, secured 30.7 or Cleared Swaps Customer account which exceed 25% of the FCM clearing members excess segregated, secured 30.7 or Cleared Swaps Customer of the respective origin must be pre-approved in writing by the clearing member's Chief Executive Officer, Chief Financial Officer or their authorized representative with knowledge of the firm's financial requirements and position.

1. In determining if a disbursement exceeds the 25% level, such disbursement must be:
 - a. Compared to the most recent calculation of excess segregated, secured 30.7 and Cleared Swaps Customer amounts; and
 - b. A single disbursement must be reviewed individually and in the aggregated with all other disbursements not made for the benefit of a customer of the respective segregated, secured 30.7 or Cleared Swaps Customer origin since the last calculation of excess funds.
2. Upon approval of a single disbursement or the disbursement which in the aggregated exceeds the 25% level as defined in Rule 971.E.1., the FCM clearing member must provide immediate notification to the Financial and Regulatory Surveillance Department through Exchange-approved electronic transmissions. Such notification shall include:
 - a. Confirmation that the FCM clearing member's Chief Executive Officer, Chief Financial Officer or authorized representative with knowledge of the firm's financial requirements and position pre-approved in writing the disbursement(s);
 - b. The amount(s) and recipient(s) of such disbursement(s); and
 - c. A description of the reasons for the single or multiple transaction(s) that resulted in the disbursement(s).
3. The FCM clearing member's Chief Executive Officer and Chief Financial Officer will remain responsible for the pre-approvals by their authorized representative and for compliance with this rule.

F. All clearing members must provide written notice to the Financial and Regulatory Surveillance Department of a failure to maintain sufficient funds in segregation, secured 30.7 or Cleared Swaps Customer accounts. The Financial and Regulatory Surveillance Department must receive immediate written notification when a clearing member knows or should have known of such failure.

G. Each statement and report filing required under this Rule must be submitted by the Chief Executive Officer, Chief Financial Officer or their authorized representative as approved by CME using their assigned User Identification ("User ID"). The User ID will constitute and become a substitute for the manual signature of the authorized signer to the electronically submitted daily segregated, secured 30.7 and Cleared Swaps Customer amount statements. The User ID is a representation by the authorized signer that, to the best of their knowledge, all information contained in the statement being transmitted under the User ID is true, correct and complete. The unauthorized use of a User ID for electronic attestation by an unauthorized party is expressly prohibited.

H. Exchange staff may prescribe additional segregation, secured 30.7 and Cleared Swaps Customer amount requirements.

CME Group Exchange Rule 975: Emergency Financial Conditions

If the Global Head of Clearing & Post-Trade Services determines that the financial or operational condition of a clearing member or one of its affiliates is such that to allow that clearing member to continue its operation would jeopardize the integrity of the Exchange, or negatively impacts the financial markets by introducing an unacceptable level of uncertainty, volatility or risk, whether or not the clearing member continues to meet the required minimum financial requirements, they may empanel the Chief Executive Officer, the Chairman of the Board, a Chairman of the Clearing House Risk Committee, and the Global Head of Clearing & Post-Trade Services. ("Emergency Financial Committee") Such panel shall be duly authorized and, upon a unanimous vote of the panel, be empowered to order (a) an immediate position limitation, (b) an immediate suspension of the clearing member, (c) that all open trades of said clearing member be for liquidation only, (d) the liquidation or transfer of all or a portion of the open positions of the clearing member, (e) additional performance bond to be deposited with the Clearing House and/or (f) any other action necessary to protect the financial integrity of the Clearing House. The clearing member affected by action taken shall be notified and may request a hearing before the Board pursuant to the procedures set forth in Rule 412. To the extent that the panel orders that all open trades of a clearing member be for liquidation only, or the panel orders the liquidation or transfer of all of the open positions of a clearing member, Rule 913.B. shall apply and the clearing member shall be treated as a withdrawing clearing member.

CME Group Exchange Rule 8G975: IRS Emergency Financial Conditions

If the Global Head of Clearing & Post-Trade Services determines that the financial or operational condition of an IRS Clearing Member or one of its Affiliates is such that to allow that IRS Clearing Member to continue its operation would jeopardize the integrity of the Exchange, or negatively impacts the financial markets by introducing an unacceptable level of uncertainty, volatility or risk, whether or not the IRS Clearing Member continues to meet the required minimum financial requirements, they may empanel the Chief Executive Officer, Chairman of the Board, Chairman of the IRS Risk Committee, and Global Head of Clearing & Post-Trade Services (the "IRS Emergency Financial Committee"). Such committee shall be duly authorized and, upon a unanimous vote of the panel, be empowered to order (a) an immediate position limitation, (b) an immediate suspension of the IRS Clearing Member, (c) that all open trades of said clearing member be for liquidation only, (d) the liquidation or transfer of all or a portion of the open positions of the clearing member, (e) additional performance bond to be deposited with the Clearing House and/or (f) any other action necessary to protect the financial integrity of the Clearing House. The IRS Clearing Member affected by action taken shall be notified and may request a hearing before the Board as provided in Rule 412. To the extent that the IRS Emergency Financial Committee orders that all open trades of a clearing member be for liquidation only, or the panel orders the liquidation or transfer of all of the open positions of an IRS Clearing Member, Rule 8G913.B. shall apply and the clearing member shall be treated as a withdrawing clearing member.

CME Group Exchange Rule 976: Suspension of Clearing Members



If a clearing member becomes insolvent, the clearing member must immediately notify the Exchange of such insolvency. The insolvency shall be announced by the Global Head of Clearing & Post-Trade Services and thereupon such clearing member shall be deemed automatically suspended. If a member of the Clearing House becomes insolvent, or for other reasons is suspended from the Clearing House, the officers, owners or partners who are members of the Exchange may also be suspended from the Exchange.

A clearing member shall be deemed insolvent:

1. If it files a voluntary petition in bankruptcy or is adjudicated as bankrupt;
2. If it fails to fulfill or promptly adjust all of its Exchange obligations; or
3. If satisfactory proof is made to the Clearing House Risk Committee that it is unable to pay its debts as they fall due in the ordinary course of business.

A clearing member may be suspended by the Clearing House Risk Committee pursuant to Rule 403 if it fails to meet the capital requirements of the Clearing House or the CFTC, or if its financial condition, or the financial condition of one of its affiliates, is such that its continued operation would jeopardize the integrity of the Exchange. Members and clearing members suspended in accordance with this rule shall be notified and may request a hearing before the Board as provided in Rule 412.

CME Group Exchange Rule 978: Open Trades of Suspended Clearing Members

When a clearing member, having open trades, is suspended or expelled, it may designate a clearing member to close out such transactions through designated personnel and in a manner acceptable to the Clearing House.

When a clearing member that has open positions, defaults to the Clearing House in the deposit of performance bonds or settlements, or is suspended for insolvency, the Global Head of Clearing & Post-Trade Services or their delegate may appoint a clearing member to which all such open positions shall be transferred for liquidation, or may appoint a clearing member to liquidate such positions on behalf of such defaulted or suspended clearing member. If open positions are transferred, all supporting performance bond associated with the positions and any settlement payments due or collected must be delivered to the Clearing House, to be entrusted to the clearing member designated to liquidate the positions. The clearing member appointed to liquidate the positions shall have the right, under the direction of the Global Head of Clearing & Post-trade Services, to buy or sell for the account of the suspended clearing member such contracts as may be necessary to clear the suspended clearing member's contracts with the Clearing House; the clearing member shall also have the right under the direction of the Global Head of Clearing & Post-Trade Services to make or take delivery.

CME Group Exchange Rule 979: Suspended or Expelled Clearing Members

In the event a clearing member has been suspended or expelled, the clearing member shall comply with all orders of the Board, the Clearing House Risk Committee, or the Global Head of Clearing & Post-Trade Services.

In the event of refusal by a clearing member to comply with any order placed upon it, the Clearing House may take whatever means necessary to effect the order.

A clearing member or any member suspended due to a clearing member's insolvency may be reinstated upon affirmative proof to the Clearing House Risk Committee of such clearing member's financial responsibility. A member may withdraw from the clearing member and may apply for reinstatement to membership in the Exchange provided that the insolvency of the clearing member was not caused by such member's willful, reckless or unbusinesslike conduct.

CME Group Exchange Rule 980: Required Records and Reports

A. Each clearing member shall prepare, maintain and keep current those books and records required by the rules of the Exchange, the Commodity Exchange Act and the Regulations thereunder. Such books and records shall be open to inspection and promptly provided to the Exchange upon request.

B. Each clearing member shall maintain an adequate accounting system, internal accounting controls, and procedures for safeguarding customer and firm assets. This includes, but is not limited to, the following:

1. Preparation and maintenance of complete and accurate reconciliations for all accounts;
2. Resolution of reconciling items in a timely manner; and
3. Prevention of a material inadequacy as defined in CFTC Regulation 1.16(d)(2).

C. A clearing member must file any information requested by the Exchange within the time period specified in the request.

D. Each clearing member shall maintain at all times the ability to provide to the Exchange in an acceptable form a complete set of equity systems reports (including, at a minimum, the equity run, open position listing, day trade listing, cash adjustments listing and performance bond call and debit equity listing). Such reports shall be available to the Exchange in Chicago no later than 8:00 a.m. Chicago time on the business day following the report date.

E. Each clearing member shall maintain at all times the ability to provide to the Exchange a listing of each customer's method of access to CME markets, including front end applications and network connections.

F. Exchange staff may impose administrative fees upon clearing members for late submissions of reports and other information required to be submitted to the Financial and Regulatory Surveillance Department by Exchange Rules. The administrative fees permitted by this Rule 980.F. shall not exceed \$1,000 for the initial late submission, plus \$1,000 for each additional business day that such report or information is not submitted. Where the late submission of reports or other information may be due to insufficient internal accounting controls or procedures, the Business Conduct Committee may impose disciplinary sanctions in lieu of, or in addition to, the administrative fees.

G. Each Clearing Member must submit daily reports that include all information required by the Clearing House, including but not limited to legal entity identifiers, where available, and end-of-day gross positions by each house origin, by each customer origin and by each individual customer-level account within each customer origin. Daily reporting of individual customer-level account information pursuant to this paragraph does not oblige a clearing FCM to look through an omnibus account that it clears for a carrying broker to the underlying customer account.

CME Group Exchange Rule 982: Risk Management

All clearing members must have written risk management policies and procedures in place to ensure they are able to perform certain basic risk and operational functions at all times. At a minimum, the following areas must be considered in the firm's policies and procedures, depending on the firm's size and its business and product mix:

A. Trade Submission and Account Monitoring. Clearing members must have procedures in place to demonstrate compliance in the following areas for trades executed through both electronic platforms and open outcry:

1. Monitoring the credit risks of accepting trades, including give-up trades, of specific customers.
2. Monitoring the risks associated with proprietary trading.

3. Limiting the impact of significant market moves through the use of tools such as stress testing or position limits.
4. Maintaining the ability to monitor account activity on an intraday basis, including overnight.
5. Ensuring order entry systems include the ability to set automated credit controls or position limits or requiring a firm employee to enter orders.
6. Defining sources of liquidity for increased settlement obligations.
7. Determining a risk profile for each account it carries, including whether such account presents a heightened risk profile.

B. Additional and/or Alternative Requirements. Exchange or Clearing House staff may prescribe additional and/or alternative requirements in order for clearing members to comply with this Rule.

C. Each clearing member shall promptly provide to Clearing House staff, upon request, information and documents regarding its risk management policies, procedures and practices, including, without limitation, information and documents relating to the liquidity of its financial resources, settlement procedures and operational issues.

D. Each clearing member shall make information and documents regarding its risk management policies, procedures and practices available to the CFTC upon the CFTC's request.

In addition, all FCM clearing members must comply with the risk management requirements set forth in CFTC Regulation 1.11: *Risk Management Program for futures commission merchants*.

CME Group Exchange Rule 8F010: Risk Management

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 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.

In limited circumstances, the Clearing House may decline to accept certain OTC Derivatives trades or migration positions if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, the Clearing House should not accept the OTC Derivatives trades or migration positions. In the event that the Clearing House declines to accept certain OTC Derivative trades or migration positions, it shall incur no liability with respect to the trades and positions that are not accepted. It shall be the sole responsibility of the OTC Clearing Members who are parties to such trades or positions to take action as they deem necessary or proper for their own protection.

In addition, if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, that an OTC Clearing Member poses undue risk to the Clearing House based on its OTC Derivatives portfolio, the Clearing House may take any or all of the following actions with respect to such OTC Clearing Member: 1) impose an additional performance bond requirement; 2) prohibit the addition of any new OTC Derivative positions, or 3) require the reduction or unwinding of OTC Derivatives positions.

OTC Clearing Members shall permit on-site risk reviews in accordance with CME Rules and subject to reasonable standards of confidentiality. OTC Clearing Members will also be subject to on-going oversight by the Clearing House Risk Committee regarding their activities related to the CME Clearing House. All such inquiries shall be conducted in a manner consistent with oversight of CME Clearing Members and in accordance with reasonable standards of confidentiality.



CME Group Exchange Rule 8G10: Risk Management

IRS Clearing Members will be subject to risk management and monitoring practices by CME relating to transactions submitted to the Clearing House. IRS Clearing Members shall promptly provide all information requested by Clearing House staff, including, without limitation, information respecting risk, settlement, liquidity, and operational issues. IRS Clearing Members shall make information and documents regarding their risk management policies, procedures and practices available to the CFTC upon the CFTC's request.

In limited circumstances, the Clearing House may decline to accept certain IRS Product trades or migration positions if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, the Clearing House should not accept the IRS Product trades or migration positions. In the event that the Clearing House declines to accept certain IRS Product trades or migration positions, it shall incur no liability with respect to the trades and positions that are not accepted. It shall be the sole responsibility of the IRS Clearing Members who are parties to such trades or positions to take action as they deem necessary or proper for their own protection.

In addition, if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, that an IRS Clearing Member poses undue risk to the Clearing House based on its IRS Product portfolio, the Clearing House may take any or all of the following actions with respect to such IRS Clearing Member: 1) impose an additional performance bond requirement; 2) prohibit the addition of any new IRS Contract positions, or 3) require the reduction or unwinding of IRS Contract positions.

IRS Clearing Members shall permit on-site risk reviews in accordance with CME Rules and subject to reasonable standards of confidentiality. IRS Clearing Members will also be subject to on-going oversight by the IRS Risk Committee regarding their IRS activities related to the CME Clearing House. All such inquiries shall be conducted in a manner consistent with oversight of IRS Clearing Members and in accordance with reasonable standards of confidentiality.