



September 8, 2025

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street NE Washington, DC 20549-1090

Re: **Re: CME Securities Clearing Inc.; Notice of Filing of an Application for Registration as a Clearing Agency Under Section 17A of the Securities Exchange Act of 1934 (File No. 600-44)**

Dear Ms. Countryman:

CME Securities Clearing Inc. ("CMESC") appreciates the opportunity to submit this letter in connection with its application ("Application") on Form CA-1 filed with the Securities and Exchange Commission ("SEC" or "Commission") for registration as a clearing agency under Section 17A of the Securities Exchange Act of 1934 ("Exchange Act").¹ This letter provides information regarding the ability of other SEC-registered clearing agencies to become participants in CMESC in accordance with Exchange Act Section 17A(b)(3)(B).²

As part of the Application, Chapter 3 of CMESC's Rules establishes qualification criteria for Members and Users. Specifically, Rule 302 establishes categories of persons that are eligible to become either Members or Users. Rule 302(b) expressly permits clearing agencies registered pursuant to Section 17A of the Exchange Act and meeting the relevant CMESC requirements to become Users. Registered clearing agencies are not listed in Rule 302(a) as an entity category that is eligible to become a Member.

The CMESC Rules define both Members and Users as "Participants."³ A Member clears and settles its own proprietary transactions⁴ as a direct participant of CMESC. Although a User must be authorized by a Member to join CMESC and to clear and settle its transactions, Users are contractually bound to settle directly with the clearing agency and are not reliant on Members to settle their transactions.⁵ Accordingly, Users are not persons whose only use of a clearing agency is through another person who is a participant, and they are "participants" of CMESC under Exchange Act Section 3(a)(24).⁶ Because Users are participants within the statutory meaning, CMESC's Rule 302(b), which provides that registered clearing agencies may be eligible to become CMESC's Users, is consistent with Exchange Act Section 17A(b)(3)(B).

¹ Capitalized terms used but not defined in this letter have the meanings given to such terms in CMESC's Rules.

² 15 U.S.C. § 78q-1(b)(3)(B) ("A clearing agency shall not be registered unless the Commission determines that...the rules of the clearing agency provide that any...other registered clearing agency...may become a participant in such clearing agency.").

³ See CMESC Rule 101, definition of "Participant."

⁴ See *id.*, definition of "Member."

⁵ See CMESC Rules 305(c) and 311(d) and Exhibit J to CMESC's Form CA-1, at p. 4 (stating that each Participant – Member, Independent User or Supported User – has direct contractual obligations to CMESC to settle its novated Eligible Securities Transactions and is directly liable for settlement of its cleared transactions).

⁶ 15 U.S.C. § 78c(a)(24) (defining "participant" as "[A]ny person who uses a clearing agency to clear or settle securities transactions or to transfer, pledge, lend, or hypothecate securities. Such term does not include a person whose only use of a clearing agency is (A) through another person who is a participant or (B) as a pledgee of securities.").

Expressly permitting other registered clearing agencies to apply as Users reflects two practical considerations. First, Members (and only Members) are required to contribute to CMESC's guaranty fund and bear the risk of mutualized losses due to a fellow Member's default. We anticipate that clearing agencies could face challenges from participating in a loss mutualization framework as Members of CMESC. Second, a covered clearing agency joining CMESC as a Member would be required to clear all of its cash Treasury transactions (but not its repurchase or reverse repurchase transactions involving its Treasury securities), which could impair that clearing agency's flexibility when managing its own balance sheet or meeting its risk management obligations as a covered clearing agency during stressed market conditions. For these reasons, CMESC crafted its Rules to expressly permit clearing agencies to participate at CMESC as Users. Notwithstanding these considerations, a registered clearing agency could request to apply as a Member pursuant to CMESC Rule 302(c)⁷, but we expect that to be unlikely for the reasons outlined above.

Accordingly, CMESC views its Rules governing other clearing agencies' access as aligned with the relevant requirements of the Exchange Act, including Exchange Act Section 17A(b)(3)(B), and the rules and regulations thereunder.

* * *

CMESC appreciates the Commission's consideration of its Application and welcomes the opportunity to discuss any questions the Commission or its staff may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Marcus", with a long horizontal flourish extending to the right.

Jonathan Marcus
Senior Managing Director, General Counsel
CME Group

⁷ CMESC Rule 302(c) empowers CMESC to permit additional categories of persons not identified in Rule 302(a) to be Members.