

EXHIBIT 5

Bold and underlined text indicates proposed added language

~~Bold and strikethrough text~~ indicates proposed deleted language

**FIXED INCOME CLEARING CORPORATION
GOVERNMENT SECURITIES DIVISION RULEBOOK**

RULE 1 – DEFINITIONS*

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Account

The term “Account” means any account maintained by the Corporation on behalf of a Netting Member. An Account maintained for an Inter-Dealer Broker Netting Member or a ~~Segregated Broker Account~~ Segregated Repo Account of a ~~Non-IDB Broker~~ Non-IDB Repo Broker is referred to as a “Broker Account”. An Account of a Netting Member that is not a Broker Account is referred to as a “Dealer Account”. With respect to an applicable Cross-Margining Agreement, the term “Account” may include a Market Professional Cross-Margining Account.

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Announcement Date

~~The term “Announcement Date” means, with regard to Eligible Securities, the most recent Business Day on which the announcement of the issue or re-issue of such Eligible Securities was made.~~

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Auction Purchase

The term “Auction Purchase” with respect to Treasury Department auctions means an Eligible Treasury Security or the Eligible Treasury Securities purchased at auction from the Treasury Department by a Netting Member. The sum of all awards made to a Member, as the result of an auction, at a single price and from a single Federal Reserve Bank shall constitute a separate Auction Purchase. ~~The term “Auction Purchase” with respect to Freddie Mac auctions means an Eligible Freddie Mac Security or the Eligible Freddie Mac Securities reported to the Corporation as having been purchased at auction from Freddie Mac by a Netting Member for its proprietary account or by a customer or client of the Netting Member on whose behalf the Netting Member submitted a bid or with whom the Submitter has an agreement to clear securities awarded in Freddie Mac auctions. The sum of all such awards reported by Freddie Mac as having been made to a Member or its customer or client, as the result of an auction, at a single price shall constitute a separate Auction Purchase.~~

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Average Auction Price

The term “Average Auction Price” with respect to Treasury Department auctions means, on a CUSIP Number-by-CUSIP Number basis, the par-weighted average price at which Auction Purchases of Netting Members that have been submitted to the Corporation by a Federal Reserve Bank were made at a particular auction. ~~The term “Average Auction Price” with respect to Freddie Mac auctions means, on a CUSIP Number by CUSIP Number basis, the par-weighted average price at which Auction Purchases of Netting Members that have been submitted to the Corporation by Freddie Mac were made at a particular auction.~~

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Brokered Repo Transaction

The term “Brokered Repo Transaction” means a Repo Transaction, including a GCF Repo Transaction, a party to which is ~~an Inter-Dealer Broker Netting Member or a Non-IDB Repo Broker with respect to activity in its Segregated Repo Account~~ a Repo Broker.

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CCLF®

The term “CCLF®” means the Corporation’s “Capped Contingency Liquidity Facility®” as more fully described in Section 2a of Rule 22A.

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Cleared Institutional Triparty Service or CCIT Service

The terms “Centrally Cleared Institutional Triparty Service” and “CCIT Service” mean the service offered by the Corporation to clear institutional triparty repurchase agreement transactions, as more fully described in Rule 3B.

CPU

~~The term “CPU” means the central processing unit of a computer.~~

CFTC

The term “CFTC” means the Commodity Futures Trading Commission.

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Clearance Difference Amount

The term “Clearance Difference Amount” means the absolute value of the dollar difference between the Settlement Value of a Deliver Obligation or a Receive Obligation and the actual value at which such Deliver Obligation or Receive Obligation was settled, by the

delivery or receipt of Eligible Netting Securities ~~or by the Corporation's payoff of settlement obligations, between the Corporation and a Netting Member.~~

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~~Clearing Fund Funds Only Settlement Amount~~

~~The term "Clearing Fund Funds Only Settlement Amount" shall have the meaning as set forth in, and be the net dollar amount calculated pursuant to, Section 2 of Rule 13.~~

Clearing Organization

The term "Clearing Organization" means a Clearing Agency, Derivatives Clearing Organization, Multilateral Clearing Agency, Registered Clearing Agency, CFTC Recognized Clearing Organization, FCO and/or Self-Regulatory Organization, and any other organization performing a similar function, whether or not regulated by the SEC or the CFTC, in which the Member is a member or participant.

~~Close Leg~~

~~The term "Close Leg" means, as regards a Repo Transaction other than a GCF Repo Transaction, the concluding settlement aspects of the transaction, involving the retransfer of the underlying Eligible Netting Securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking back of such Eligible Securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term "Close Leg" means, as regards a GCF Repo Transaction, the concluding settlement aspects of the transaction, involving the retransfer of the underlying Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Lender Position and the taking back of such Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Borrower Position.~~

Close of Business

The term "Close of Business" means, with respect to a Business Day and as the context requires, 5:00 p.m. or the Corporation's deadline for final input of trade data by Members as noted on the Schedule of Timeframes on such Business Day, unless otherwise determined by the Corporation as the result of delay in the close of Fed~~W~~ire.

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Collateral Management Service

~~The term “Collateral Management Service” means the collateral management information sharing service operated by the National Securities Clearing Corporation.~~

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Collected/Paid Amount

The term "Collected/Paid Amount" means, with regard to the calculation of Funds-Only Settlement Amounts ~~and Clearing Fund Funds Only Settlement Amounts~~, the aggregate Settlement Amount either received by the Corporation from a Member or paid by the Corporation to a Member since the end of the processing cycle immediately prior to the processing cycle during which the Collected/Paid Amount is calculated.

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Contract Value

The term “Contract Value” means, as regards a trade other than a Repo Transaction, the dollar value at which the trade is entered into. The term “Contract Value” means, as regards a Start or ~~Close End~~ Leg, the dollar value at which such Leg is to be settled on the Scheduled Settlement Date. For a GCF Repo Transaction or a CCIT Transaction, the Contract Value of the Start Leg is the principal value, and the Contract Value of the ~~Close End~~ Leg is the principal value plus accrued interest.

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Coupon Adjustment Payment

The term “Coupon Adjustment Payment” means the coupon payments due and owing on each Eligible Netting Security that comprises either a Coupon-Eligible ~~Close End~~ Leg or a Fail Net Settlement Position.

Coupon-Eligible ~~Close End~~ Leg

The term “Coupon-Eligible ~~Close End~~ Leg” means an ~~Close End~~ Leg on a coupon payment date for the Eligible Netting Securities that comprise it, where such coupon payment date falls after the Start Leg related to the same Repo Transaction from which

such ~~Close End~~ Leg arises has settled and on or before the Scheduled Settlement Date of the ~~Close End~~ Leg.

Covered Affiliate

The term “Covered Affiliate” means an Affiliate of a Netting Member that: (1) is not itself a Netting Member; (2) is not a Foreign Person; and (3) is a Broker, Dealer, bank, trust company, and/or Futures Commission Merchant.

CPU

The term “CPU” means the central processing unit of a computer.

Credit Clearance Difference Amount

The term “Credit Clearance Difference Amount” means, on a particular Business Day, the absolute value of the dollar difference between the Settlement Value of a Deliver Obligation or a Receive Obligation and the actual value at which such Deliver Obligation or Receive Obligation was settled, by the delivery or receipt of Eligible Netting Securities ~~or by the Corporation’s payoff of settlement obligations between the Corporation and a Netting Member, where: (1) the Settlement Value at which a Member’s Deliver Obligation was obligated to have been made is greater than the dollar value at which such Obligation actually was settled, or (2) the Settlement Value at which a Member’s Receive Obligation was obligated to have been made is less than the dollar value at which such Obligation actually was settled.~~

Credit Coupon Adjustment Payment

The term “Credit Coupon Adjustment Payment” means, on a particular Business Day, a Coupon Adjustment Payment that a Netting Member is entitled to collect from the Corporation, involving a Member in a Net Long Position with regard to either a Coupon-Eligible ~~Close End~~ Leg or a Fail Net Settlement Position.

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Debit Clearance Difference Amount

The term “Debit Clearance Difference Amount” means, on a particular Business Day, the absolute value of the dollar difference between the Settlement Value of a Deliver Obligation or a Receive Obligation and the actual value at which such Deliver Obligation or Receive Obligation was settled, by the delivery or receipt of Eligible Netting Securities ~~or by the Corporation’s payoff of settlement obligations between the Corporation and a Netting Member, where: (1) the Settlement Value at which a Member’s Deliver Obligation was obligated to have been made is less than the dollar value at which such Obligation actually was settled, or (2) the Settlement Value at which a Member’s Receive Obligation was obligated to have been made is greater than the dollar value at which such Obligation actually was settled.~~

Debit Coupon Adjustment Payment

The term “Debit Coupon Adjustment Payment” means, on a particular Business Day, a Coupon Adjustment Payment that a Netting Member is obligated to make to the Corporation, involving a Member in a Net Short Position with regard to either a Coupon-Eligible ~~Close~~ End Leg or a fail Net Settlement Position.

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Derivatives Clearing Organization ~~or “DCO”~~

The terms “Derivatives Clearing Organization” ~~or “DCO”~~ shall have the meaning given it in Section 1a(9) of the Commodity Exchange Act.

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Early Unwind Intraday Charge

The term “Early Unwind Intraday Charge” means an additional charge to address exposures that may arise as a result of certain intraday cash substitution processing ~~or interbank collateral allocation unwinds~~ in the GCF Repo ~~s~~Service.

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Eligible Freddie Mac Security

~~The term “Eligible Freddie Mac Security” means an unmatured, marketable debt security in book-entry form that is a direct obligation of Freddie Mac and which is an Eligible Netting Security.~~

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Eligible Treasury Security

The term “Eligible Treasury Security” means an unmatured, marketable debt security in book-entry form that is a direct obligation of the United States Government.

End Leg

The term “End Leg” means, as regards a Repo Transaction other than a GCF Repo Transaction (or CCIT Transaction as applicable), the concluding settlement aspects of the transaction, involving the retransfer of the underlying Eligible Netting Securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking back of such Eligible Securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term “End Leg” means, as regards a GCF Repo Transaction

(or CCIT Transaction as applicable), the concluding settlement aspects of the transaction, involving the retransfer of the underlying Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Lender Position and the taking back of such Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Borrower Position.

Entitlement Holder

~~The term “Entitlement Holder” has the meaning given to the term “entitlement holder” in Section 8-102(a)(7) of the NYUCC.~~

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Fail Net Long Position

The term “Fail Net Long Position” means a Net Long Position that is open ~~on one~~ ~~or more~~ Business ~~Days~~ Day after its original Scheduled Settlement Date. For purposes of this definition, the Start and ~~Close~~ End Legs of a Repo Transaction shall constitute separate Positions.

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Fail Net Short Position

The term “Fail Net Short Position” means a Net Short Position that is open one ~~or more~~ Business ~~Days~~ Day after its original Scheduled Settlement Date. For purposes of this definition, the Start and ~~Close~~ End Legs of a Repo Transaction shall constitute separate Positions.

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Fannie Mae

The term “Fannie Mae” means ~~the government sponsored enterprise of the same name~~ the Federal National Mortgage Association.

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Federal Funds Rate

The term “Federal Funds Rate” means, for each Business Day, the rate reported as such in a publicly available source. If there is a dispute as to the Federal Funds Rate for a particular Business Day, it shall be settled by reference to the rate set forth in H. 15(519) for such Business Day opposite the caption “Federal ~~F~~unds (~~E~~ffective).” For this purpose, “H. 15(519)” means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

FedWire

The term “FedWire” means the Federal Reserve Wire Transfer System for securities movements or for funds-only movements, as the context requires.

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Forward Net Settlement Position

The term “Forward Net Settlement Position” means, with respect to Forward Trades involving an Eligible Netting Security with a distinct CUSIP number, the amount of such Securities that the Netting Member will, on the Scheduled Settlement Date for such Forward Trades, be obligated, pursuant to Rule 12, to either receive from the Corporation or to deliver to the Corporation, where such Scheduled Settlement Date is one or more Business Days in the future. For purposes of this definition, the Start and ~~Close~~ End Legs of a Repo Transaction shall constitute separate Positions.

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Forward-Starting Repo Transaction

The term “Forward-Starting Repo Transaction” means a Repo Transaction, including a GCF Repo Transaction ~~that is compared by the Corporation pursuant to these Rules two or more Business Days prior to its Scheduled Settlement Date that is scheduled to start one or more Business Days after the date it is submitted to the Corporation.~~

Forward Trade

The term “Forward Trade” means a trade other than a Repo Transaction, including an Eligible Conversion Trade, whose Scheduled Settlement Date is two or more Business Days after the date it is submitted to the Corporation involving Eligible Securities the data on which has been submitted by Members to the Corporation two or more Business Days prior to the Scheduled Settlement Date for the trade. ~~For purposes of this definition, if the trade is a Repo Transaction, the Start and Close Legs of the Transaction shall be considered as separate trades.~~

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FRB

The term “FRB” means the Board of Governors of the Federal Reserve System and each Federal Reserve Bank, as appropriate.

~~**Funds-Only Settling Bank Member**~~

~~The term “Funds-Only Settling Bank Member” means a bank, trust company or other entity specified in Section 4 of Rule 13 which has qualified pursuant to the provisions of Rule 13 and which is a party to an effective “Appointment of Funds-~~

~~Only Settling Bank and Funds-Only Settling Bank Agreement” whereby the Funds-Only Settling Bank undertakes to perform funds-only settlement services for the Netting Member which also is a party thereto. The term “Funds-Only Settling Bank Member” shall be used interchangeably with the term “Funds-Only Settling Bank”.~~

Freddie Mac

The term “Freddie Mac” means the Federal Home Loan Mortgage Corporation.

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Funds-Only Settlement Payments Procedures Agreement

The term “Funds-Only Settlement Payments Procedures Agreement” means an agreement among the Corporation, a Netting Member and a depository institution that provides for the payment and collection of Funds-Only Settlement Amounts by the depository institution on behalf of the Corporation and the Netting Member.

Funds-Only Settling Bank Member

The term “Funds-Only Settling Bank Member” means a bank, trust company or other entity specified in Section 4 of Rule 13 which has qualified pursuant to the provisions of Rule 13 and which is a party to an effective “Appointment of Funds-Only Settling Bank and Funds-Only Settling Bank Agreement” whereby the Funds-Only Settling Bank undertakes to perform funds-only settlement services for the Netting Member which also is a party thereto. The term “Funds-Only Settling Bank Member” shall be used interchangeably with the term “Funds-Only Settling Bank”

Futures Commission Merchant

The term “Futures Commission Merchant” shall have the meaning set forth in the definitions section of the Commodity Exchange Act, except that no entity shall be deemed to be a Futures Commission Merchant for purposes of these Rules unless it is registered as such with the CFTC.

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GCF-Authorized Inter-Dealer Broker

The term “GCF-Authorized Inter-Dealer Broker” means ~~an Inter-Dealer Broker Netting Member~~ **a Repo Broker** that the Corporation has designated as eligible to submit to the Corporation data on GCF Repo Transactions on a Locked-In Basis. The Corporation may rescind at any time, immediately effective upon written notice to the membership, its designation of ~~an Inter-Dealer Broker Netting Member~~ **a Repo Broker** as eligible to submit to the Corporation data on GCF Repo Transactions.

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~~GCF Collateral Excess Account~~

~~The term “GCF Collateral Excess Account” means an account established by a GCF Custodian Bank in the name of the Corporation to hold securities it credits to the GCF Securities Account the Corporation establishes for another GCF Clearing Agent Bank.~~

GCF Counterparty

The term “GCF Counterparty” means a ~~non-Inter-Dealer Broker~~ Netting Member, other than a Repo Broker, that is a counterparty (or is acting as Submitting Member for an Executing Firm that is the counterparty) to a GCF-Authorized Inter-Dealer Broker with regard to a GCF Repo Transaction.

~~GCF Custodian Bank~~

~~The term “GCF Custodian Bank” means a GCF Clearing Agent Bank at which the Corporation holds Securities it credits to the GCF Securities Account the Corporation establishes for another GCF Clearing Agent Bank.~~

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GCF Interest Rate Mark

The term “GCF Interest Rate Mark” means, on a particular Business Day as regards any GCF Repo Transaction that is not scheduled to settle on that day, the product of the principal value of the GCF Repo Transaction on the Scheduled Settlement Date for its **Close End** Leg multiplied by a factor equal to the absolute difference between the Repo Rate established by the Corporation for such Repo Transaction and its Contract Repo Rate, and then multiplied by a fraction, the numerator of which is the number of calendar days from the current day until the Scheduled Settlement Date for the **Close End** Leg of the Repo Transaction and the denominator of which is 360. If the Repo Transaction’s Contract Repo Rate is greater than its System Repo Rate, then the GCF Interest Rate Mark shall be a positive value for the Reverse Repo Party, and a negative value for the Repo Party. If the Repo Transaction’s Contract Repo Rate is less than its System Repo Rate, then the GCF Interest Rate Mark shall be a positive value for the Repo Party, and a negative value for the Reverse Repo Party. The term “GCF Interest Rate Mark” means, as regards a GCF Net Settlement Position, the sum of all the GCF Interest Rate Mark Payments on each of the GCF Repo Transactions that compose such position.

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~~GCF Premium Charge~~

~~The term “GCF Premium Charge” means the product of (i) a GCF Counterparty’s Required Fund Deposit determined by the Corporation to be attributable to GCF Transactions (but excluding the GCF Premium Charge) and (ii) a percentage determined by the Corporation to account for the differences in haircut values~~

~~applied by the GCF Clearing Agent Banks on such GCF Counterparties' NFE-Related Accounts and the Corporation's determined haircuts for such NFE-Related Accounts. The Corporation shall have the right to change the percentage specified in subsection (ii) of the previous sentence to reflect the changing composition of the NFE-Related Collateral contained in the NFE-Related Accounts, as reported by the GCF Counterparties pursuant to Rule 3.~~

~~GCF Repo Event~~

~~The term "GCF Repo Event" means the event declared by the Corporation in its sole discretion pursuant to Section 3a of Rule 20.~~

~~GCF Repo Event Parameter~~

~~The term "GCF Repo Event Parameter" means the product of: (i) a percentage established by the Corporation from time to time and (ii) a GCF Counterparty's GCF Net Funds Borrower Position across all GCF Repo CUSIPS.~~

~~GCF Repo Event Clearing Fund Premium~~

~~The term "GCF Repo Event Clearing Fund Premium" shall mean the product of (i) a percentage established by the Corporation from time to time and (ii) the amount by which a GCF Counterparty's GCF Net Funds Borrower Position across all GCF Repo CUSIPS exceeds the GCF Repo Event Parameter.~~

~~GCF Repo Event Carry Charge~~

~~The term "GCF Repo Event Carry Charge" shall mean the application of a basis point amount established by the Corporation from time to time to the amount by which a GCF Counterparty's GCF Net Funds Borrower Position across all GCF Repo CUSIPS exceeds the GCF Repo Event Parameter.~~

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~~Government Securities Division or GSD~~

~~The term "Government Securities Division" or "GSD" means the division of the Fixed Income Clearing Corporation that provides clearing and other services related to government securities Eligible Securities.~~

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~~Interbank Cash Amount Debit~~

~~The term "Interbank Cash Amount Debit" means the debit to the Corporation's account at a GCF Clearing Agent Bank in the amount of the aggregate Members' Prorated Interbank Cash Amounts.~~

Interbank Pledging Member

~~The term “Interbank Pledging Member” means a Member who has granted to the Corporation a security interest in a securities account or deposit account to secure such Member’s obligations to the Corporation in respect of such Member’s Prorated Interbank Cash Amount.~~

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Interest Rate Mark

The term “Interest Rate Mark” means, on a particular Business Day as regards a Forward-Starting Repo Transaction during its Forward-Starting Period, the product of the principal value of the Repo Transaction on the Scheduled Settlement Date for its Start Leg multiplied by a factor equal to the absolute difference between the System Repo Rate established by the Corporation for such Repo Transaction and its Contract Repo Rate, and then multiplied by a fraction, the numerator of which is the number of calendar days from the Scheduled Settlement Date for the Start Leg of the Repo Transaction until the Scheduled Settlement Date for the **Close End** Leg of the Repo Transaction and the denominator of which is 360. If the Repo Transaction’s Contract Repo Rate is greater than its System Repo Rate, then the Interest Rate Mark shall be a positive value for the Reverse Repo Party, and a negative value for the Repo Party. If the Repo Transaction’s Contract Repo Rate is less than its System Repo Rate, then the Interest Rate Mark shall be a positive value for the Repo Party, and a negative value for the Reverse Repo Party. The Interest Rate Mark for any Repo Transaction other than a Forward-Starting Repo Transaction during its Forward-Starting Period, and for any trade other than a Repo Transaction, shall be zero. The term “Interest Rate Mark” means, as regards a Forward Net Settlement Position, the sum of all the Interest Rate Marks on each of the Forward Trades that compose such position.

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Issue Date

The term "Issue Date" means, as regards an Auction Purchase, the date on which the Eligible Treasury Securities ~~or Eligible Freddie Mac Securities~~ that comprise such Auction Purchase are issued.

Issuer

~~The Term “Issuer” means the Treasury Department or Freddie Mac, as applicable.~~

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Long Transaction

The term “Long Transaction” means, with regard to Eligible Netting Securities, a purchase, Auction Purchase, Start Leg for the Reverse Party, and **Close End** Leg for the Repo Party.

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~~Money-Fill Repo Transaction~~

~~The term “Money-Fill Repo Transaction” means a Repo Transaction in which the par amount of the underlying collateral may vary.~~

~~Money Settlement Obligations~~

~~The term “Money Settlement Obligations” means the obligations of a Netting Member, calculated pursuant to Rule 13, to make Funds-Only Settlement Amount payments.~~

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~~Netting-Eligible Auction Purchase~~

~~The term “Netting-Eligible Auction Purchase” with respect to Treasury Department auctions means any Auction Purchase other than an Auction Purchase: (1) of Eligible Treasury Securities that are auctioned and issued on the same date, or (2) made on behalf of a customer or client when such customer’s or client’s name is listed either on the tender form or on an attachment to the tender form. The term “Netting-Eligible Auction Purchase” with respect to Freddie Mac auctions means any Auction Purchase other than an Auction Purchase of Eligible Freddie Mac Securities that are auctioned and issued on the same date.~~

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~~NFE-Related Account~~

~~The term “NFE-Related Account” means each securities account and deposit account maintained by a GCF Clearing Agent Bank for an Interbank Pledging Member in which the GCF Clearing Agent Bank has, pursuant to agreement with the Interbank Pledging Member or by operation of law, a security interest or right of setoff securing or supporting the payment of obligations of such Interbank Pledging Member to the Bank, including each such account to which such Interbank Pledging Member’s Prorated Interbank Cash Amount is debited.~~

~~NFE-Related Collateral~~

~~The term “NFE-Related Collateral” means each NFE-Related Account and all securities and other financial assets (including cash) and other assets or property at any time credited thereto or on deposit therein.~~

~~Non-Conversion-Participating Member~~

~~The term “Non-Conversion-Participating Member” means a Member of the Comparison System with regard to which the Corporation, in its sole discretion, has determined it~~

appropriate, for a temporary period to be established by the Corporation, to have the yield information contained in data that it submits to the Corporation on Eligible Conversion Trades not be converted into price information on such ~~Trades~~ pursuant to these Rules.

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Non-IDB Repo Broker

The term “Non-IDB Repo Broker” means a Netting Member Repo Broker that is not an Inter-Dealer Broker Netting Member and that the Corporation has determined: (a) operates in the same manner as a Broker, with regard to activity in its Segregated Repo Account and (b) has agreed to, and does, participate in the repo netting service operated by the Corporation pursuant to the same requirements imposed under the Rules on Inter-Dealer Broker Netting Members that participate in that service.

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Non-Zero

~~The term “Non-Zero” means an Eligible Netting Security other than a Zero.~~

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Officer of the Corporation

The term “Officer of the Corporation” means the Chairman of the Board, President, Managing Director, ~~Vice President~~ Executive Director, Secretary, Assistant Secretary, Treasurer, or Assistant Treasurer of the Corporation.

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Opening Balance

The term “Collected/Paid Amount” means, with regard to the calculation of Funds-Only Settlement Amounts ~~and Clearing Fund Funds-Only Settlement Amounts~~, the aggregate Settlement Amount either received by the Corporation from a Member or paid by the Corporation to a Member since the end of the processing cycle immediately prior to the processing cycle during which the Collected/Paid Amount is calculated.

Overnight Investment Rate

The term “Overnight Investment Rate” means the interest rate earned by the Corporation on the investment of the portion of the cash deposited to its Clearing Fund that is invested overnight.

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~~Par-Fill Repo Transaction~~

~~The term “Par-Fill Repo Transaction” means a Repo Transaction in which the principal value of the underlying collateral may vary.~~

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~~Prorated Interbank Cash Amount~~

~~The term “Prorated Interbank Cash Amount” means the amount owed to the Corporation by an Interbank Pledging Member that represents such Member’s prorated portion of the aggregate interbank funds owing to the Corporation by Members in respect of the interbank movement of collateral used in GCF processing. The terms “interbank funds” and “interbank movement of collateral” as used in the previous sentence refer to the movements of funds and collateral that occur when the GCF Repo service operates on an inter-clearing bank basis.~~

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~~Refunding Issue Date~~

~~The term “Refunding Issue Date” means the most recent issue date for a quarterly refunding by the Treasury Department.~~

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~~Remaining Member~~

~~The term “Remaining Member” means a Netting Member that has submitted to the Corporation data on an Off-the-Market Transaction, which data indicates that the counterparty—whether of the Member that submitted the data or of an Executing Firm that such Member is acting for as a Submitting Member—is either a Netting Member that the Corporation subsequently determines to be insolvent or an Executing Firm that the Netting Member that the Corporation subsequently determines to be insolvent was acting for as a Submitting Member.~~

Repo Broker

The term “Repo Broker” means (i) an Inter-Dealer Broker Netting Member, or (ii) ~~a non Inter-Dealer Broker Netting Member that the Corporation has determined:~~ (a) ~~operates in the same manner as a Broker, with regard to activity in its segregated repo account and~~ (b) ~~has agreed to, and does, participate in the repo netting service operated by the Corporation pursuant to the same requirements imposed under the Rules on Inter-Dealer Broker Netting Members that participate in that service.~~ a Non-IDB Repo Broker with respect to activity in its Segregated Repo Account.

Repo Interest Rate Differential

The term “Repo Interest Rate Differential” means, on a particular Business Day, the product of: (1) the Contract Value of the Start Leg, (2) the difference between the Contract Repo Rate and the System Repo Rate, and (3) the number of remaining days until the ~~Close~~ End Leg, divided by 360.

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Right of Substitution

The term “Right of Substitution” means, as regards a Repo Transaction, the right of the Repo Party, during the period ~~from the start of the Repo Transaction until its close~~ immediately after the Scheduled Settlement Date for the Start Leg of the Repo Transaction until the day prior to the Scheduled Settlement Date for the End Leg of the Repo Transaction, to substitute new collateral in replacement of existing collateral transferred to the Reverse Repo Party. ~~A Right of Substitution shall be recognized by the Corporation if the Corporation has received from the Repo Party and the Reverse Repo Party data reflecting this right of substitution, as delineated in the Schedule of Required Accepted Data Submission Items for a Substitution, or (b) the Corporation determines, in its sole discretion, that the Repo Party and Reverse Repo Party have provided sufficient evidence that a Right of Substitution exist.~~

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Scheduled Settlement Date

The term “Scheduled Settlement Date” means, as regards a trade other than a Repo Transaction compared by the Corporation, the earliest Business Day on which such trade, including a trade underlying a Forward Net Settlement Position, is scheduled to settle, regardless of whether such trade actually settles on such Business Day. The term “Scheduled Settlement Date” means, as regards an ~~n~~ Close End Leg or a Start Leg of a Repo Transaction compared by the Corporation, the earliest Business Day on which such Leg is scheduled to settle, regardless of whether such Leg actually settles on such Business Day.

SEC

The term “SEC” means the Securities and Exchange Commission.

Securities Industry and Financial Markets Association

The term “Securities Industry and Financial Markets Association” means the Securities Industry and Financial Markets Association or any successor organization.

Securities Account Agreement

~~The term “Securities Account Agreement” means an agreement between the Corporation and a GCF Clearing Agent Bank setting forth rights and obligations of~~

~~the Corporation and such GCF Clearing Agent Bank with respect to the GCF Securities Account established in the name of the GCF Clearing Agent Bank, as agent for customers.~~

Securities Intermediary

The term “Securities Intermediary” has the meaning given to the term “securities intermediary” in Section 8-102(a)(14) of the NYUCC.

~~Security Entitlement~~

~~The term “Security Entitlement” has the meaning given to the term “security entitlement” in Section 8-102(a)(17) of the NYUCC.~~

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Short Transaction

The term “Short Transaction” means, with regard to Eligible Netting Securities, a sale, Start Leg for the Repo Party, and **Close End** Leg for the Reverse Repo Party.

* * *

Submitting Member

The term “Submitting Member” means a Member of the Comparison System, other than ~~an Inter-Dealer Broker a Repo Broker~~, that has submitted to the Corporation pursuant to these Rules data on trades of an Executing Firm.

* * *

System Repo Rate

The term “System Repo Rate” means the uniform rate established by the Corporation on each Business Day, based on current market information, for each Repo Transaction, involving an Eligible Netting Security. The System Repo Rate for a Repo Transaction shall be established by the Corporation based on factors such as: (1) the length of time until Schedule Settlement Date for the **Close End** Leg of the Repo Transaction, (2) whether the underlying collateral is general or specific in nature, and (3) the market demand for such collateral.

* * *

Term GCF Repo Transaction

The term “Term GCF Repo Transaction” means, on any particular Business Day, a GCF Repo Transaction for which settlement of the **Close End** Leg is scheduled to occur two or more Business Days after the scheduled settlement of the Start Leg.

Term Repo Transaction

The term “Term Repo Transaction” means, on any particular Business Day, a Repo Transaction for which settlement of the ~~Close~~ End Leg is scheduled to occur two or more Business Days after the scheduled settlement of the Start Leg.

* * *

Termination Date

The term “Termination Date” shall have the meaning given that term in Section 13 of Rule 3.

~~**The Securities Industry and Financial Markets Association**~~

~~The term “The Securities Industry and Financial Markets Association” means the Securities Industry and Financial Markets Association or any successor organization.~~

* * *

VaR Charge

The term “VaR Charge” means, with respect to each Margin Portfolio, a calculation of the volatility of specified Net Unsettled Positions of a Netting Member, as of the time of such calculation. Such volatility calculations shall be made in accordance with any generally accepted portfolio volatility model, including, but not limited to, any margining formula employed by any other clearing agency registered under Section 17A of the Securities Exchange Act of 1934. Such calculation shall be made utilizing such assumptions (including confidence levels) and based on such observable market data as the Corporation deems reasonable, and shall cover such range and assessment of volatility as the Corporation from time to time deems appropriate. To the extent that the primary source of such market data becomes unavailable for an extended period of time, the Corporation shall utilize the Margin Proxy as an alternative volatility calculation. If the volatility calculation is lower than an amount designated by the Corporation (the “VaR Floor”) then the VaR Floor will be utilized as such ~~Clearing~~ Netting Member’s VaR Charge. Such VaR Floor will be determined by multiplying the absolute value of the sum of Net Long Positions and Net Short Positions of Eligible Securities, grouped by product and remaining maturity, by a percentage designated by the Corporation from time to time for such group. For U.S. Treasury and agency securities, such percentage shall be a fraction, no less than 10%, of the historical minimum volatility of a benchmark fixed income index for such group by product and remaining maturity. For mortgage-backed securities, such percentage shall be a fixed percentage that is no less than 0.05%.

* * *

When Issued Transaction

The term “When Issued Transaction” means any trade of an Eligible Treasury Security ~~or an Eligible Freddie Mac Security~~, the trade data on which has been submitted to the Corporation prior to the Issue Date.

* * *

RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

* * *

Section 4 - Membership Qualifications and Standards for Netting Members

* * *

- (5) if the applicant is registered with the SEC pursuant to Section 15 of the Exchange Act and is applying to become an Inter-Dealer Broker Netting Member, it must have, as of the end of the calendar month prior to the effective date of its membership, (1) Net Worth of at least \$25 million and (2) Excess Net Capital of at least \$10 million;

- (6) if the applicant is registered with the SEC pursuant to Section 15C of the Exchange Act and is applying to become an Inter-Dealer Broker Netting Member, it must have, as of the end of the calendar month prior to the effective date of its membership, (1) Net Worth of at least \$25 million and (2) Excess Liquid Capital of at least \$10 million;

* * *

RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

* * *

Section 2 - Reports by Netting Members

* * *

~~In addition to all of the above, on a periodic basis, GCF Counterparties must submit information related to the composition of their NFE Related Accounts. This information~~

~~shall be submitted to the Corporation containing the information, in the format and within the timeframes specified by guidelines issued by the Corporation from time to time.~~

* * *

Section 8 - Specific Continuance Standards

* * *

(d) If an Inter-Dealer Broker Netting Member falls below either the applicable minimum Net Worth level or the applicable minimum regulatory level, specified by this Rule, it shall have, for a period beginning on the date on which it fell from compliance with either standard and continuing until the later of the 90th calendar day after the date on which (i) it returned to compliance with such standard, or (ii) the Corporation received notice of the applicable violation, a Required Fund Deposit equal to the greater of either: (x) the sum of the normal calculation of its Required Fund Deposit plus \$1,000,000, or (y) 125 percent of the normal calculation of its Required Fund Deposit;

(e) An Inter-Dealer Broker Netting Member shall (A) limit its business to acting exclusively as a ~~h~~Broker; (B) conduct all of its business in Repo Transactions with Netting Members, and (C) conduct at least 90 percent of its business in transactions that are not Repo Transactions, measured based on its overall dollar volume of submitted sides over the prior month, with Netting Members. If an Inter-Dealer Broker Netting Member fails to comply with this scope-of-business standard, then, for a period beginning on the date on which it fell from compliance with this standard and continuing until the date on which it returned to compliance with such standard, such Member shall be considered by the Corporation for purposes of these Rules to be a Dealer Netting Member. Notwithstanding anything to the contrary above, if such Inter-Dealer Broker Netting Member continues to act exclusively as a ~~h~~Broker, it shall continue to be subject to the provisions of Section 7 of Rule 4 as if it were an Inter-Dealer Broker Netting Member, until and unless the Corporation determines, in its sole discretion, that such Member should be treated for purposes of that Section as if it were a Dealer Netting Member and so informs such Member. Moreover, notwithstanding anything to the contrary above, if such Inter-Dealer Broker Netting Member does not return to compliance with its applicable scope-of-business standard within 90 calendar days from the date on which it fell below such standard, such Member shall permanently become a Dealer Netting Member for purposes of these Rules, until and unless it applies to the Corporation to return to its Inter-Dealer Broker Netting Member status and such application is approved by the Board; and

* * *

Section 9 - Compliance with Laws

(i) General

In connection with their use of the Corporation's services, Members must comply with all applicable laws, including applicable laws relating to securities, taxation, and money laundering, as well as sanctions administered and enforced by the Office of Foreign Assets Control ("OFAC").

(ii) OFAC

As part of their compliance with OFAC sanctions regulations, all Members agree not to conduct any transaction or activity through GSD which it knows to violate sanctions administered and enforced by OFAC.

Members subject to the jurisdiction of the U.S., with the exception of ~~GSD-Comparison-~~ Only Members, are required to periodically confirm that the Member has implemented a risk-based program reasonably designed to comply with applicable OFAC sanctions regulations. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a fine.

* * *

RULE 3A—SPONSORING MEMBERS AND SPONSORED MEMBERS

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Section 14—Restrictions on Access to Services by a Sponsoring Member

(a) Based upon the judgment of the Corporation that adequate cause exists to do so, the Corporation may at any time upon providing notice to the Sponsoring Member, suspend a Sponsoring Member in its capacity as a Sponsoring Member from any service provided by the Corporation either with respect to a particular transaction or transactions or with respect to transactions generally or prohibit or limit such Sponsoring Member with respect to access to services offered by the Corporation in the event that if one or more of the factors set forth in Section 1(a) through (g) of Rule 21, with the Corporation making the determinations set forth therein, is present with respect to the Sponsoring Member, and the Corporation, in its sole discretion, has reasonable grounds to believe that such action is appropriate either for the protection of the Corporation or other Members or to facilitate the orderly and continuous performance of the Corporation's services.

(b) Sections 1 through 6 of Rule 21 shall apply with respect to a Sponsoring Member in the same way as they apply to Netting Members, including the Corporation's right to summarily suspend the Sponsoring Member and to cease to act for such Sponsoring Member, except that the Corporation shall make the determination referred to in Section 3 of Rule 21.

(c) If the Corporation ceases to act for a Sponsoring Member in its capacity as a Sponsoring Member, Rule 22A shall apply and the Corporation shall decline to accept or process data from the Sponsoring Member on Sponsored Member Trades and the Corporation shall cease to act for all of the Sponsored Members of the affected Sponsoring Member. If the Corporation suspends the Sponsoring Member or ceases to act for the Sponsoring Member, the Corporation shall decline to accept or process data from the Sponsoring Member on Sponsored Member Trades and shall suspend the Sponsored Members of the affected Sponsoring Member for so long as and to the extent that the Corporation is ceasing to act for the Sponsoring Member. Any Sponsored Member Trades which have received the Corporation's guaranty of settlement and been novated

to the Corporation shall continue to be processed and guaranteed by the Corporation. **The Corporation, in its sole discretion, shall determine whether to close-out the affected Sponsored Member Trades and/or permit the Sponsored Members to complete their settlement.**

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RULE 3B – CENTRALLY CLEARED INSTITUTIONAL TRIPARTY SERVICE

* * *

Section 11 – Netting System and Settlement of CCIT Transactions

(a) Rule 20 (Special Provisions for GCF Repo Transactions) shall apply to the netting and settlement obligations of the Corporation and each party to a CCIT Transaction in the same way in which such provisions apply to GCF Repo Transactions subject to the following:

(i) when used, “Netting Member” or “Affected Netting/CCIT Member” shall include a CCIT Member or, as applicable, a Joint Account;

(ii) CCIT Members (whether acting individually or through a Joint Account) shall always be GCF Net Funds Lenders;

~~(iii) CCIT Members shall not be Interbank Pledging Members;~~

~~(iviii)~~ CCIT Members shall not be initiators of requests for collateral substitutions but shall be the recipients of such collateral substitutions; and

(iv) The CCIT Transaction activity of Netting Members shall be netted with such Netting Members’ GCF Repo Service activity for one net obligation per GCF Repo Service Generic CUSIP Number.

* * *

RULE 4 - CLEARING FUND AND LOSS ALLOCATION

* * *

Section 1b – Unadjusted GSD Margin Portfolio Amount

(a) Each Business Day, the Corporation shall determine, with respect to each Margin Portfolio, an Unadjusted GSD Margin Portfolio Amount as the sum of the following:

(i) the VaR Charge,

minus

(ii) in the case of a Margin Portfolio of a Cross Margining Participant that is subject to one or more Cross-Margining Arrangements, in the discretion of the Corporation, an amount not to exceed the sum of any applicable Cross-Margining

Reductions, calculated on the current Business Day for such Cross-Margining Participant in accordance with the applicable Cross-Margining Agreements,

plus

(iii) in the case of a Margin Portfolio of a GCF Counterparty, ~~the GCF Premium Charge and/or GCF Repo Event Premium and/or~~ the Early Unwind Intraday Charge, if applicable,

plus or minus

(iv) in the case of a Margin Portfolio of a GCF Counterparty, the Blackout Period Exposure Adjustment, if applicable, during the monthly Blackout Period or until the applicable GCF Clearing Agent Bank updates the Pool Factors used for collateral valuation,

plus

(v) in the case of a Netting Member with backtesting deficiencies, the Backtesting Charge, if applicable,

plus

(vi) the Holiday Charge, if applicable, on the Business Day prior to a Holiday.

The Corporation shall determine a separate Unadjusted GSD Margin Portfolio Amount for a Netting Member's Market Professional Cross-Margining Account.

* * *

The ~~minimum Clearing Fund requirement~~ Minimum Charge applicable to ~~an Inter-Dealer Broker Netting Member or a Netting Member that maintains one or more Broker Accounts~~ a Repo Broker shall at all times be no less than \$5 million.

Once applicable minimum Clearing Fund amounts have been applied, the Corporation shall apply any applicable additional payments, charges and premiums set forth in these Rules.

Section 2 - Required Fund Deposit Requirements

* * *

(c) The initial Required Fund Deposit of each Netting Member, other than ~~an Inter-Dealer Broker Netting Member~~ **a Repo Broker**, shall be set by the Corporation based upon the expected nature and level of such Member's activity.

* * *

Section 2a - Intraday Calculation of VaR Amounts- ~~Intra-day~~ Intraday Supplemental Fund Deposit

Pursuant to procedures established by the Corporation, the Corporation shall re-calculate intraday, each Business Day, at the times established by the Corporation for this purpose, the amount of the intraday VaR Charge applicable to each Margin Portfolio of a Member, based upon the open positions in such Margin Portfolio at a designated time intraday, for purposes of establishing whether a Member shall be required to make payment of an additional amount (the Member's "Intraday Supplemental Fund Deposit") to its Required Fund Deposit. Such additional amount shall be deemed part of the Member's Required Fund Deposit for all purposes under these Rules.

* * *

Section 3b – Special Provisions Related to Eligible Clearing Fund Securities

* * *

Upon appropriate notice to the Corporation, pursuant to procedures that the Corporation establishes for such purpose, and subject to reasonable time constraints imposed by the Corporation based on its operational and administrative capacities, a Netting Member may substitute and/or withdraw Eligible Clearing Fund Securities from pledge and deposit, provided that the Netting Member has, effective immediately prior to the withdrawal, taken appropriate action to maintain its Required Fund Deposit. Notwithstanding the above sentence, the Corporation may decline to permit a substitution or withdrawal on a given Business Day later than one hour prior to the close of the securities FedWire on such day. Any interest on Eligible Clearing Fund Securities deposited by a Netting Member to secure a Clearing Fund open account indebtedness that is received by the Corporation shall be credited to the Netting Member's cash deposits to the Clearing Fund, except in the event of a default by such Netting Member on any obligations to the Corporation under these Rules, in which case the Corporation may exercise its rights under Section 6 of this Rule.

* * *

RULE 6B – DEMAND COMPARISON

* * *

Section 4—DK Notices

A Member may transmit a DK Notice to the Corporation with respect to a Demand Trade that has been submitted to the Corporation on the Member's behalf and which the Member believes is invalid or incorrect. The receipt of a DK Notice by the Corporation with respect to a Demand Trade in the form and manner, and within the applicable timeframe for such, as established by the Corporation, shall cause the trade to become uncomparated. A Member who does not submit a DK Notice with respect to a Demand Trade remains responsible for such ~~T~~trade under these Rules.

A Member that transmitted a DK Notice erroneously with respect to a trade submitted for Demand Comparison may withdraw the DK Notice in order to enable comparison. Such withdrawal of a DK Notice must be made in the form and manner, and within the applicable timeframe for such, as established by the Corporation for such purpose.

* * *

RULE 6C – LOCKED-IN COMPARISON

* * *

Section 2 - Authorizations of Transmission to and Receipt by the Corporation of Data on Locked-In Trades

Except with respect to Auction Purchases, which are governed by Section 3 of this Rule, each Member that wishes to have a Locked-In Trade Source submit trade data on its behalf shall provide the Corporation, prior to the time of the making of such Locked-In Trade and in the form and manner required by the Corporation, with authorization for the Corporation to receive from the Locked-In Trade Source data on the Locked-In Trade. The Corporation shall not accept data from a Locked-In Trade Source with regard to a Member unless the Corporation previously has received such authorization from such Member. With regard to GCF Repo Transactions, the Corporation shall not accept data from a GCF-Authorized Inter-Dealer Broker regarding any such Transaction unless the Corporation previously has received authorization to do so from each of the two GCF Counterparties to the ~~Inter-Dealer Broker Netting Member~~ GCF-Authorized Inter-Dealer Broker on such Transaction.

Moreover, each member that makes a Locked-In Trade shall provide the Locked-In Trade Source, prior to or at the time of the making of such ~~T~~trade and in the form and manner required by such Locked-In Trade Source, with sufficient authorization for the Locked-In Trade Source to transmit to the Corporation such data as the Corporation deems necessary on the Locked-In Trade.

Section 3 - Authorizations of Transmission to and Receipt by the Corporation of Data on Netting-Eligible Auction Purchases

* * *

~~With respect to Freddie Mac auctions, a Netting Member that makes a Netting-Eligible Auction Purchase shall provide the Corporation and Freddie Mac, prior to the time of the making of such Auction Purchase and in the form and manner required by Freddie Mac, and agreed to by the Corporation, with authorization for Freddie Mac to transmit to the Corporation, and the Corporation to receive from Freddie Mac, data on the Member's Auction Purchase. The Corporation shall not accept data from Freddie Mac with regard to a Member unless the Corporation previously has received this authorization from the Member.~~

* * *

Section 8 - Discretion to not Accept Data

In its sole discretion, the Corporation may decline to accept from a Locked-In Trade Source data on the Locked-In Trades of a particular Member or Members, including Netting-Eligible Auction Purchases (subject to the terms and conditions agreed to by the Corporation and the Treasury Department ~~or Freddie Mac, as applicable~~, regarding Netting-Eligible Auction Purchases.

* * *

Section 11 – Modification and Cancellation of Data on Netting-Eligible Auction Purchases and Related When Issued Transactions

* * *

~~Freddie Mac, once it has submitted data regarding a Netting-Eligible Auction Purchase to the Corporation, may have such data deleted from the Comparison System, or may correct such data, by providing appropriate instructions to the Corporation. If Freddie Mac instructs the Corporation to delete or correct data regarding a Netting-Eligible Auction Purchase, the Corporation shall promptly make available, in its Comparison System output, the deletion or correction to the Member that made such Auction Purchase. In addition, a Member that has made a Netting-Eligible Auction Purchase in connection with a Freddie Mac auction may request, through the Corporation, that Freddie Mac delete or correct the data regarding such Auction Purchase. The Corporation shall make such a Member-requested deletion or correction to its Comparison System only if it receives instructions from Freddie Mac to do so.~~

* * *

The Corporation shall have the right to unilaterally modify, add or cancel data on any When Issued Transaction, in the event (i) a Treasury Department auction ~~or a Freddie Mac auction~~ is cancelled or indefinitely postponed, (ii) the original Issue Date (settlement date) of a Treasury

Department auction ~~or a Freddie Mac auction~~ is changed, (iii) the original maturity date for a security auctioned or to be auctioned in a Treasury Department auction ~~or a Freddie Mac auction~~ is changed, (iv) the original issuance amount in a Treasury Department auction ~~or a Freddie Mac auction~~ is reduced, (v) a security auctioned in a Treasury Department auction ~~or a Freddie Mac auction~~ that is the subject of a When Issued Transaction is not issued, or (vi) any event occurs with respect to a Treasury auction ~~or a Freddie Mac auction~~ that creates an obligation to substitute securities or otherwise alter the terms of the trade pursuant to guidelines published by ~~T~~the Securities Industry and Financial Markets Association.

Notwithstanding anything to the contrary in this Section, the Corporation shall have the authority, in order to correct or avoid an error, to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase (subject to the terms and conditions agreed to by the Corporation and the Treasury Department ~~or Freddie Mac, as applicable~~, regarding Auction Purchases).

Notwithstanding anything to the contrary in this Section, in the event that a security auctioned in a Treasury Department auction ~~or a Freddie Mac auction~~ is not issued, the Corporation shall have the authority to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase involving that security (subject to the terms and conditions agreed to by the Corporation and the Treasury Department ~~or Freddie Mac, as applicable~~, regarding Auction Purchases).

* * *

RULE 9 - YIELD TO PRICE CONVERSION

* * *

Section 2 - Conversion

The Corporation shall convert from a yield basis to a price basis data submitted to the Corporation by a Member on an Eligible Conversion Trade in accordance with the then applicable formulas for conversion of yields to equivalent prices that have been established by the Department of the Treasury. The annual coupon rate used by the Corporation to calculate the price of such ~~T~~trades shall be an assumed rate that shall be determined by the Corporation on a per-CUSIP basis using the applicable par-weighted average yield, unless the Corporation, in its sole discretion, determines that an alternate method of determination of the assumed coupon rate is more appropriate; such assumed rate shall be adjusted down to the nearest one-eighth of one percent. This assumed rate shall be adjusted prior to and on the Final Price Date by increments of one-eighth of a percentage point based on changes in the applicable par-weighted average yield, or otherwise as deemed appropriate by the Corporation in its sole discretion.

On the Final Price Date, or as soon as possible thereafter, each assumed coupon rate set by the Corporation shall be adjusted to the applicable actual coupon rate. On and after the Final Price Date, the Corporation shall convert from a yield basis to a price basis data submitted to the

Corporation by a Member on an Eligible Conversion Trade based on the actual coupon for the Eligible Securities that underlie the trade.

The conversion by the Corporation from a yield basis to a price basis of data on an Eligible Conversion Trade submitted to the Corporation prior to the Final Price Date for such trade by a Member shall: (1) if such Trade is eligible for netting by the Corporation pursuant to these Rules, be deemed to have occurred during the same processing cycle during which such data are compared by the Corporation on a yield basis, and (2) if such Trade is not eligible for netting by the Corporation pursuant to these Rules, be deemed to have occurred on Final Price Date. The conversion by the Corporation from a yield basis to a price basis of data on an Eligible Conversion Trade submitted to the Corporation by a Conversion-Participating Member on or after the Final Price Date for such trade shall be deemed to have occurred on the Business Day of receipt by the Corporation of such submission.

* * *

RULE 11 – NETTING SYSTEM

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Section 2 - Eligibility for Netting

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A trade, other than a Repo Transaction, is eligible for netting and settlement through the Netting System if it meets all of the following requirements:

- (a) the trade is a Compared Trade;
- (b) the number of Business Days between the Scheduled Settlement Date for the trade, and the Business Day on which the Report of comparison of the data on the trade is issued to Members is not greater than the maximum number of Business Days established by the Corporation for such purpose and published in a schedule made available to Members, unless the Corporation determines a different timeframe to be appropriate;
- (c) the data on the trade are listed on a Report that has been made available to Netting Members;
- (d) netting of the trade will occur on or before its Scheduled Settlement Date;
- (e) data on each side of the trade have been submitted to the Corporation by a Netting Member, in accordance with these Rules, or the trade is a Demand Trade or a Locked-In Trade; and
- (f) the underlying securities are Eligible Netting Securities.

Except to the extent that, for a Brokered Repo Transaction, there is a conflict with the provisions of Rule 19 (in which case the provisions of Rule 19 govern), a Start Leg of a Repo Transaction, and an **Close End** Leg of a Repo Transaction, each is eligible for netting and settlement through the Netting System if it meets all of the following requirements:

- (i) the Repo Transaction is a Compared Trade;
- (ii) if the Repo Transaction has a Forward-Settling Start Leg, the number of calendar days between the Scheduled Settlement Date for the associated **Close End** Leg and the Business Day on which the data on the trade are submitted is not greater than the maximum number of Business Days established by the Corporation for such purpose and published in a schedule made available to Members, unless the Corporation determines a different timeframe to be appropriate;
- (iii) if the Start Leg of the Repo Transaction has settled, the number of calendar days between the Scheduled Settlement Date for the **Close End** Leg and the Business Day on which the data on the trade are submitted is not greater than the maximum number of Business Days established by the Corporation for such purpose and published in a schedule made available to Members, unless the Corporation determines a different timeframe to be appropriate;
- (iv) the data on the trade are listed on a Report that has been made available to Netting Members;
- (v) netting of the Start Leg or the **Close End** Leg will occur before the opening of the Netting System on its Scheduled Settlement Date; and
- (vi) the underlying securities are Eligible Netting Securities.

* * *

Section 14 – Fails Charge

* * *

The fails charge shall be the product of the (i) funds associated with a failed position and (ii) the greater of (a) 1 percent or (b) 3 percent per annum minus the target level for the **F**ederal **F**unds **R**ate that is effective at 5 p.m. EST on the Business Day prior to the originally scheduled settlement date, capped at 3 percent per annum. If the FOMC specifies a target range in lieu of a target level, the lower limit of the target range announced by the FOMC would be used in the calculation of the fails charge. Further, if the FOMC were to terminate its policy of specifying or announcing a target level or range for the **F**ederal **F**unds **R**ate, then the rate that is used for the calculation of the fails charge would be a successor rate and source recommended by the TMPG.

In the event that the Corporation is the failing party because the Corporation received Securities too near the close of FedWire for redelivery or for any other reason, the fail charge will be distributed pro rata to the Netting Members based upon usage of the Government Securities Division's services.

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RULE 12 - SECURITIES SETTLEMENT

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Section 2 - Designation of Clearing Banks

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A Person must notify the Corporation, in such manner as the Corporation may prescribe, no later than ten Business Days prior to its becoming a Netting Member, of the clearing bank or banks that it has designated to act on its behalf, pursuant to this Rule, in the delivery of Eligible Netting Securities to the Corporation and in the receipt of Eligible Netting Securities from the Corporation. Each Netting Member must notify the Corporation of any change in such designation, no later than ten Business Days prior to the effective date of such change. Such designation is subject to the Corporation's determination, in its reasonable judgment, that such clearing bank (a) has and will maintain access to Fed~~W~~wire, (b) has and will maintain the operational capability to interact satisfactorily with the clearing banks that act on behalf of the Corporation, and (c) has agreed to act on behalf of such Netting Member in accordance with this Rule.

* * *

Section 6 - Financing Costs

If a Netting Member with a Net Short Position delivers Eligible Netting Securities to the Corporation and the Corporation is unable, because the delivery was made near the close of Fed~~W~~wire or for any other reason, to redeliver such securities on the same Business Day to a Netting Member or Members with Net Long Positions in such securities and, as a result, the Corporation incurs costs, expenses, or charges related to financing such securities (hereinafter, the "financing costs"), the Netting Members, as a group, shall be obligated to pay, or to reimburse the Corporation, for such financing costs. Such payment or reimbursement of financing costs shall be allocated by the Corporation pro rata, based on usage of the Corporation's services. Notwithstanding the above, if the Corporation, in its sole discretion, determines that a Netting Member has, on a frequent basis and without good cause, caused the Corporation to incur financing costs, the Corporation shall notify the Member of such determination, and such Member (hereinafter, the "Late Delivering Member") shall be obligated to pay for, or to reimburse the Corporation for, the entire amount of any financing costs incurred by the Corporation on or after the date of such notification as the result of a delivery of Eligible Netting Securities made by the Late Delivering Member to the Corporation pursuant to this Rule, until the Board determines that such is no longer appropriate. A Late Delivering Member also may be subject to fine by the Corporation, if the Corporation determines that such is appropriate in order to promote an orderly settlement process.

* * *

Section 10 - Definition of “Good Cause”

As used in this Rule, “good cause” means a causal event or occurrence that the Corporation, in its sole discretion, determines to have been beyond the reasonable control of a Netting Member; depending upon the specific circumstances, this may include an extended failure of Fed~~W~~wire or the inability of a clearing bank acting on behalf of a Netting Member or the Corporation to gain access to Fed~~W~~wire.

* * *

RULE 13 - FUNDS-ONLY SETTLEMENT

Section 1 - General

One or more times on each Business Day, each Netting Member, as appropriate in accordance with this Rule, shall be obligated to pay to the Corporation, and/or shall be entitled to collect from the Corporation, the following (determined separately, where applicable, for the Market Professional Cross-Margining Account of a Netting Member):

* * *

(j) With regard to every Coupon-Eligible ~~Close End~~ Leg on a coupon payment date for the Position, it shall pay to the Corporation a Debit Coupon Adjustment Payment, and (2) if the Member is in a Net Long Position, it shall collect from the Corporation a Credit Coupon Adjustment Payment;

* * *

Section 2 - Calculation of Funds-Only Settlement Amount ~~and Clearing Fund Funds-Only Settlement Amount~~

* * *

The Corporation shall determine an ~~intra-day~~ intraday Funds Only Settlement Amount by calculating a net total, for a particular Business Day, of certain of the amounts specified in Section 1 of this Rule as the Corporation shall announce to Members from time to time. If such amount is a positive amount, such amount shall be owing by the Corporation to the Member. The amount of such component, as listed above, of the ~~intra-day~~ intraday Funds Only Settlement Amount shall be reported on each Business Day to each Netting Member. In addition, Repo Parties will also be subject to this provision with respect to their pending (non-DK’ed) Demand Trades with Repo Brokers.

One or more times on each Business Day, each Netting Member shall be obligated to fulfill its Funds-Only Settlement Amount payment obligation, as established pursuant to these Rules and indicated in the Netting System output made available to such Member, regardless of the fact that an adjustment has been made, or the possibility that an adjustment may later be made, by the

Corporation to such Amount pursuant to these Rules (including adjustments made as the result of a correction of compared data or a change in coupon rate).

~~For the purpose of determining Members' Required Clearing Fund Deposit, the Corporation also will establish for each Member, other than Members that are Inter Dealer Brokers, a Clearing Fund Funds Only Settlement Amount that shall be determined by subtracting from the Member's Funds Only Settlement Amount the Total Invoice Amount, the Miscellaneous Adjustment Amount, and Securities Industry and Financial Markets Association fees.~~

Section 3 - ~~Intra-day Collection of Certain Amounts~~ [Reserved]

~~Notwithstanding anything to the contrary elsewhere in this Rule, on any Business Day, any Debit Transaction Adjustment Payment, Debit GCF Interest Rate Mark, Debit Interest Rate Mark, and/or Clearance Difference Amount may be collected by the Corporation on an intra-day basis, with payment having to be made by the affected Member, within one hour after the Corporation has provided such Member with notification that payment of such Debit Transaction Adjustment Payment, Debit GCF Interest Rate Mark, Debit Interest Rate Mark, and/or Clearance Difference Amount is due that same day (so long as such notification is provided at least one hour prior to the close of the cash Fedwire operated by the Federal Reserve Bank of New York). Such intra-day payment shall be made as instructed by the Corporation.~~

* * *

Section 6 – Acknowledgement and Payment Deadlines for Funds-Only Settlement Amounts

(a) The acknowledgement required to be made by the Funds-Only Settling Banks regarding their Net Funds-Only Settlement Figures pursuant to Section 5 of this Rule shall be announced by the Corporation in its notice.

(b) Except as otherwise provided in Section ~~3~~ 2 with respect to ~~intra-day~~ intraday collections, a Netting Member that has an obligation, pursuant to this Rule, to pay a Funds-Only Settlement Amount to the Corporation shall cause such payment to be made, pursuant to the process set forth in Section 5 of this Rule, in Federal funds, by no later than 10:00 a.m. New York Time;

* * *

Section 7 - Liability of a Netting Member

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If the Corporation, in its sole discretion, determines that a Netting Member has, without good cause, failed to pay to the Corporation in a timely manner pursuant to this Rule a Funds-Only Settlement Amount, it may impose a fine upon such Member. As used in this Section, “good cause” means a causal event or occurrence that the Corporation, in its sole discretion, determines was beyond the reasonable control of a Netting Member; depending upon the specific circumstances,

this may include an extended failure of FedWire or the inability to gain access to FedWire by a depository institution acting on behalf of either a Netting Member or the Corporation. The failure to pay the Corporation in a timely manner by a depository institution acting on behalf of a Netting Member including the Netting Member's Funds-Only Settling Bank, shall not automatically constitute "good cause."

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RULE 15 - SPECIAL PROVISIONS FOR CERTAIN NETTING MEMBERS

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Section 2 - ~~Inter-Dealer Broker Netting Members~~ Repo Brokers

At the request of the Corporation, each ~~Inter-Dealer Broker Netting Member~~ **Repo Broker** shall submit to the Corporation, data on all of its trades in Eligible Netting Securities, including trades done with Non-Members. Such request may include such data as is necessary to indicate, by reference number, a buy side that matches in par amount, and is bound to, one or more sell sides, and vice versa. Moreover, for every trade done by ~~an Inter-Dealer Broker Netting Member~~ **a Repo Broker** involving an Eligible Netting Security, including trades done with Non-Members, the identity of each buy side and sell side counterparty shall be disclosed to the Corporation, in the form and manner prescribed by the Corporation for such disclosure. The requirements of this paragraph shall not apply to Repo Transactions.

If ~~an Inter-Dealer Broker Netting Member~~ **a Repo Broker** fails to comply with the requirements of this Section, the Corporation, in its sole discretion, may treat such Member for purposes of these Rules as if it were a Dealer Netting Member, upon providing notice of such to the Member.

Notwithstanding anything to the contrary elsewhere in these Rules, including Rule 1, trades by ~~an Inter-Dealer Broker Netting Member~~ **a Repo Broker, acting as a broker,** with a Non-Member that clears all of its trades in Eligible Netting Securities through one or more Netting Members (excluding Netting Members that are ~~Inter-Dealer Brokers~~ **Repo Brokers**), each of which in turn submits all of such trades of the ~~Inter-Dealer Broker with the Non-Member~~ **Repo Broker** to the Corporation for netting and settlement through the Netting System, shall be treated by the Corporation for purposes of determining the status of the ~~Inter-Dealer Broker Netting Member~~ **Repo Broker** as if they were trades with a Netting Member.

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RULE 17 - NETTING AND SETTLEMENT OF NETTING-ELIGIBLE AUCTION PURCHASES

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Section 3 - Redeliveries of Auction Purchases

Notwithstanding anything to the contrary elsewhere in these Rules, the Settlement Value of a Receive Obligation that reflects the initial redelivery by the Corporation of a Netting-Eligible Auction Purchase or Netting-Eligible Auction Purchases received from a Federal Reserve Bank ~~or Freddie Mac~~ to a Member in satisfaction of all or a part of a Net Long Position of Such Member shall be the greater of: (a) that Business Day's System Value for such Receive Obligation, or (b) the Average Auction Price for such Auction Purchase or Auction Purchases.

Section 4 - Exception to Obligation of the Corporation to Accept Delivery and Make Payment for Netting-Eligible Auction Purchases

The Corporation shall be obligated (through its appropriate agent bank in the case of Treasury Department auctions) to accept delivery of and make payment for any Netting-Eligible Auction Purchase that has been reported by the Corporation to a Netting Member, pursuant to Rule 6C, as if the Corporation had made the Auction Purchase. Notwithstanding this, if: (1) the Netting Member has a Net Long Position comprised in whole or part of Eligible Netting Securities with the same CUSIP Number as the Netting-Eligible Auction Purchase (hereinafter the "Residual Long Position"), (2) the Corporation has reasonable cause to believe, based on information it has received, that the Netting Member cannot or will not take delivery from the Corporation of such Residual Long Position and pay for it in accordance with these Rules, and (3) the Corporation has determined, from its analysis and prevailing market conditions that there is reasonable cause to believe that it would incur a loss upon liquidation of a Residual Long Position after application of the margin deposited by the Netting Member and the liquidation of the Netting Member's other Positions, then the Corporation shall have the right, prior to 8:30 a.m. (New York Time) on Issue Date, or later if approved by the Treasury Department ~~or Freddie Mac, as applicable,~~ to notify the Federal Reserve Bank from which such Auction Purchase was made ~~or Freddie Mac, as applicable,~~ that it will not accept delivery of, and make payment for, the Netting Member's Auction Purchase up to the amount of the Netting Member's Residual Long Position. ~~Notwithstanding the foregoing, the Corporation must make this notification to Freddie Mac as soon as it is practicable for it to do so.~~ If the Corporation exercises its right to refuse delivery under this Section, it shall promptly inform the affected Netting Member that it has done so.

The Corporation shall also not be required to accept delivery of and make payment for any Netting-Eligible Auction Purchase that has been reported by the Corporation to a Netting Member, pursuant to Rule 6C, if the security auctioned in a Treasury Department auction ~~or a Freddie Mac auction~~ that is the subject of the Netting-Eligible Auction Purchase is not issued.

As between the Corporation and the Netting Member, the Corporation's determinations under this Section shall be final.

Section 5 - Priority of Allocation of Auction Purchase Deliveries

The first priority of allocation of deliveries by the Corporation of Netting-Eligible Auction Purchases received from a Federal Reserve Bank, ~~and the first priority of allocation of deliveries by the Corporation of Netting-Eligible Auction Purchases received from Freddie Mac~~, shall be, on a CUSIP Number-by-CUSIP Number basis, to ensure that every Netting Member with a Net Long Position (including a Revised Net Long Position) comprised in whole or part of Netting-Eligible Auction Purchases receives from the Corporation an amount of Auction Purchases equal to the lesser of such Member's Net Long Position or the amount of its Auction Purchases.

The second priority of allocation of deliveries by the Corporation of Netting-Eligible Auction Purchases received from a Federal Reserve Bank, ~~and the second priority of allocation of deliveries by the Corporation of Netting-Eligible Auction Purchases received from Freddie Mac~~, shall be, on a CUSIP Number-by-CUSIP Number basis, to deliver such Auction Purchases, on an equal basis in \$50 million increments, to each Member with a Net Long Position that remains unfilled.

Section 6 – Responsibility for Netting-Eligible Auction Purchases

A Netting Member shall be responsible pursuant to the Rules for a Locked-In Trade submitted with respect to it by a Federal Reserve Bank ~~or Freddie Mac~~ even if the data contains errors or omissions, and the Netting Member shall be liable as principal to the Corporation for all Locked-In Trades reported to the Corporation by a Federal Reserve Bank ~~or Freddie Mac~~.

Section 7 – Freddie Mac Auctions

~~Notwithstanding anything to the contrary in these Rules, Rules 4 and 13 shall not apply to Freddie Mac in its capacity as Issuer of Eligible Freddie Mac Securities.~~

RULE 18 - SPECIAL PROVISIONS FOR REPO TRANSACTIONS

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Section 3 - Collateral Substitutions

With regard to any Repo Transaction that comprises a Net Settlement Position and carries with it a Right of Substitution, a substitution of the Eligible Netting Securities collateral that underlies the Repo Transaction shall be processed by the Corporation pursuant to the following procedures and requirements:

(a) A notification for a request for substitution that contains the required data items in the Schedule of Required and Accepted Data Submission Items for a Substitution, has been submitted to the Corporation by either: (i) the ~~two~~ Netting ~~Members~~ **Member who is the Repo Party** that submitted the data on the Repo Transaction, or (ii) by a Demand Trade Source or a Locked-In Trade Source approved by the Corporation to provide such data. ~~Notwithstanding the previous sentence, a substitution of the Eligible Netting Securities collateral that underlies~~

~~the Repo Transaction may be processed by the Corporation if it determines, in its sole discretion, that the Repo Party and Reverse Repo Party have provided sufficient evidence that they intended that a Right of Substitution exist.~~

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Section 4 - General Collateral, Forward-Starting Repos

In order for a submitted General Collateral Repo Transaction that is also a Forward-Starting Repo Transaction to be included in a Member's Net Settlement Position of the Repo Start Date, such member must inform the Corporation, in the form and manner as specified by the Corporation from time to time, and by the Close of Business on the Business Day prior to the Repo Start Date, of the Specific CUSIP Number(s) and par value(s) of the securities allocated to such transaction. If such Member does not so inform the Corporation of such information, the Corporation shall remove the General Collateral Repo Transaction from its books. **This paragraph does not apply to GCF Repo Transactions.**

Section 5 - Repo Transactions with Maturing Collateral

If a Repo Party has transferred Existing Securities Collateral that matures prior to the Scheduled Settlement Date for the ~~Close End~~ Leg of the Repo Transaction, such Member shall be obligated to substitute for such Existing Securities Collateral, by no later than the Close of Business on the Business Day prior to such maturity date, New Securities Collateral, in accordance with the terms of the transaction. Upon failure of such Member to timely make the required substitution, the Corporation shall remove the Repo Transaction from its books.

RULE 19 - SPECIAL PROVISIONS FOR BROKERED REPO TRANSACTIONS

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Section 2 - Responsibilities of ~~Inter-Dealer Broker Netting Members and Non-IDB~~ Repo Brokers

If ~~an Inter-Dealer Broker Netting Member or Non-IDB Repo Broker~~ **a Repo Broker** wishes to submit to the Corporation data on a ~~Repo Brokered~~ **Brokered Repo** Transaction, it must do so through a second participant account, which the Corporation will assign to it. With respect to a Non-IDB Repo Broker, this separate account shall be its Segregated Repo Account.

~~An Inter-Dealer Broker Netting Member or a Non-IDB Repo Broker~~ **A Repo Broker** may submit to the Corporation data on a Brokered Repo Transaction only upon written agreement, and compliance, with the following conditions: (a) the ~~Inter-Dealer Broker Netting Member's or Non-IDB~~ Repo Broker's establishment of a separate account, with a separate FedWire address, at a clearing bank that will be used exclusively for the settlement by the parties to the transaction of the Start Leg, and (b) the ~~Inter-Dealer Broker Netting Member's or Non-IDB~~ Repo Broker's granting of the necessary permissions to allow this account to be subject to review by the Corporation.

~~An Inter-Dealer Broker Netting Member or a Non-IDB Repo Broker~~ **A Repo Broker** that submits to the Corporation data on Brokered Repo Transactions shall be responsible for responding promptly and in good faith to notifications submitted by the Corporation and/or ~~non-Inter-Dealer Broker Netting Members~~ **Netting Member counterparties** to it of errors with such data, by modifying or canceling and replacing any incorrect data.

Section 3 - Responsibilities of ~~a Non-Inter-Dealer Broker Netting Member~~ **Netting Members** With Respect to Their Brokered Repo Transactions

A ~~non-Inter-Dealer Broker Netting Member~~ **Netting Member** whose counterparty is **a Repo Broker** must submit, or have submitted on its behalf, to the Corporation, or to either another Registered Clearing Agency or a Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, in a timely and accurate manner, data on all of its Brokered Repo Transactions. Notwithstanding anything to the contrary elsewhere in these Rules, if ~~a Non-Inter-Dealer Broker Netting Member~~ **the Netting Member** fails, without good cause as determined by the Corporation, to submit data on Brokered Repo Transaction to the Corporation on a timely or accurate basis, the Corporation may treat the Brokered Repo Transaction as compared based on the data submission received from ~~its counterparty Inter-Dealer Broker Netting Member or Non-IDB Repo Broker~~ **with respect to activity in its Segregated Repo Account, the Repo Broker's counterparty** for purposes of assessing all Clearing Fund deposit and Funds-Only Settlement Amount payment consequences of the Transaction, as well as the respective Receive Obligations(s) and/or Deliver Obligations(s) of the parties to the Transaction.

Section 4 - Calculation of Funds-Only Settlement Amounts for Repo Brokers

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Repo Brokers maintaining more than one Segregated Repo Account must aggregate Debit Forward Mark Adjustment Payments and Credit Forward Mark Adjustment Payments in those accounts for purposes of the Cap. The Corporation will retain the right to assess any and all Funds-Only Settlement amounts to the ~~Non-Inter-Dealer Broker~~ Netting Member counterparty **of the Repo Broker** in accordance with Section 3 above.

Section 5- Assumption of Blind Brokered Fails

With respect to a fail of the Start Leg of a Brokered Repo Transaction (notwithstanding Section 2(~~ky~~) of Rule 11) or **Close End** Leg of a Brokered Repo Transaction (notwithstanding Section 2(~~ky~~) of Rule 11), the Corporation may, in its sole discretion in order to facilitate the settlement of such Leg, assume responsibility for such fail from the Repo Broker whether or not the Transaction has been compared. If the Corporation assumes responsibility for such Transaction, it shall become part of the counterparty's Fail Deliver Obligation or Fail Receive Obligation as the case may be.

RULE 20 - SPECIAL PROVISIONS FOR GCF REPO TRANSACTIONS

Section 1 - General

The netting and settlement obligations of the Corporation and each Netting Member regarding GCF Repo Transactions are subject to the special provisions of this Rule, and such provisions supersede any conflicting provisions of any other Rule. Registered Investment Company Netting Members shall not be permitted to participate in the Corporation's GCF Repo Service.

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Section 3 - Collateral Allocation and Cash Obligations Associated with Collateral Allocation Entitlements

On each Business Day, the Corporation shall establish collateral allocation requirements for each of a Netting Member's GCF Net Funds Borrower Positions and GCF Net Funds Lender Positions such that: (a) for every GCF Net Funds Borrower Position, the Netting Member shall have a Collateral Allocation Obligation equal to such Position, and (b) for every GCF Net Funds Lender Position, the Netting Member shall have a Collateral Allocation Entitlement equal to such Position. **Every Collateral Allocation Entitlement and Collateral Allocation Obligation that is established by the Corporation on a particular Business Day shall be netted on the next Business Day with such day's Collateral Allocation Entitlement and/or Collateral Allocation Obligation, within a timeframe for such established by the Corporation (referred to as net-of-net settlement).** Collateral Allocation Obligations and cash obligations associated with Collateral Allocation Entitlements must be satisfied by a Netting Member within the timeframes established for such by the Corporation in the Schedule of GCF Repo Timeframes.

If a Netting Member does not satisfy its consequent Collateral Allocation Obligation by the applicable deadline for such allocation as set forth in the Schedule of GCF Repo Timeframes, such Netting Member shall be subject to a late fee. In addition, the Corporation shall process Collateral Allocation Obligations that are submitted after the applicable deadline on a good faith basis only. If the Netting Member does not satisfy its consequent Collateral Allocation Obligation, such Netting Member shall be deemed to have failed on such Position, the consequence of which shall be that the Member shall not be entitled to receive the funds borrowed, but shall owe interest on such funds amount. If a Net Funds Payor does not satisfy its cash obligations by the applicable deadline set forth in the Schedule of GCF Repo Timeframes, such Net Funds Payor shall be subject to a late fee. If the Net Funds Payor does not satisfy its cash obligation by the close of the Fedwire Funds Service, it shall be subject to an additional late fee and shall be required to satisfy any outstanding cash obligation promptly upon the opening of the Fedwire Funds Service the next Business Day. Failure to do so may result in disciplinary action, including termination of membership.

A Netting Member that has, on a particular Business Day, a Collateral Allocation Obligation, may satisfy such Obligation by posting with the Corporation, pursuant to these Rules: (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes, or bonds maturing in a time frame no greater than that of the securities that have been

traded (except where such traded securities are U.S. Treasury bills, such Obligations must be satisfied with the posting of Comparable Securities and/or cash only), and/or (iv) cash.

If on any Business Day, at the time set forth in the Schedule of GCF Repo Timeframes, a Netting Member's Collateral Allocation Obligation from the previous Business Day is greater than the value of the securities and cash delivered by such Netting Member to satisfy such Collateral Allocation Obligation, then such Netting Member shall deliver to the Corporation additional (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such Collateral Allocation Obligations must be satisfied with the posting of Comparable Securities and/or cash only) and/or (iv) cash such that the total value of the securities and cash delivered by such Netting Member to satisfy such Collateral Allocation Obligation is greater than or equal to such Collateral Allocation Obligation. Such additional securities and/or cash must be delivered to the Corporation within the timeframe set forth in the Schedule of GCF Repo Timeframes.

If a Net Funds Payor who is otherwise in good standing with the Corporation does not satisfy its cash obligation or only satisfies a portion of its cash obligation within the timeframe established for such by the Corporation in the Schedule of GCF Repo Timeframes, the Corporation shall proceed as follows:

- (i) The Corporation shall first consider whether the GCF Clearing Agent Bank of the Net Funds Payor who failed to satisfy its cash obligation will provide overnight financing and/or whether the Corporation shall use an end-of-day borrowing of Clearing Fund cash in an amount up to the lesser of \$1 billion or 20 percent (20%) of available Clearing Fund Cash ("EOD Clearing Fund Cash"). The Corporation shall not set a priority between the use of EOD Clearing Fund Cash and uncommitted financing from the GCF Clearing Agent Bank. Any cash from these resources shall be applied to the unsettled cash entitlements of the Net Funds Receivers on a pro rata basis. The pro-rata will be based upon the percentage of each Net Fund Receiver's unsettled obligation versus the total amount of all unsettled cash obligations.
- (ii) If an unsettled cash obligation still remains, Net Funds Receivers with unsettled positions at the GCF Clearing Agent Bank of the Net Funds Payor who did not fulfill its cash obligation shall be required to enter into overnight reverse repurchase agreements under the GCF Repo Allocation Waterfall MRA as described in Section 3b of this Rule. The amount of such reverse repurchase agreement shall be at the remaining unsettled amount per Net Funds Receiver.

The associated overnight interest of the reverse repurchase agreements will be debited from the Net Funds Payor and credited to the applicable Net Funds Receivers in the Funds-Only Settlement process as a Miscellaneous Adjustment Amount. Any resulting costs incurred by the Corporation and/or the Net Funds Receivers from the implementation of any actions pursuant to clause (i) or (ii) above would be debited from the Net Funds Payor whose shortfall caused the liquidity need. The Net Funds Receivers requesting compensation in this regard would be required to provide proof of commercially reasonable expenses and would need to submit a formal claim to the Corporation. Upon approval by the Corporation, the Net Funds Receiver

would receive a credit that would be processed in the Funds-Only Settlement process as a Miscellaneous Adjustment Amount. The debit for the Net Funds Payor would be processed in the same way.

Unless the Corporation has restricted the Member's access to services pursuant to Rule 21 or Rule 21A or has ceased to act for the Member pursuant to Rule 21 or Rule 21A, the Net Funds Payor shall be permitted to continue to submit activity to the Corporation.

~~A Netting Member that has, on a particular Business Day, a Collateral Allocation Obligation, may satisfy such Obligation by posting with the Corporation, pursuant to these Rules: (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes, or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such Obligations must be satisfied with the posting of Comparable Securities and/or cash only), and/or (iv) cash.~~

~~Every Collateral Allocation Entitlement and Collateral Allocation Obligation that is established by the Corporation on a particular Business Day shall be netted on the next Business Day with such day's Collateral Allocation Entitlement and/or Collateral Allocation Obligation, within a time frame for such established by the Corporation (referred to as net of net settlement).~~

~~On any Business Day (within the timeframes established by the Corporation by notice to all Members), a Netting Member that posted with the Corporation securities in satisfaction of its Collateral Allocation Obligation on the previous Business Day may substitute for any securities so delivered on such day cash, or (i) Comparable Securities, (ii) Other Acceptable Securities, or (iii) U.S. Treasury bills, notes or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, substitution may be with Comparable Securities and/or cash). All requests for substitutions must be made by the substitution deadline established by the Corporation and announced to Members by Important Notice from time to time.~~

A Netting Member that had a Collateral Allocation Entitlement may not withdraw the securities or cash collateral that it receives from its account at the GCF Clearing Agent Bank and shall have the obligation to settle the new net settlement amount on the next Business Day and the right to receive back from the Corporation the net funds amount that it paid on the previous Business Day. The Corporation shall charge such Netting Member for any actual damages directly suffered by the other Netting Member as a result of not receiving back the same securities, and shall remit any amounts received to the other Netting Member. Such damages must be sufficiently demonstrated to the satisfaction of the Corporation and may not include special, consequential or punitive damages. A Netting Member that had a Collateral Allocation Obligation shall have the obligation to settle the new settlement amount on the next Business Day and the right to receive back from the Corporation the net securities or cash collateral that it posted on the previous Business Day. Notwithstanding the foregoing, if the Netting Member is not able, due to reasons beyond its control and despite exercising best efforts, to return any collateral due back to the Corporation, the Netting Member may return: (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes, or bonds maturing in a time frame no greater than that

of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such Obligations must be satisfied with the posting of Comparable Securities and/or cash only), and/or (iv) cash.

Notwithstanding the paragraphs immediately above in this Section 3 of Rule 20, Treasury floating rate notes may not be used to satisfy Collateral Allocation Obligations or substitutions with respect to Treasury Inflation-Protected Securities, Separate Trading of Registered Interest and Principal Securities, or fixed-rate mortgage-backed securities issued by Fannie Mae, Freddie Mac or Ginnie Mae.

~~If an Interbank Pledging Member owes a Prorated Interbank Cash Amount to the Corporation on a particular Business Day at a time established by the Corporation, the Interbank Pledging Member, as security for any and all obligations and liabilities of such Interbank Pledging Member in respect of such Member's Prorated Interbank Cash Amount, hereby grants to the Corporation a perfected security interest in all NFE Related Collateral, subject to no lien created by or through the Interbank Pledging Member except any such lien in favor of the GCF Clearing Agent Bank maintaining any NFE Related Account. Each Member hereby authorizes each GCF Clearing Agent Bank with which any NFE Related Collateral is maintained to agree to act on entitlement orders or other instructions of the Corporation or its designee with respect to such NFE Related Collateral and to monitor such property and its value on behalf of the Corporation pursuant to such arrangements as the Corporation deems advisable.~~

~~The Corporation shall be entitled to its rights as a pledgee under common law and as a secured party under Article 9 of the New York Uniform Commercial Code with respect to the NFE Related Collateral. The Corporation shall be entitled to create a security interest in the NFE Related Collateral in favor of a GCF Clearing Agent Bank as security for the Interbank Cash Amount Debit. In addition, the Corporation shall be entitled to (x) engage the services of the bank or other financial institution at which any NFE Related Account is maintained to (A) manage, monitor and liquidate any NFE Related Collateral on behalf of the Corporation and (B) obtain from such bank or other financial institution a liquidity facility or other financing arrangement pursuant to which the Corporation can incur indebtedness for the purpose of satisfying the Interbank Cash Amount Debit and (y) create a security interest in any such NFE Related Collateral in favor of such bank as security for any facility or financing arrangement referred to in the foregoing subclause.~~

Notwithstanding anything to the contrary in these Rules, on any particular Business Day, the Corporation, in its sole discretion, may increase the amount of a Netting Member's Collateral Allocation Obligation by as much as ten percent of such Obligation.

For purposes of this Rule 20, the reference to "U.S. Treasury bills, notes or bonds" shall not include Treasury floating rate notes, Treasury Inflation-Protected Securities or Separate Trading of Registered Interest and Principal Securities.

Section 3a – ~~GCF Repo Event~~ [RESERVED]

~~(a) — Corporation shall declare a GCF Repo Event if either of the following occurs: (i) the GCF interbank funds amount exceeds five times the average interbank funds amount over the previous ninety days for three consecutive days; or (ii) the GCF interbank funds amount exceeds fifty percent of the amount of GCF Repo collateral pledged for three consecutive days. The Corporation may declare a GCF Repo Event under any other circumstances where the Corporation believes, in its sole discretion, that it would be prudent to monitor GCF Repo activity against the GCF Repo Event Parameter and/or impose the GCF Repo Event Clearing Fund Premium and the GCF Repo Event Carry Charge. The Corporation shall inform GCF Repo Counterparties of the declaration of the GCF Repo Event via Important Notice and shall also inform the SEC.~~

~~(b) — Upon declaration of a GCF Repo Event by the Corporation, a GCF Repo Counterparty shall be subject, on a daily basis, to a GCF Repo Event Clearing Fund Premium and a GCF Repo Event Carry Charge, unless the Corporation determines that such measures are not necessary to decrease GCF Repo activity levels or to protect the Corporation and its Members.~~

* * *

Section 4 - Right of Substitution

~~A Netting Member that has, on a particular Business Day, a Collateral Allocation Obligation, may satisfy such Obligation by posting with the Corporation, pursuant to these Rules: (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes, or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such Obligations may be satisfied with the posting of Comparable Securities and/or cash only), and/or (iv) cash, regardless of the type of collateral that it had previously posted in connection with such Obligation.~~

On any Business Day (within the timeframes established by the Corporation by notice to all Members), a Netting Member that posted with the Corporation securities in satisfaction of its Collateral Allocation Obligation on the previous Business Day may substitute for any securities so delivered on such day cash, or (i) Comparable Securities, (ii) Other Acceptable Securities, or (iii) U.S. Treasury bills, notes or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, substitution may be with Comparable Securities and/or cash). All requests for substitutions must be made by the substitution deadline established by the Corporation and announced to Members by Important Notice from time to time.

On any Business Day (within the timeframes established by the Corporation by notice to all Members), a Netting Member that posted with the Corporation cash in satisfaction of its Collateral Allocation Obligation on the previous Business Day may substitute for any securities so delivered on such day (i) U.S. Treasury bills, notes or bonds maturing in a time

frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, substitution may be with Comparable Securities), (ii) Comparable Securities, or (iii) Other Acceptable Securities. All requests for substitutions must be made by the substitution deadline established by the Corporation and announced to Members by Important Notice from time to time.

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Section 5 - Netting Novation

GCF Net Settlement Positions and resultant Collateral Allocation Entitlements and Collateral Allocation Obligations, either as originally established by the Corporation or as may be adjusted by the Corporation as the result of a modification of data made pursuant to these Rules, shall be fixed at the time the Report of such Positions, Entitlements, and Obligations is made available by the Corporation to a Netting Member. At that time, all deliver, receive, and related payment and collateral allocation obligations between such Netting Member and the Corporation that were created by the GCF Repo Transactions, novated by the Corporation pursuant to Section 8 of Rule 5, and that comprise a GCF Net Settlement Position or Positions are terminated and replaced by the Collateral Allocation Entitlements and Collateral Allocation Obligations and related payment obligations for such Members that are listed in the Report.

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~~Section 7 - Establishment and Maintenance of GCF Securities Accounts.~~

~~Each GCF Securities Account which the Corporation establishes in the name of a GCF Clearing Agent Bank shall be a "securities account" for purposes of Section 8-501 of the NYUCC. Any security that the Corporation credits to a GCF Securities Account shall be a "financial asset" as defined in Section 8-102(a)(9) of the NYUCC. The Corporation shall be a Securities Intermediary with respect to each GCF Securities Account. The GCF Clearing Agent Bank for which a GCF Securities Account is established shall be the Entitlement Holder with respect to the securities in such GCF Securities Account, and any credit of securities to a GCF Securities Account in the name of a Clearing Agent Bank, as agent for customers, shall create in favor of such Clearing Agent Bank a Security Entitlement with respect to such Securities; however, no security Entitlement in any securities shall exist in favor of any Clearing Agent Bank until the Corporation has credited such securities to such Clearing Agent Bank's GCF Securities Account on the Corporation's books and records.~~

~~Each GCF Securities Account shall be used exclusively to hold Eligible Netting Securities in connection with the netting and settlement of GCF Repo Transactions. GCF Securities Accounts may not contain cash.~~

~~Securities that the Corporation credits to a GCF Securities Account shall be held in a GCF Collateral Excess Account.~~

~~The Corporation may utilize one or more GCF Custodian Banks to serve as its agent to create and maintain the Corporation's books and records with respect to a GCF Securities~~

~~Account, to deliver records with respect to the GCF Securities Account to the Entitlement Holder, and to otherwise act as its agent with respect to the GCF Securities Account.~~

~~The Corporation's duties and obligations with respect to a GCF Securities Account shall be subject to the Securities Account Agreement entered into between the Corporation and the Entitlement Holder.~~

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RULE 22B – CORPORATION DEFAULT

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(b) Notwithstanding anything to the contrary in the Rules, the following events shall constitute a Corporation Default:

(i) Failure by the Corporation to make, when due, any undisputed payment or delivery to a Member required to be made by it under these Rules and such failure is not remedied within 7 days after notice of such failure is given to the Corporation by the affected Member; *provided* that this clause (i) shall not apply to (A) obligations of the Corporation to Wind-Down Members, Defaulting Members or Members for whom the Corporation has otherwise ceased to act pursuant to Rule 22A; (B) any payment or delivery which the Corporation satisfies by alternate means as provided in these Rules; or (C) any obligation of the Corporation that is not a payment or delivery obligation of the Government Securities Division to a Member under these Rules; or

(ii) The Corporation (A) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (B) institutes a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or presents a petition for its winding-up or liquidation or makes a general assignment for the benefit of creditors; (C) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and, in each case, such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or (D) seeks or becomes subject to the appointment of a receiver, trustee or other similar official pursuant to the federal securities laws or Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act for it or for all or substantially all its assets.

RULE 22C – INTERPRETATION IN RELATION TO THE FEDERAL DEPOSIT INSURANCE CORPORATION ACT OF 1991

The Corporation and the Netting Members intend that these Rules be interpreted in relation to certain terms (identified below) that are defined in the Federal Deposit Insurance Corporation Act of 1991 (~~“FDICIA”~~), as amended, as follows:

The Government Securities Division of the Corporation is a “clearing organization”;

Any obligation of a Netting Member or the Corporation to make any payments to the other is a “covered clearing obligation” and a “covered contractual payment obligation”;

An entitlement of a Netting Member or the Corporation to receive a payment from the other is a “covered contractual payment entitlement”;

The Corporation and each Member is a “member” of the “clearing organization”;

The amount by which the covered contractual payment entitlements of a Netting Member or the Corporation exceed the covered contractual payment obligations of such Member or the Corporation after netting pursuant to Rule 22A or this Rule 22C is its “net entitlement”;

The amount by which the covered contractual payment obligations of a Netting Member or the Corporation exceed the covered contractual payment entitlements of such Member or the Corporation after netting ~~under a netting~~ pursuant to Rule 22A or this Rule 22C is its “net obligation”; and

* * *

RULE 29 – RELEASE OF CLEARING DATA

* * *

(f) Notwithstanding anything to the contrary in this Rule, the Corporation may release Clearing Data to ~~The Bond Market Association~~ the Securities Industry and Financial Market Association in connection with its collection fees on behalf of ~~the~~ Securities Industry and Financial Markets Association pursuant to Rule 26, provided that the Corporation: (1) provides Clearing Data only to the extent necessary to facilitate the collection of fees on behalf of ~~the~~ Securities Industry and Financial Markets Association, and (2) obtains, in a form and manner required by the Corporation, the agreement of ~~the~~ Securities Industry and Financial Markets Association to maintain the confidentiality of any Clearing Data provided by the Corporation to it.

* * *

RULE 35 - FINANCIAL REPORTS

As soon as practicable after the end of each calendar year, the Corporation shall provide to Members financial statements of the Corporation audited and covered by a report prepared by independent public accountants for such calendar year. The Corporation shall undertake to provide such financial statements and report to Members within 60 days following the close of the Corporation's fiscal year.

* * *

RULE 44 – ACTION BY THE CORPORATION

Where action by the Board of Directors is required by these Rules, the Corporation may act, to the full extent permitted by law, by the Chairman of the Board, the President or any of Managing Director or ~~Vice President~~**Executive Director** or by such other Person or Persons, whether or not employed by the Corporation as may be designated by the Board of Directors from time to time.

* * *

RULE 49 – DTCC SHAREHOLDERS AGREEMENT

Section 1 – Certain Definitions

For purposes of this Rule 49:

“DTCC” means The Depository Trust & Clearing Corporation, the holder of all of the capital stock of the Corporation.

“Shareholders Agreement” means the Shareholders Agreement of DTCC, dated as of November 4, 1999, as ~~heretofore~~ **heretofore** or hereafter amended and restated.

* * *

SCHEDULE OF TIMEFRAMES

(all times are New York City times)

8:00 p.m. – Deadline for final input by members to FICC of trade data.

10:30 p.m. to 2:00 a.m. – Time during which FICC's comparison, netting, settlement and margining output is made available to Members.

~~**8:30 a.m.** – The securities Fedwire opens, and securities settlements begin.~~

9:15 a.m. – Netting-eligible auction purchases are received by FICC from the Federal Reserve Banks and are immediately redelivered to members in a long position.

9:30 a.m.* – Deadline for satisfaction of a Clearing Fund deficiency call.

10:00 a.m. – Funds-only settlement debits and credits are executed via the Federal Reserve's National Settlement Service

11:00 a.m. – Deadline for submission of repo collateral substitution notifications, after which a late fee will be imposed. Such notification is not deemed to be submitted until it is received by FICC.

12:00 p.m. – Netting Member deadline to either (1) initiate request to receive back excess cash or collateral from the A.M. Clearing Fund call, or (2) initiate request to substitute currently held Clearing Fund securities.

12:00 p.m. – All open positions and obligations will be recorded at this time and used in the computation of intraday Clearing Fund requirements **and intraday** funds-only settlement.

12:00 p.m.** – First deadline for submission of information regarding New Securities Collateral, after which a late fee will be imposed. Such information is not deemed to be submitted until it is received by FICC.

12:30 p.m.** – Second deadline for submission of information regarding New Securities Collateral, after which such submissions will be processed by FICC on a good faith basis only and a late fee imposed. Such information is not deemed to be submitted until it is received by FICC.

1:00 p.m.** – Final deadline for submission of information regarding New Securities Collateral, after which the Netting Member must resubmit its information for processing by FICC during the following business day. Such information is not deemed to be submitted until it is received by FICC.

2:00 p.m. – Time during which reports will be made available with respect to the intraday Clearing Fund requirements **and intraday** funds-only settlement.

2:15 p.m. – Netting Member deadline to initiate request in the Clearing Fund Management system (CFM) to receive back excess Clearing Fund cash or collateral from intraday call.

2:45 p.m.* – Deadline for satisfaction of a Clearing Fund deficiency call (P.M. Clearing Fund call).

* This deadline may be extended by FICC on days on which there are operational or systems difficulties that would reasonably prevent members from satisfying the deadline.

** This deadline ~~will~~ may be extended by FICC by one (1) hour on days ~~that: (i) FICC determines are high volume days, or (ii) The Securities Industry and Financial Markets Association announces in advance will be high volume days~~ on which there are operational or systems difficulties that would reasonably prevent members from satisfying the deadline.

~~3:00 p.m. (subject to extension) — FICC closes for Fedwire transfer originations and no further securities movements for that business day will occur, with exception of reversals, which may occur until 3:30 p.m.~~

3:15 p.m. – ~~Intra-day~~ Intraday funds-only settlement debits and credits are executed via the Federal Reserve’s National Settlement Service for Netting Members.

4:00 p.m. – Brokered Repo Transactions submitted prior to 4:00 p.m. will be processed as Demand Trades. After 4:00 p.m. such ~~T~~trades will be processed for Bilateral Comparison.

4:30 p.m. – Deadline for submission of DK Notices by Repo Parties to Brokered Repo Transactions submitted on a Demand basis prior to 4:00 p.m.

* * *

SCHEDULE OF GCF REPO TIMEFRAMES

(all times are New York City times)

* * *

7:00 a.m. FICC begins to accept from GCF-Authorized Inter-Dealer Brokers (~~“brokers”~~) data on GCF Repo Transactions – ~~Brokers~~ GCF-Authorized Inter-Dealer Brokers must submit data on a GCF Repo Transaction that they are a party to within five minutes of executions of such transaction.

~~7:30 a.m.~~

~~2:30 p.m. Collateral that was lent interbank is returned to the FICC account at the clearing bank of the lender of securities collateral to facilitate substitutions in the event of a request by such lender.~~

* * *

3:00 p.m. Cutoff for GCF Repo Transaction data submission from ~~brokers~~ GCF-Authorized Inter-Dealer Brokers to FICC including dealer trade affirmation or disaffirmation – all unaffirmed trades automatically affirmed by FICC.

* * *

SCHEDULE OF REQUIRED DATA SUBMISSION ITEMS

In addition to the data items listed in the Schedule of Required Match Data, the following data items are required, as indicated below, to be submitted by Members when they submit trade data to the Corporation:

- (1) Broker reference number - the reference number used by ~~an Inter-Dealer Broker Member~~ **a Repo Broker** submitting data to uniquely identify the matching short and long sides of a ~~Brokered~~ **Transaction**

* * *

SCHEDULE OF REQUIRED AND ACCEPTED DATA SUBMISSION ITEMS FOR A SUBSTITUTION

In addition to the data items required in the Schedules of Required Match Data and Required Data Submission Items, the following data items are required to be received by the Corporation as regards a Repo Transaction in order for the Corporation to process a substitution:

- (1) the Specific ~~Existing Securities Collateral~~ CUSIP Number **for the Existing Securities Collateral;**
- (2) the par amount;
- (3) the principal value;
- (4) ~~Start date for Repo~~ **Scheduled Settlement Date for the Start Leg of the Transaction** and Contract Repo Rate;
- (5) ~~For~~ **Brokered** Repo Transactions, the reverse repo rate; and
- (6) ~~Counterparty to the transaction~~ **Transaction.**

* * *

SCHEDULE OF REQUIRED AND ACCEPTED DATA SUBMISSION ITEMS FOR NEW SECURITIES COLLATERAL

In addition to the data items required in the Schedules of Required Match Data and Required Data Submission Items, the following data items are required to be received by the Corporation as regards a Repo Transaction in order for it to process a substitution:

- (1) the Specific ~~Existing Securities Collateral~~ CUSIP Number for the New Securities Collateral;
- (2) the par amount;
- (3) the principal value;
- (4) ~~Start date for Repo~~ Scheduled Settlement Date for the Start Leg of the Transaction and Contract Repo Rate;
- (5) ~~F~~for Brokered Repo Transactions, the reverse repo rate; and
- (6) ~~C~~counterparty to the ~~transaction~~ Transaction.

* * *

SCHEDULE OF REQUIRED AND OTHER DATA SUBMISSION ITEMS FOR GCF REPO TRANSACTIONS

The following data items are required to be received by the Corporation from a GCF-Authorized Inter-Dealer Broker as regards a GCF Repo Transaction in order for such Transaction to be compared by the Corporation:

Trade Reference Number – The GCF-Authorized Inter-Dealer Broker’s unique reference number for the GCF Repo Transaction.

End Date - The settlement date for the ~~Close~~ End Leg.

Start Money – The Start Leg settlement amount.

Repo Rate – The underlying interest rate.

Broker’s Reverse Participant ID – Participant number of the GCF Counterparty from whom the Broker is reversing in securities.

Broker’s Repo Participant ID – Participant number of the GCF Counterparty to whom the Broker is repoing out securities.

CUSIP – The nine digit Generic CUSIP Number.

The following fields will be automatically populated by the Corporation with default data, which may be overridden by the GCF-Authorized Inter-Dealer Broker as required:

Trade Date – The current date will automatically populate this field.

Start Date – The current date will automatically populate this field.

Role – Reserved for future use.

Transaction – Reserved for future use.

The following fields will be automatically calculated and/or populated by the Corporation, and cannot be overridden by the GCF-Authorized Inter-Dealer Broker:

~~GSCC~~ GSD TID – The Corporation’s unique transaction identifier, automatically assigned to a new GCF Repo Transaction by the Corporation.

* * *

SCHEDULE OF MONEY TOLERANCES

~~Effective January 17, 2003~~

The following Money Tolerances have been established by the Corporation:

* * *

FEE STRUCTURE*

~~(effective December 2, 2019)~~

* * *

I. TRANSACTION FEES

* * *

G. Locked-In Trade Data

Data received by the Corporation on a locked-in basis from a Locked-~~i~~In Trade Source related to a side of a buy/sell transaction entered into by a Member, or entered into by a Non-Member that the Member is clearing for, shall result in the charges established by the “Transaction Processing” fees in Section I.A. above. These fees are for the processing and reporting of ~~i~~Locked-~~i~~In ~~t~~Trade data by the Corporation to the Member. This charge shall not apply to GCF Repo Transactions or CCIT Transactions.

The charge to the ~~non-Inter-Dealer Broker Member~~ GCF Counterparty to the GCF-Authorized Inter-Dealer Broker for the processing and reporting by the Corporation of a GCF Repo[®] Transaction or a CCIT Transaction entered into by the Member, or entered into by a Non-

* Fees stated to apply to CCIT Members shall be applied at the Joint Account level for CCIT Members participating through a Joint Account.

Member that the Member is clearing for, is a onetime recording fee of \$0.07 per million gross dollar amount of such GCF Repo Transaction or CCIT Transaction (with a minimum charge of \$2.50). The charge to the GCF-Authorized Inter-Dealer Broker-~~Member~~ for the processing and reporting by the Corporation of a GCF Repo[®] Transaction is a onetime recording fee of \$0.025 per million gross dollar amount of such GCF Repo[®] Transaction (with a minimum charge of \$1.25).

* * *

IV. OTHER CHARGES (in addition to the transaction fee)

A. Financing Charges^{□/***}

1. No charges for ~~Inter-Dealer Broker Netting Members~~ Repo Brokers acting in a Broker capacity.

* * *

B. Clearance Charges

1. No charges for ~~Inter-Dealer Broker Netting Members~~ Repo Brokers acting in a Broker capacity.

2. For each other Netting Member, a standard charge of \$0.25 per deliver and receive obligation on Scheduled Settlement Date.

3. Notwithstanding anything to the contrary above, the Corporation may pay for directly, or reimburse, the clearance costs incurred by a Repo Broker for Repo Transactions related to the settlement of a Start Leg outside of the Netting System, up to a dollar amount deemed reasonable by the Corporation.

4. The Corporation will pass-through to Netting Members the following clearing banks' fees and charges that are incurred by the Corporation for the services that the Corporation performs in connection with such Members' activity.

- (a) Actual fees charged by The Bank of New York Mellon ("BNY") ~~and J.P. Morgan Chase ("JPM"), as applicable,~~ for the settlement of each Deliver Obligation and each Receive Obligation.
- (b) Actual fees charged by the Fedwire[®] Securities Service fees for the settlement of treasury securities and agency securities, as applicable.
- (c) BNY fee on each GCF Repo Service Deliver Obligation that FICC creates from its BNY account, ~~inclusive of inter bank.~~

^{□/***} Financing costs include the costs of both carrying positions overnight and borrowing to cover ~~Inter-Dealer Broker Netting Member~~ Repo Broker (acting in a Broker capacity) mark and TAP payments.

When this fee is assessed on FICC's GCF Repo Service Deliver Obligations that are created versus Netting Members, this fee will be allocated to Dealer Accounts at BNY ~~and to Dealer Accounts at JPM~~, as follows:

(i) ~~For Dealer Accounts at BNY, a~~ pass-through fee is calculated as 1bp per annum on a dollar amount of such Netting Member's GCF Repo Service Receive Obligation from FICC in each Generic CUSIP Number.

~~(ii) For Dealer Accounts at JPM, a pass through charge is calculated as 1bp per annum on a prorated dollar amount of FICC's interbank GCF Repo Deliver Obligation from BNY to JPM in each Generic CUSIP Number. The proration is calculated as follows:~~

~~(Dollar amount of such Netting Member's GCF Repo Receive Obligation in a given Generic CUSIP Number at JPM)~~

~~(Aggregate dollar amount of all GCF Repo Receive Obligations in a given Generic CUSIP Number for all Netting Members at JPM)~~

When this fee is assessed on FICC's GCF Repo Service Deliver Obligations at BNY that are created versus a CCIT Member at BNY, the fee is calculated as 1bp per annum on a dollar amount of the underlying CCIT Transactions and the fee will be passed through to the Dealer Account at BNY of the Netting Member that is the Repo Party to such CCIT Transactions.

~~(d) BNY fees for daylight over drafts for FICC's interbank GCF Repo Deliver Obligations.~~

~~This pass through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:~~

~~(Total dollar value of GCF Repo Deliver Obligations of such Dealer Account at BNY)~~

~~(Total dollar value of GCF Repo Deliver Obligations of all Dealer Accounts at BNY)~~

- (ed) BNY fees for daylight ~~over drafts~~ overdrafts on securities settlement obligations.

This pass-through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of Deliver and Receive Obligations
of each Netting Member at BNY)

(Total dollar value of Deliver and Receive Obligations
in all Dealer Accounts at BNY)

All fees and charges will be reflected on each Member's billing statement.

C. GCF Repo Transaction and CCIT Transaction Processing Fee

For a GCF Repo Transaction or a CCIT Transaction that has been compared and netted, but which has not yet settled, a fee calculated as follows:

- (1) (a) for Repo Brokers (~~as defined in subsection IV.D below~~) acting as GCF-Authorized-Inter-Dealer Brokers, a .0175 basis point charge (i.e., one and three quarter hundredths of a basis point) applied to the gross dollar amount of such GCF Repo Transaction; and
- (b) for all other Netting Members and CCIT Members, a .04 basis point charge (i.e., four hundredth of a basis point) applied to the gross dollar amount of such GCF Repo Transaction or CCIT Transaction;

and

- (2) ~~(a)~~ .08 basis point charge (i.e., 8 hundredths of a basis point) applied to the net dollar amount of a Netting Member's or CCIT Member's Collateral Allocation Entitlements and Collateral Allocation Obligations.

This fee will be applied each calendar day, but calculated on an annualized basis.

~~D.~~ Definition

~~For purposes of this Section IV, a "Repo Broker" includes (1) an Inter-Dealer Broker Netting Member, and (2) a division or other separate operating unit within a Dealer Netting Member that the Corporation has determined: (a) operates in the same manner as a Broker, and (b) has agreed to, and does, participate in the Repo netting service pursuant to the same requirements imposed on Inter-Dealer Broker Netting Members under these Rules that participate in that service.~~

* * *

VIII. DEFINITION

For purposes of this Fee Structure, a “side” of a buy/sell transaction, and a Start Leg or a ~~Close End~~ Leg of a Repo Transaction other than a GCF Repo Transaction or a CCIT Transaction, shall be limited to \$50 million increments. Thus, if the aggregate amount of a side of a buy/sell transaction, or of a Start Leg or ~~Close End~~ Leg of a Repo Transaction other than a GCF Repo Transaction or a CCIT Transaction, is greater than \$50 million, each \$50 million portion of that aggregate amount (including the final, residual portion if that is less than \$50 million) shall be considered as a separate “side” or Leg for purposes of this Fee Structure. A Term GCF Repo Transaction and a CCIT Transaction shall each be considered to have only one Start Leg and one ~~Close End~~ Leg during its term.

* * *

DESIGNATED LOCKED-IN TRADE SOURCES

Federal Reserve Banks, as fiscal agents of the United States

Freddie Mae

GCF-Authorized Inter-Dealer Brokers (for GCF Repo Transactions)

The Treasury Department

* * *

BOARD STATEMENTS OF POLICY

* * *

In accordance with its responsibilities under its rules, and consistent with the requirements of a clearing agency under the Act, the Board of Directors has approved the entering into of an agreement by the Corporation with other SEC-registered clearing agencies to share, for regulatory purposes, with such other SEC-registered clearing agencies financial and operational information relating to members that are also members of such other SEC-registered clearing agencies. The Board of Directors has also approved the filing of such agreement with the Securities and Exchange Commission. Such agreement is not intended to limit the ability under the Act of the Corporation, for regulatory purposes, to share data on its members whenever such is deemed necessary or appropriate. It is, however, a first step toward formalizing certain minimum levels of information sharing, with the intent to standardize such reporting.

March 1, 1990

INTERPRETIVE GUIDANCE WITH RESPECT TO WATCH LIST CONSEQUENCES

* * *

B. Other Consequences

Pursuant to Section 12(e) of Rule 3, if a Netting Member is on the Watch List, the Corporation may (1) suspend the Netting Member's right under the Rules to collect a Credit Forward Mark Adjustment Payment during all or a portion of the time period that the Netting Member is on the Watch List and/or (2) maintain possession of the securities and/or cash that comprise the Netting Member's Collateral Allocation Entitlement as the result of its GCF Repo Transaction activity. Nonetheless, the Corporation generally does not retain these credits and/or entitlements unless the Netting Member fails to pay the Required Fund Deposit within the required timeframes established by the Corporation, or if the Corporation has a concern that the Netting Member will not be able to satisfy its obligation to the Corporation.

~~August 23, 2017~~

* * *

INTERPRETIVE GUIDANCE WITH RESPECT TO SETTLEMENT FINALITY

* * *

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

RULE 1 – DEFINITIONS *

* * *

Clearing Members

The term “Clearing Member” means any entity admitted into membership pursuant to Rule 2A.

* * *

Close of Business

The term “Close of Business” means, with respect to a Business Day, 5:00 p.m. on such Business Day, unless otherwise determined by the Corporation as the result of delay in the close of FedWire.

* * *

EPN Rules

The term “EPN Rules” means the rules of the Corporation relating to the EPN Service, as amended from time to time.

EPN Service

The term “EPN Service” means the Corporation’s electronic pool notification service that enables Clearing Members and EPN Users to electronically communicate pool information to other EPN Users or the Corporation, as described in these Rules or the Corporation’s EPN Rules ~~and EPN procedures~~.

EPN User

The term “EPN User” shall have the meaning given to that term in the Corporation’s EPN Rules.

* * *

FedWire

The term “FedWire” means the Federal Reserve Wire Transfer System for securities movements or for funds-only movements, as the context requires.

* **All products and services provided by the Corporation referenced in these Rules are either registered trademarks or servicemarks of, or trademarks or servicemarks of, The Depository Trust & Clearing Corporation or its affiliates. Other names of companies, products or services appearing in these Rules are the trademarks or servicemarks of their respective owners.**

* * *

Ginnie Mae

The term “Ginnie Mae” means the Government National Mortgage Association.

* * *

~~RTTM Compare Report~~

~~The term “RTTM Compare Report” means the Report furnished by the Corporation as a result of real time trade matching processing, reflecting a Clearing Member’s Compared Trades in Eligible Securities.~~

~~RTTM Purchase and Sale Report~~

~~The term “RTTM Purchase and Sale Report” means the Report furnished by the Corporation to Clearing Members reflecting Clearing Members’ Compared Trades that are Specified Pool Trades.~~

* * *

Mortgage-Backed Securities Division or MBSD

The term “Mortgage-Backed Securities Division” or “MBSD” means the division of the Fixed Income Clearing Corporation that provides services related to mortgage-backed securities Transactions.

* * *

Officer of the Corporation

The term “Officer of the Corporation” means the Chairman of the Board, President, Managing Director, ~~Vice President~~Executive Director, Secretary, Assistant Secretary, Treasurer, or Assistant Treasurer of the Corporation.

* * *

~~The Securities Industry and Financial Markets Association~~

The term “~~The Securities Industry and Financial Markets Association~~” (“SIFMA”) means the Securities Industry and Financial Markets Association or any successor organization.

* * *

SIFMA Guidelines

The term “SIFMA Guidelines” means the guidelines for good delivery of Mortgage-Backed Securities as promulgated from time to time by ~~the~~the Securities Industry and

Financial Markets Association, available at <https://www.sifma.org/resources/general/tba-market-governance/> under “Uniform Practices Manual.”

* * *

RULE 3 – ONGOING MEMBERSHIP STANDARDS

* * *

Section 8 - Compliance with Rules, Procedures and Applicable Laws

(i) General

Subject to the provisions of Rule 33, “Suspension of Rules in Emergency Circumstances”, the use of the facilities of the Corporation by a Member shall constitute such Member’s agreement with the Corporation and with all other Members to be bound by the provisions of, and by any action taken or order issued by the Corporation pursuant to, these Rules and any amendment thereto, and to such procedures as the Corporation may adopt from time to time. In addition, in connection with its use of the Corporation’s services, a Member must comply with all applicable laws, including applicable laws relating to securities, taxation, and money laundering, as well as sanctions administered and enforced by the Office of Foreign Assets Control (“OFAC”).

(ii) OFAC

As part of their compliance with OFAC sanctions regulations, all Members agree not to conduct any transaction or activity through MBSD which it knows to violate sanctions administered and enforced by OFAC.

Members subject to the jurisdiction of the U.S., with the exception of ~~EPN Only Members~~ **EPN Users that are not Clearing Members**, are required to periodically confirm that the Member has implemented a risk-based program reasonably designed to comply with applicable OFAC sanctions regulations. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a fine.

* * *

RULE 3A - CASH SETTLEMENT BANK MEMBERS

(a) Each Clearing Member shall be required to appoint a Cash Settling Bank to perform the Member’s Cash Settlement obligations via the process set forth in Section **49** of Rule 11. A Member must at all times have a Cash Settling Bank validly appointed and acting on its behalf. The Member and the Cash Settling Bank shall execute an “Appointment of Cash Settling Bank and Cash Settling Bank Agreement”.

* * *

RULE 4 – CLEARING FUND AND LOSS ALLOCATION

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Section 3b - Special Provisions Relating to Deposits of Eligible Clearing Fund Securities

* * *

Upon appropriate notice to the Corporation, pursuant to procedures that the Corporation establishes for such purpose, and subject to reasonable time constraints imposed by the Corporation based on its operational and administrative capacities, a Clearing Member may substitute and/or withdraw Eligible Clearing Fund Securities from pledge and deposit, provided that the Clearing Member has, effective immediately prior to the withdrawal, taken appropriate action to maintain its Required Fund Deposit. Notwithstanding the above sentence, the Corporation may decline to permit a substitution or withdrawal on a given Business Day later than one hour prior to the close of the securities Fed~~W~~wire on such day. Any interest on Eligible Clearing Fund Securities deposited by a Clearing Member to secure a Clearing Fund open account indebtedness that is received by the Corporation shall be credited to the Clearing Member's cash deposits to the Clearing Fund, except in the event of a default by such Clearing Member on any obligations to the Corporation under these Rules, in which case the Corporation may exercise its rights under Section 6 of this Rule.

* * *

RULE 5 – TRADE COMPARISON

* * *

Section 5 - Procedure for Trade Comparison

The Corporation shall determine, in the following manner, whether the information submitted pursuant to this Rule compares.

(a) For Transactions in Eligible Securities in any CUSIP Number between Dealers, trade input shall be deemed to be compared if both parties to the Transaction have submitted trade input that matches as required by the Corporation's procedures.

(b) For Transactions in Eligible Securities in any CUSIP Number involving a Broker acting on behalf of two Dealers, trade input for any Transaction shall be deemed to be:

- (i) Fully Compared if the trade input submitted by the Broker matches the trade input submitted by each Dealer on whose behalf the Broker is acting; and

- (ii) Partially Compared if the trade input submitted by the Broker matches trade input submitted by one but not both of the Dealers on whose behalf the Broker is acting ~~(s)~~.

Section 6 – Match Modes

~~The following Net Position Match Mode shall govern the comparison of e~~Each Dealer's Transactions in Eligible Securities in a CUSIP ~~n~~Number involving a Broker: **shall be governed by the**

a) —Net Position Match Mode in which trade input that matches in all other respects will be compared only if the aggregate Par Amount for one or more Transactions in Eligible Securities reported to have been sold or purchased by the Dealer equals the aggregate Par Amount for one or more Transactions reported by the Broker.

Notwithstanding the foregoing, the Corporation will first attempt to compare each Transaction using the exact mode, in which trade input that matches in all other respects will be compared if the Par Amount of Eligible Securities reported to have been sold or purchased by the Dealer for a particular transaction is identical to the Par Amount for a particular transaction reported by the Broker and will apply the Net Position Match Mode only to the extent necessary to effect a comparison.

* * *

Section 8 – Binding Nature of Comparisons

Comparisons generated by the Corporation through the Trade Comparison system shall constitute the trade comparison for all trades in Eligible Securities for which Clearing Members have submitted data and which the Corporation has identified as Compared Trades. Each comparison generated by the Corporation as to any Compared Trade as reported by the Open Commitment Report, ~~RTTM Compare Report, the RTTM Purchase and Sale Report~~ and the Purchase and Sale Report ~~(to the extent information is not contained in the RTTM Purchase and Sale Report)~~ shall each constitute the confirmation of the Transaction information contained therein and shall evidence a valid, binding and enforceable Contract in respect of such Compared Trade. Any confirmations, comparison or other documentary evidence of any such Compared Trade, other than the comparison generated by the Corporation, shall not affect the existence or terms and conditions of such a valid, binding and enforceable Contract in respect of such Compared Trade and the Corporation shall be entitled to rely upon such Reports for all purposes under the Rules.

* * *

Section 13 – Novation

(a) Each SBO-Destined Trade, Specified Pool Trade, Stipulated Trade or Trade-for-Trade Transaction, as applicable, that meets the requirements of these Rules and was entered into in good faith shall be novated to the Corporation and the Corporation shall guarantee the settlement of the Guaranteed/Novated Obligations of each such ~~T~~trade at the time at which comparison of

such ~~T~~trades occurs pursuant to Section 11 of this Rule. Such Novation shall consist of the termination of the deliver, receive and related payment obligations between the Clearing Members with respect to the SBO-Destined Trade, Specified Pool Trade, Stipulated Trade or Trade-for-Trade Transaction, as applicable, and their replacement with the Guaranteed/Novation Obligations to and from the Corporation in accordance with these Rules.

* * *

RULE 9 – POOL SETTLEMENT WITH THE CORPORATION

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Section 2 - Designation of Clearing Banks

* * *

A Person must notify the Corporation, in such manner as the Corporation may prescribe, no later than ten Business Days prior to its becoming a Clearing Member, of the clearing bank or banks that it has designated to act on its behalf, pursuant to this Rule, in the delivery of Eligible Securities to the Corporation and in the receipt of Eligible Securities from the Corporation. Each Clearing Member must notify the Corporation of any change in such designation, no later than ten Business Days prior to the effective date of such change. Such designation is subject to the Corporation's determination, in its reasonable judgment, that such clearing bank (a) has and will maintain access to Fed~~W~~wire, (b) has and will maintain the operational capability to interact satisfactorily with the clearing banks that act on behalf of the Corporation, and (c) has agreed to act on behalf of such Clearing Member in accordance with this Rule.

* * *

Section 9 - Definition of "Good Cause"

As used in this Rule, "good cause" means a causal event or occurrence that the Corporation, in its sole discretion, determines to have been beyond the reasonable control of a Clearing Member; depending upon the specific circumstances, this may include an extended failure of Fed~~W~~wire or the inability of a clearing bank acting on behalf of a Clearing Member or the Corporation to gain access to Fed~~W~~wire.

* * *

RULE 11 – CASH SETTLEMENT

* * *

Section 7 - Computation of Cash Balance for Each Account

Each Business Day, the Corporation shall compute a Cash Balance for each applicable Account, which for Clearing Members shall be a net positive or negative amount equal to:

* * *

- (h) the positive or negative amount of any Principal and Interest payments required as a result of the clearance of Deliver and Receive Obligations which are not eligible for processing through Fed~~W~~wire (Fail Tracking/Interim Accounting) Securities Service Automated Claims Adjustment Process (ACAP); plus

* * *

RULE 12 – FAILS CHARGE

* * *

In the event that the Corporation is the failing party because (i) the Corporation received Eligible Securities issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae too near the close of Fed~~W~~wire for redelivery or for any other reason, (ii) the Corporation received a substitution of a Pool Deliver Obligation of Eligible Securities issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae too near the specified cut-off time in the SIFMA 48-Hour Rule for same day redelivery of securities or for any other reason or (iii) the Corporation received an allocation of a TBA Obligation of Eligible Securities issued or guaranteed by Fannie Mae, Freddie Mac, or Ginnie Mae and the Corporation is unable to deliver such obligations by the specified cut-off time in the SIFMA 48-Hour Rule to be eligible for the specified SIFMA Contractual Settlement Date, the fails charge will be distributed pro rata to the Clearing Members based upon usage of the Mortgage-Backed Securities Division's services.

* * *

RULE 17 – PROCEDURES FOR WHEN THE CORPORATION CEASES TO ACT

* * *

Section 2a~~r~~ – Capped Contingency Liquidity Facility

* * *

RULE 17A – CORPORATION DEFAULT

* * *

(c) Interpretation in Relation to the Federal Deposit Insurance Corporation Act of 1991:

The Corporation and the Clearing Members intend that these Rules be interpreted in relation to certain terms (identified below) that are defined in the Federal Deposit Insurance Corporation Act of 1991 (~~“FDICIA”~~), as amended, as follows:

* * *

The amount by which the covered contractual payment obligations of a Clearing Member or the Corporation exceed the covered contractual payment entitlements of such Member or the Corporation after netting ~~under a netting~~ pursuant to Rule 17 or this Rule 17A is its “net obligation”; and

* * *

RULE 22 - RELEASE OF CLEARING DATA

* * *

(f) Notwithstanding anything to the contrary in this Rule, the Corporation may release Clearing Data to ~~T~~the Securities Industry and Financial Markets Association in connection with its collection fees on behalf of ~~T~~the Securities Industry and Financial Markets Association pursuant to these Rules, provided that the Corporation: (1) provides Clearing Data only to the extent necessary to facilitate the collection of fees on behalf of ~~T~~the Securities Industry and Financial Markets Association, and (2) obtains, in a form and manner required by the Corporation, the agreement of ~~T~~the Securities Industry and Financial Markets Association to maintain the confidentiality of any Clearing Data provided by the Corporation to it.

* * *

RULE 34 - ACTION BY THE CORPORATION

Where action by the Board of Directors is required by these ~~Rules~~, the Corporation may act, to the fullest extent permitted by law, by the Chairman of the Board, the President or Managing Director or ~~Vice President~~**Executive Director** or by such other Person or Persons, whether or not employed by the Corporation, ~~as~~ as may be designated by the Board of Directors from time to time.

* * *

RULE 39 – DTCC SHAREHOLDERS AGREEMENT

Section 1 – Certain Definitions

For purposes of this Rule 39:

“DTCC” means The Depository Trust & Clearing Corporation, the holder of all of the capital stock of the Corporation.

“Shareholders Agreement” means the Shareholders Agreement of DTCC, dated as of November 4, 1999, as ~~heretofore~~ heretofore or hereafter amended and restated.

* * *

INTERPRETIVE GUIDANCE WITH RESPECT TO WATCH LIST CONSEQUENCES

* * *

3. Non-Waiver of Minimal Clearing Fund Payment

Pursuant to Section 2(c) of Rule 4, a Member is not required to make any payment to its Clearing Fund on a given day if the difference between the amount of the Member’s Required Fund Deposit as reported on that day and the amount then on deposit towards satisfaction thereof is less than both (i) \$250,000 and (ii) 25 percent of the amount then on deposit, provided that the Member is not on the Watch List. As such, Members that are on the Watch List must satisfy all margin calls for their respective Clearing Funds regardless of the amount.

~~August 23, 2017~~

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INTERPRETIVE GUIDANCE WITH RESPECT TO SETTLEMENT FINALITY

* * *

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
EPN RULES

ARTICLE I

DEFINITIONS AND GENERAL PROVISIONS*

Rule 1. Definitions

* * *

Fannie Mae

The term “Fannie Mae” means the Federal National Mortgage Association.

~~FHLMC~~ Freddie Mac

The term “~~FHLMC~~ Freddie Mac” means the Federal Home Loan Mortgage Corporation, ~~a corporate instrumentality of the United States of America.~~

~~FNMA~~

~~The term “FNMA” means Fannie Mae.~~

~~GNMA~~ Ginnie Mae

The term “~~GNMA~~ Ginnie Mae” means the Government National Mortgage Association, ~~a corporate instrumentality of the U.S. Department of Housing and Urban Development.~~

* * *

Mortgage-Backed Securities

The term “Mortgage-Backed Securities” means all participation interests in pools of mortgage loans issued or guaranteed by instrumentalities of the United States Government, including, without limitation, pass-through and modified pass-through certificates guaranteed by ~~GNMA~~ Ginnie Mae, Mortgage Participation Certificates and Guaranteed Mortgage Certificates issued by ~~FHLMC~~ Freddie Mac and pass-through certificates issued by ~~FNMA~~ Fannie Mae.

Mortgage-Backed Securities Division

The term “Mortgage-Backed Securities Division” means the division of the Fixed Income Clearing Corporation that provides services related to mortgage-backed securities.

* All products and services provided by the Corporation referenced in the EPN Rules are either registered trademarks or servicemarks of, or trademarks or servicemarks of, The Depository Trust & Clearing Corporation or its affiliates. Other names of companies, products or services appearing in the EPN Rules are the trademarks or servicemarks of their respective owners.

Officer of the Corporation

The term “Officer of the Corporation” means the Chairman of the Board, President, Managing Director, Executive Director, Secretary, Assistant Secretary, Treasurer, or Assistant Treasurer of the Corporation.

Participant

The term “Participant” means any person qualified pursuant to the Corporation’s EPN Rules to participate in the Comparison and Clearing System.

* * *

ARTICLE III

EPN USERS

Rule 1. Requirements Applicable to EPN Users

* * *

Sec. 3. Agreements of EPN Users

Notwithstanding Section 3(d) of this Rule 1, in the event of an EPN **Service** system disruption and an extension of the cut-off times for communicating pool allocation information pursuant to SIFMA Guidelines, EPN Users may be relieved of their obligation to process Messages through the EPN Service until later in the Business Day or the beginning of the next Business Day after the EPN **Service** system has been recovered.

* * *

Sec. 5. EPN Users Bound by EPN Rules and Applicable Laws

Subject to the provisions of Rule 12 of Article V, the use of the facilities of the Corporation by an EPN User shall constitute such EPN User’s agreement with the Corporation and with all other EPN Users to be bound by the provisions of, and by any action taken or order issued by the Corporation pursuant to (i) these EPN Rules and any amendment thereto, (ii), ~~(iii)~~ Rule 17B of the Clearing Rules of the Mortgage-Backed Securities Division (Wind-down of the Corporation), to the extent specified therein, and ~~(iv)~~ **(iii)** Rule 40 of the Clearing Rules of the Mortgage-Backed Securities Division (Market Disruption and Force Majeure), as if references to “Members” ~~therein~~ **therein were references to “EPN Users,” and references to “Rules” and “Procedures”** therein were references to **“EPN Users,” “EPN Rules” and “EPN Procedures,” respectively** (items ~~(iii)~~ **(iii)** and ~~(iv)~~ **(iii)**), as the same may be amended from time to time, collectively being referred to in these EPN Rules as the “Incorporated Clearing Rules”). In addition, in connection with their use of the Corporation’s services, an EPN User must comply with all applicable laws, including applicable laws relating to securities, taxation, and money laundering.

Sec. 6. EPN Rules Incorporated in EPN User Messages

These EPN Rules, and the Incorporated Clearing Rules shall be deemed incorporated in each Message that occurs through the EPN Service. To the extent that the terms contained in any other agreement between EPN Users are inconsistent with the provisions of these EPN Rules, these EPN Rules shall be controlling. In the event of any inconsistency between the Incorporated Clearing Rules and any EPN Rules ~~or EPN Procedures~~, the Incorporated Clearing Rules shall be controlling.

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**ARTICLE V
MISCELLANEOUS**

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Rule 7. Hearings

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Sec. 2. Minor Rule Violations.

A hearing requested in connection with a violation of the EPN Rules of the Corporation for which a fine may be assessed against the Interested Person in an amount not to exceed \$5,000 (a "Minor Rule Violation"), shall be held before a panel of three officers of the Corporation (a "Minor Violation Panel"). The members of the Minor Violation Panel shall select one of their numbers to be the chairman, and the chairman shall be the person in charge of the conduct of the hearing. At the hearing, an ~~o~~Officer of the Corporation shall present the case against the Interested Person. The Interested Person shall have an opportunity to be heard and may be represented by counsel.

* * *

Rule 9. Governing Law and Captions

Sec. 1.

The ~~interpretation, construction and operation of these~~ EPN Rules, and the ~~respective~~ rights and obligations ~~of the Corporation and EPN Users~~ under the EPN Rules, shall be ~~determined under~~ governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and performed therein.

Sec. 2.

Captions to any **EPN** Rules are for information and guidance only, are not part of any EPN Rule and are to be given no consideration in applying or construing any EPN Rules.

* * *

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION (“MBSD”)
EPN SERVICE SCHEDULE OF CHARGES

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