Form CA-1 – Exhibit J

Attach as Exhibit J narrative descriptions of each service or function performed by the registrant.

Introduction

Cboe Clear U.S. ("CCUS") is applying to register as a clearing agency with the Securities and Exchange Commission ("SEC" or "Commission") under the Securities Exchange Act of 1934, as amended ("Exchange Act") to provide central counterparty clearing services to market participants for cash settled, binary security options, including among others, security options overlying key performance indicators ("KPIs") reported by certain issuers of stock ("binary KPI options"). CCUS is an indirect, wholly-owned subsidiary of Cboe Global Markets, LLC ("CGM"). Similarly, Cboe Exchange, Inc. ("Cboe Exchange" or "C1"), where the KPI binary options will trade, is also a direct, wholly-owned subsidiary of CGM.

By providing central counterparty clearing for binary security options, CCUS is designed to reduce bilateral counterparty credit risk, promote market confidence and transparency, and facilitate regulatory oversight of post-trade obligations, thereby advancing the purposes of Section 17A of the Exchange Act. Binary security options currently trade on platforms that are not national securities exchanges and without the protections of regulated securities trading and clearing. CCUS's registration would bring these products within a regulated securities framework that safeguards market participants and supports the stability of the broader financial system.

CCUS currently offers regulated clearing services for cash-settled index futures on digital asset indices pursuant to its registration as a derivatives clearing organization ("DCO") with the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act ("CEA"). These futures are traded on Cboe Futures Exchange, LLC ("CFE"), which is a CFTC-registered designated contract market ("DCM") and also a direct, wholly-owned CGM subsidiary. Since commencing clearing operations as a DCO, CCUS has maintained continuous operational performance, demonstrating the reliability of its clearing infrastructure, risk management systems, and settlement processes in live market conditions.

In addition to the exchanges for which CCUS currently or prospectively clears, CGM operates additional SEC-registered national securities exchanges where options or equities are traded and cleared at the Options Clearing Corporation or the National Securities Clearing Corporation, respectively. CGM also operates a Broker/Dealer that offers a U.S. Government securities trading system for On-the-Run U.S. Treasury bonds and notes in the secondary OTC market and owns and operates an SEC-registered alternative trading system ("ATS") that trades NMS stocks that are cleared and settled at the NSCC. Outside of the U.S., CGM operates an equities exchange and clearinghouse regulated by the European Securities and Markets Authority and the Dutch National Bank. Collectively, this ecosystem demonstrates CGM's proven ability to operate regulated market infrastructure, including clearing operations, across multiple asset classes, jurisdictions, and regulatory frameworks.

CGM has drawn upon C1's extensive, proven operational experience as one of the largest equities and index options exchanges to design the first binary option class that CCUS intends to clear: binary KPI options. These options respond to market demand for products that offer unique exposures to issuer events while enabling them to trade on regulated securities markets. These binary KPI options will be fully margined and therefore ensure that once trades are initially settled with CCUS, all potential price movements will be covered by the posted margin.

Following initial registration, CCUS may seek to expand its clearing services to include tokenized binary security options as a future product offering, subject to subsequent rule amendments filed with the Commission pursuant to Rule 19b-4 under the Exchange Act. Tokenized binary security options would leverage distributed ledger technology to represent binary option contracts as digital tokens, enabling enhanced transparency, programmable settlement, and broader market accessibility. CCUS would file any such proposed rule changes with the Commission prior to offering clearing services for tokenized binary security options. As markets and products evolve, CCUS also may seek to expand its registration via an order amendment to clear other tokenized security option products.

From a product perspective, this Exhibit J focuses on the binary security options clearing that gives rise to CCUS's application, rather than CCUS's current CFTC-regulated clearing of futures contracts. As a Subpart C DCO, CCUS maintains a comprehensive risk management framework that meets the highest standards applicable to derivatives clearing organizations. While CCUS has drawn upon that framework in designing its securities clearing operations, certain risk management practices that CCUS employs as a DCO (such as backtesting of margin models and portfolio-based stress testing of correlated multi-product portfolios) are not applicable to the clearing of fully margined binary security options, where the margin requirement covers all possible price movements by design. The discussion below references elements of CCUS's broader risk management framework for context but identifies where specific practices do not apply to binary security options.

For Cboe Exchange to offer these products in a regulated securities environment, CCUS is requesting temporary registration as a part of its Clearing Agency application with full registration via demonstrated compliance with all applicable Clearing Agency requirements within 18 months of initial approval. CCUS has designed its clearance and settlement functions in a manner that is intended to ensure its financial integrity and protect the interests of each Clearing Member and otherwise comply with the requirements applicable to clearing agencies under the Exchange Act and Commission Rules, including SEC Rule 17ad-22 and Rule 17ad-25.

As a central counterparty, CCUS will provide access to Clearing Members serving as intermediaries and/or clearing on their own behalf. CCUS's Rules require that Initial Margin collected from Clearing Members for their proprietary positions will be held separately from the Initial Margin collected in connection with Clearing Members' customer positions. CCUS has designed a risk management framework to identify, measure, monitor, and manage the range of risks that arise through its clearance and settlement functions and thus promote prompt clearance and settlement of securities transactions, safeguard funds, and protect Clearing Members against losses, including where one or more Clearing Members default.

Binary Options

Binary options are based on the same framework as traditional, standardized options, except the payout of a binary option is an amount contingent upon whether a defined metric meets or exceeds a pre-specified level (rather than the extent to which it exceeds a specified level). As a result, payout at expiration of a binary option is an all-or-nothing occurrence: a binary option typically settles at either $1.00 (if the condition is met) or $0.00 (if it is not). This bounded payout structure means the maximum potential loss on any single contract is known at the time of trade execution, and CCUS requires that it be fully margined through the initial margin requirement. Full margining is therefore not merely a product characteristic but an affirmative risk-design feature that eliminates residual price risk to the Clearinghouse and its Clearing Members.

Clearing Member Standards

The CCUS rulebook has been updated to reflect that a Clearing Member must either be registered under the CEA as a futures commission merchant ("FCM") or under the Exchange Act as a Broker/Dealer and, in the case of a Broker/Dealer, must maintain the appropriate authorizations to hold customer funds in accordance with Rule 15c3-3. A Clearing Member must be an eligible entity that applies to CCUS for Clearing Member status and is approved as a Clearing Member pursuant to Chapter 3 of the CCUS rulebook. To become a Clearing Member, an applicant must execute a Clearing Member Agreement with CCUS and satisfy CCUS's eligibility criteria. The Clearing Member Agreement will set out the Clearing Member's (i) consent to abide by CCUS's Rules (including as may be amended from time to time), (ii) agreement that the Rules are part of the terms and conditions of every contract or transaction that it may make or have with CCUS, and (iii) agreement to maintain adequate controls to ensure continued satisfaction of financial and operational obligations of itself and its customers, if applicable.

CCUS has established financial responsibility requirements that Clearing Member applicants must meet, and which continue to apply post-approval. These requirements, principally set forth in Rule 308, vary based upon the nature of the Clearing Member applicant's CFTC and/or SEC-regulated business(es). As an overarching principle, a Clearing Member must have sufficient financial resources to meet its obligations to CCUS, including to make and maintain its Guaranty Fund Deposit requirement (as adjusted from time to time) and to fulfill the financial obligations it assumes under CCUS's Rules due to the transactions cleared for itself and on behalf of customers.

Each Clearing Member must meet requirements regarding operational capacity, as set forth in Rule 301, which applies on a continuing basis. CCUS's operational capability criteria generally require applicants to have adequate personnel, books and records, and internal procedures to process transactions promptly and accurately, and to communicate with CCUS. CCUS does not require Participants to maintain a portfolio of cleared transactions of any minimum size or to maintain a minimum cleared transaction volume.

CCUS has established disqualification criteria pursuant to which it may disapprove a person's application for Member or User status if the person or a person in the applicant's controlling management is subject to statutory disqualification under Section 3(a)(39) of the Exchange Act.

Each Clearing Member is liable as a principal to CCUS with respect to settlement of the transactions cleared by it for its proprietary or customary accounts. Clearing Members are also liable to CCUS for margin and option premium settlement obligations.

Because binary options are fully margined with a fixed maximum payout, the counterparty credit risk presented by Clearing Members clearing these products is inherently bounded. CCUS's existing Clearing Member financial responsibility requirements, capital thresholds, and ongoing credit monitoring are sufficient to address the counterparty risks these products present, and no unique or incremental onboarding standards are necessitated by the introduction of binary options clearing.

Risk Management Framework

As discussed in the Introduction, CCUS maintains a thorough and comprehensive risk management framework as a Subpart C DCO. That framework encompasses policies, procedures, and risk management tools designed to address the full spectrum of risks associated with clearing across multiple product types. However, because binary security options are fully margined – a meaning the margin requirement covers all possible price movements – certain of those risk management practices, policies, and procedures will not apply to CCUS's clearing of binary security options. The discussion below describes the key elements of CCUS's risk management framework and, where applicable, notes where specific practices are not relevant to binary security options given their fully margined nature.

CCUS's Risk Management Framework is designed to ensure that its standards align with the CFTC Subpart C regulations for DCOs, which in substance align with the requirements of Section 17A(b)(3) and Rule 17ad-22 for covered clearing agencies. Both regulatory frameworks align to the CPMI-IOSCO Principles for Financial Market Infrastructures as best practices for central counterparties' financial risk management and disclosure requirements. CCUS has designed its risk management framework to be scalable and adaptable to accommodate future product offerings, including tokenized binary security options, as such products are introduced pursuant to Rule 19b-4 filings.

As a central counterparty, one of CCUS's primary functions is to manage risk, thus reducing risk and supporting the stability of the broader financial system in both ordinary and stressed market environments. CCUS employs a risk management framework which is intended to: (i) reduce the potential impact of a Clearing Member Default via credit risk management standards and ongoing monitoring, and (ii) ensure that CCUS has sufficient financial and liquidity resources to manage the Default of its two Clearing Member groups that would cause the largest aggregate credit exposure and at least the single Clearing Member group that would cause the largest aggregate liquidity exposure, in each case in extreme but plausible market conditions.

In support of this, CCUS has established onboarding requirements pursuant to its Rules for each Clearing Member to mitigate counterparty risk, including Clearing Member financial responsibility requirements established in its Rules, and CCUS may impose protective measures against a Clearing Member for its failure to remain in compliance with applicable requirements. Additionally, CCUS seeks to mitigate counterparty and liquidity risk presented by Clearing Members through mechanisms including its internal credit scoring process for Clearing Members, credit limits, daily risk monitoring, margin collection, and option premium settlement. CCUS also employs backtesting and stress testing as part of its broader Subpart C DCO risk management framework; however, because binary security options are fully margined and the margin requirement covers all possible price movements, these tools do not serve the same risk mitigation function for binary security options as they do for other product types cleared by CCUS in its capacity as a DCO.

While binary options cleared at CCUS will be fully margined, the associated margin requirements are not required to be prefunded by Clearing Members prior to trade execution. Accordingly, to the extent a Clearing Member defaults while a margin deficit existed due to newly established positions not yet being settled as a part of the

Clearinghouse's daily settlement cycle, the Clearinghouse's default resources would be impacted. However, several mitigants limit the magnitude of this intraday exposure: (i) the bounded nature of binary option payouts ($1.00 or $0.00) constrains the maximum loss on any position established between settlement cycles; (ii) CCUS's near real-time monitoring detects exposure buildup as positions are established which allows for intraday margin calls prior to the next scheduled settlement cycle; and (iii) the default waterfall, including the Defaulting Clearing Member's margin, Guaranty Fund Deposit, and CCUS's Corporate Contribution, is designed to absorb this residual risk.

Because binary options have a fixed maximum payout of $1.00 per contract and are fully margined at the time of initial settlement, CCUS's potential liquidity exposure from these products is bounded and deterministic. Unlike products with open-ended payoff structures, the fully margined nature of binary options ensures that the total cash obligation CCUS could face upon exercise, expiration, or default is limited to the aggregate initial margin already collected, eliminating the possibility of unanticipated liquidity demands arising from adverse price movements. As a result, CCUS does not anticipate that clearing binary options will generate material incremental liquidity risk beyond the intraday settlement timing gap described above.[1]

Additionally, because settlement obligations for binary options are cash-only and bounded by the fixed maximum payout, the demands CCUS places on its settlement banks are predictable and limited in magnitude. There is no scenario in which extreme price movements in binary options would require sudden, outsized cash transfers that could strain settlement bank capacity or create operational settlement risk.

In the event of a Default, CCUS will rely upon established credit and liquidity "waterfalls" to mitigate losses to non-Defaulting Clearing Members and minimize the potential for market disruption. With respect to a Defaulting Clearing Member, as set out in Rule 502, the first layer of the waterfall to address potential credit losses includes the Defaulting Clearing Member's margin and Guaranty Fund Deposit requirement, as well as any other assets of the Defaulting Clearing Member available to CCUS. Based on waterfall of financial resources described in the Clearinghouse's Default Management Plan, if those resources are insufficient, then the CCUS Corporate Contribution would be used. To the extent those resources were also insufficient then non-Defaulting Clearing Members' Guaranty Fund contributions would be used to fund any remaining shortfalls. All pre-funded resources are currently required to be satisfied entirely in U.S. dollars.

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[1] In addition to limiting liquidity risk, the fully margined, bounded-payout structure of binary options mitigates procyclicality risk (margin requirements need not be increased during periods of market stress), wrong-way risk (CCUS's exposure upon a Clearing Member default is capped regardless of contributing market conditions), model risk (the discrete payoff eliminates tail-risk understatement in margin models), and concentration risk (position concentration does not generate outsized tail risk given the fixed, fully collateralized maximum loss per contract).

Accordingly, there is no need to liquidate non-cash assets to satisfy settlement obligations on behalf of Clearing Members in Default, and thus no associated liquidity risk. If those pre-funded financial resources were insufficient, then assessment powers described later in this section would be available to the Clearinghouse.

CCUS will size its Guaranty Fund using its stress test methodology that is designed to ensure that the size of the Guaranty Fund is at least equal to the largest theoretical loss to CCUS resulting from the Default of the two Clearing Members, including any affiliated Clearing Members, ("Clearing Member Group") in extreme but plausible market conditions. CCUS will measure the theoretical loss posed by a Clearing Member Group as the shortfall between the stress loss and Initial Margin Requirement in each clearing account, subject to the restriction that customer account gains will not offset proprietary account losses, to determine the two Clearing Member Groups that present the largest theoretical loss to CCUS in extreme but plausible market conditions. All Guaranty Fund Deposit requirements must be met in U.S. dollars. Notably, because fully margined binary options cannot be stressed beyond the price movements covered by the initial margin requirements, these products will not generate theoretical losses under CCUS's stress test methodology. Accordingly, traditional stress testing designed to measure tail-risk exposure beyond collected margin is not applicable to binary security options, though CCUS maintains these stress testing capabilities as part of its broader Subpart C DCO framework. CCUS will incorporate in its risk management framework to account for the potential risk of losses from the point of novation of trade until the settlement cycle when funds are collected for that trade.

CCUS will maintain assessment powers sized to 300% of non-Defaulting Clearing Member's Guaranty Fund Deposit requirements if a single Clearing Member Defaults and 600% for multiple Clearing Member Defaults during the Cooling Off Period as defined in the Default Management Plan. The proceeds from these assessment powers represent an unfunded portion of the waterfall to address potential credit losses. Assessment powers are intended to protect the market and Clearing Members by enabling CCUS to maintain operations during extreme market stress. Assessments would only be called for in the event the Initial Margin and Guaranty Fund Deposits of the Defaulting Clearing Member(s), CCUS's contributed capital, and the mutualized Guaranty Fund are exhausted. CCUS assesses each Clearing Member on a pro rata basis relative to its Guaranty Fund Deposit requirement.

CCUS also employs numerous liquidity risk management mechanisms that are designed to enable it to continue meeting its settlement obligations notwithstanding the occurrence of liquidity or credit events, including, but not limited to, its rights to partial and full tear-ups.

Trade Processing

CCUS employs near real-time monitoring for any errors generated during trade processing. Consistent with the monitoring employed, trade processing is executed in near real-time, and CCUS's clearing system includes monitoring of exposures created by Clearing Member positions. Following novation, any cancellation or amendment of a submitted transaction from C1 requires manual intervention from CCUS.

Novation

Upon submission of a pre-matched trade from C1, which will have already passed any pre-trade limits imposed by the exchange, CCUS will validate the transaction, including product and account level details, detailed on the trade record. Following successful validations, the trade is novated and CCUS becomes the buyer to each seller and the seller to each buyer (i.e., the central counterparty) for each transaction. CCUS determines whether to novate a matched transaction submitted for clearing based on the results of the product and account validation mentioned above.

The product validation checks include ensuring the submitted dates are valid settlement dates (i.e., Business Days, exclusive of Federal Reserve holidays), and the account validation confirms that each Clearing Member's clearing account is in good standing with CCUS. Any transactions not novated by the deadlines specified by CCUS will be rejected from clearing and Participants may resubmit these transactions for the next eligible clearing date. CCUS takes no view on what impact, if any, the rejection of a transaction has on the parties' obligations under that transaction.

Settlement

Clearing Members will be responsible to CCUS to settle their option premiums and Initial Margin deficits at each settlement cycle. CCUS will provide files to Clearing Members throughout each Business Day with records of their trades to reconcile against their internal records and validate settlement obligations issued by CCUS. For expiring binary options, an underlying reference price will be provided by Cboe Exchange to CCUS to determine the final settlement price for each binary options strike. Specifically, if the underlying reference price is greater than or equal to a call strike then it will settle to $1.00, otherwise it will settle to $0.00. Conversely, if the underlying reference price is less than a put strike it will settle to $1.00, otherwise it will settle to $0.00.

Treatment of Clearing Member and Customer Property

CCUS will offer customer, firm, and market-maker clearing accounts. Customer clearing accounts will hold funds on behalf of Clearing Members' customers as defined in SEC Regulation 240.15c3-3. Firm clearing accounts will hold member property funds in the name of the Clearing Member or its affiliates. Finally, market-maker clearing accounts will hold funds for broker/dealers serving as market-makers in the binary options, who are not required to be treated as a customer under SEC Regulation 240.15c3-3, as well as any market-maker operated by the Clearing Member itself.

Based on the foregoing, CCUS believes that its proposed securities clearing operations (as set out in its Rules) comply with Sections 17A(b)(3)(B) and (F) and 17A(b)(4)(B) of the Exchange Act, and Rules 17ad-22(b) and 17ad-22(e)(3), (4), (6) (7) and (18). In particular, CCUS's full margining of binary security options is designed to meet and exceed the margin requirements of Rule 17ad-22(e)(6); its margin, Guaranty Fund methodology and default waterfall are designed to satisfy the financial resource requirements of Rule 17ad-22(e)(4); and its Clearing Member eligibility standards and ongoing monitoring are designed to address the participant requirements of Rule 17ad-22(e)(3) and (18). CCUS's compliance posture benefits from its existing robust risk management framework as a Subpart C DCO, which provides institutional depth and operational resilience. As described above, CCUS has tailored the application of that framework to its binary security options clearing service, applying those policies and procedures that are relevant to fully margined products while maintaining the broader infrastructure that supports its overall clearing operations. CCUS further believes that its clearing infrastructure has been designed to support the future clearing of additional binary security options products, including tokenized binary security options, subject to subsequent Rule 19b-4 filings with the Commission.