

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106723; File No. 600-47]

Cboe Clear U.S., LLC; Order Granting an Application, as Amended, for Temporary Registration as a Clearing Agency under Section 17A of the Securities Exchange Act of 1934

October 22, 2026.

I. Introduction

On June 30, 2026, Cboe Clear U.S., LLC (“CCUS”) filed with the Securities and Exchange Commission (“Commission”) an application on Form CA-1 under Section 17A of the Securities Exchange Act of 1934 (“Exchange Act”)¹ seeking to register as a clearing agency to provide central counterparty (“CCP”) services for binary options that are securities.² In its application, CCUS requests temporary registration as a clearing agency under Section 17A(b) of the Exchange Act and pursuant to 17 CFR 240.17ab2-1 (“Rule 17Ab2-1”).³ Notice of the application (“Notice”) was published for comment in the *Federal Register* on July 24, 2026.⁴

¹ 15 U.S.C. 78q-1.

² See Application, Exhibit J at 2; Exhibit S at 3–5. CCUS defines a “binary option” to mean a “Securities Contract that provides for a fixed cash settlement payment upon the occurrence or non-occurrence of a specified trigger event, with no payment if the trigger does not occur, and a fixed maximum payment equal to the exercise settlement amount if it does.” See Application, Exhibit E-2 (“CCUS Rules”), Rule 101(h) (“General,” “Definitions,” “Binary Option”), at 2–3. CCUS defines a “Security Contract,” *inter alia*, to mean a contract that: (i) constitutes a “security” under Section 3(a)(10) of the Exchange Act; (ii) is listed and traded on a national securities exchange registered with the Commission under Section 6 of the Exchange Act; and (iii) is cleared by CCUS. See CCUS Rules, at Rule 101(ttt) (“General,” “Definitions,” “Security Contract”), at 8.

³ See 17 CFR 240.17ab2-1(c).

⁴ Release No. 34-105960 (July 21, 2026), 90 FR 46817 (July 24, 2026) (“Notice”).

CCUS amended its application on July 7 and 17, August 18, September 4, and October 1,⁵ 2026 (as amended, “Application”).⁶

The Commission received one comment letter, as well as a response from CCUS.⁷ The comment letter supports approval of CCUS’s request for temporary registration as a “stopgap;” as to permanent registration, it raises concerns as to the risk of vertically integrated solutions and requests that the Commission consider the capital costs and risks of a more fragmented clearing structure.⁸ The comment letter received, and CCUS’s response thereto,⁹ are discussed in Parts III and IV.

This order grants CCUS’s request for temporary registration as a clearing agency with an exemption from certain requirements as to which the Commission is directed to make a determination under Sections 17A(b)(3)(B) and (F) for a period of 18 months from the date of this order, for the reasons set forth in Parts III and IV below.

⁵ On August 18 and September 4, 2026, CCUS amended its application to update certain exhibits for which confidential treatment has been requested. On October 1, 2026, CCUS amended its application as follows: adding as Exhibit E-6 its Certificate of Good Standing; adding as Exhibit J-2 a copy of CCUS’s public disclosures under the CPMI-IOSCO *Principles for Financial Market Infrastructures*; and amending Exhibits A, E-2, E-3, J, L, O, and S, as further described in this order. In a separate release, the Commission has issued by delegated authority a notice of the October 1, 2026 amendments to the Application. Release No. 34-106610 (Oct. 6, 2026), 91 FR 64709 (Oct. 9, 2026). The Commission will consider any comments received regarding the October 1, 2026 amendment prior to taking any action on the Application with respect to permanent registration. *See* 17 CFR 240.17ab2-1(c) (providing that, not later than nine months from the date of any temporary registration is made effective, the Commission will grant registration or institute proceedings in accordance with Section 19 of the Exchange Act).

⁶ Non-confidential aspects of the Application and the exhibits thereto cited in this order, are available on the Commission’s website at: <https://www.sec.gov/rules-regulations/commission-orders-notices/other-commission-orders-notices-information/ccus-form-ca-1>. References to the Application throughout this order refer to the Application as most recently amended on October 1, 2026.

⁷ The public comment file for the Application is available on the Commission’s website at: <https://www.sec.gov/rules-regulations/public-comments/600-47>.

⁸ Letter from Joanna Mallers, Secretary, PTG, dated Sept. 8, 2026 (“PTG”).

⁹ Letter from Dale Michaels, President, Cboe Clear U.S., LLC, dated Sept. 25, 2026 (“CCUS Response”).

II. Statutory Standard for Registration as a Clearing Agency

Clearing agencies are broadly defined under the Exchange Act and undertake a variety of functions,¹⁰ including providing the services of a CCP.¹¹ Pursuant to Section 17A of the Exchange Act and Rule 17Ab2-1 thereunder, an entity that meets the definition of a clearing agency must register with the Commission.¹² Section 17A(b)(1) also states that, upon the Commission's motion or upon a clearing agency's application, the Commission may conditionally or unconditionally exempt a clearing agency from any provisions of Section 17A or the rules or regulations thereunder if the Commission finds that such exemption is consistent with the public interest, the protection of investors, and the purposes of Section 17A, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds.¹³

In addition to the requirements set forth in Rule 17Ab2-1, Section 19(a)(1) of the Exchange Act establishes the standard for Commission review of an application for registration as a clearing agency. Pursuant thereto, the Commission shall grant registration of a clearing agency if it finds that the requirements of the Exchange Act and the rules and regulations

¹⁰ 15 U.S.C. 78c(a)(23)(A) (providing the definition of "clearing agency"); *see also* Release No. 34-78961 (Sept. 28, 2016), 81 FR 70786, 70897 (Oct. 13, 2016) ("CCA Standards Adopting Release") (stating that clearing agencies are broadly defined in the Exchange Act and undertake a variety of functions).

¹¹ *See* 17 CFR 240.17ad-22(a)(2) (defining "central counterparty" as a clearing agency that interposes itself between counterparties to securities transactions, acting functionally as the buyer to every seller and the seller to every buyer).

¹² 15 U.S.C. 78q-1(b); 17 CFR 240.17ab2-1 ("Rule 17Ab2-1").

¹³ 15 U.S.C. 78q-1(b)(1).

thereunder with respect to the applicant are satisfied.¹⁴ The Commission shall deny such registration if it does not make such finding.¹⁵

The requirements of the Exchange Act applicable to clearing agencies are set forth in Section 17A and the rules and regulations thereunder.¹⁶ Accordingly, to grant CCUS's Application for registration as a clearing agency, the Commission must find that the Application satisfies the requirements of Section 17A(b) of the Exchange Act and rules and regulations thereunder, including the determinations set forth in paragraphs (A) through (I) of Section 17A(b)(3) of the Exchange Act.¹⁷ Pursuant to Rule 17Ab2-1(c), the Commission, upon the request of a clearing agency, may grant registration of the clearing agency but exempt the registrant from one or more of the requirements as to which the Commission is directed to make a determination pursuant to Section 17A(b)(3) of the Exchange Act, provided that any such registration shall be effective only for eighteen months from the date the registration is made effective (or such longer period as the Commission may provide by order).¹⁸

¹⁴ 15 U.S.C. 78q-1; 15 U.S.C. 78s(a)(1).

¹⁵ 15 U.S.C. 78s(a)(1).

¹⁶ Rules for registered clearing agencies include recordkeeping requirements, 17 CFR 240.17a-1; the filing process for proposed rule changes, 17 CFR 240.19b-4; rules addressing operations and risk management, governance and conflicts of interest, and plans for recovery and wind-down at, respectively, 17 CFR 240.17ad-22 ("Rule 17Ad-22"), 240.17ad-25 ("Rule 17Ad-25"), and 240.17ad-26 ("Rule 17Ad-26"); and the requirements set forth in Regulation Systems Compliance and Integrity, 17 CFR 242.1000 *et seq.* ("Regulation SCI"). The Commission conducts ongoing monitoring of registered clearing agencies through its supervisory program for registered clearing agencies. The Commission also assesses compliance with Commission rules by conducting examinations and investigations. *See* 15 U.S.C. 78q(b); 15 U.S.C. 78u(a).

¹⁷ 15 U.S.C. 78s(a); 15 U.S.C. 78q-1(b)(3)(A)–(I). The determinations are described further below.

¹⁸ *See* 17 CFR 240.17ab2-1(c)(1); *see also, e.g.*, Release No. 34-105562 (May 27, 2026), 91 FR 32151 (May 29, 2026) (granting temporary registration to Paxos Securities Settlement Company, LLC in 2026 for a period not to exceed 18 months) ("Paxos Order"); Release No. 34-25740 (May 24, 1988), 53 FR 19839 (May 31, 1988) (granting temporary registration to the Government Securities Clearing Corporation in 1988 for a period of 36 months) ("GSCC Order").

After a clearing agency's application for registration is granted, the clearing agency must continue to satisfy the requirements of the Exchange Act and the rules and regulations thereunder. In the context of temporary registration, the clearing agency must satisfy the requirements of the Exchange Act and the rules and regulations thereunder, except as to requirements, rules, or regulations to which an exemption has been provided. The Commission has explained that "[a]n approval of clearing agency registration does not mean that no further modifications of the applicant's rules, systems, procedures, or practices are needed."¹⁹ Rather, the Commission stated that a registered clearing agency's obligation to continue to satisfy the requirements of the Exchange Act and the rules and regulations thereunder means that "[t]he self-regulatory obligations of [a] fully registered clearing agenc[y] cannot end" after registration.²⁰ To ensure such compliance, the Commission stated that it "will continue to use its oversight, inspection, and enforcement authority as necessary and appropriate to further the purposes of the [Exchange] Act."²¹

III. Review of Application under Statutory Standard for Registration

Consistent with the requirements in Sections 17A and 19(a)(1) of the Exchange Act described above, the Commission below analyzes the Application against each of the statutory requirements under Section 17A(b)(3)(A) through (I) to be registered as a clearing agency.²²

A. Organization and Capacity

¹⁹ See Release No. 34-69838 (June 24, 2013), 78 FR 39027, 39029 (June 28, 2013) (approving an application by the Fixed Income Clearing Corporation for permanent registration as a clearing agency).

²⁰ See Release No. 34-20221 (Sept. 23, 1983), 48 FR 45167, 45171 (Oct. 3, 1983) (approving nine applications for permanent registration as a clearing agency).

²¹ *Id.*

²² See 15 U.S.C. 78q-1(b)(3)(A)-(I) (describing the statutory determinations that the Commission must make regarding the rules and structure of a clearing agency to grant registration). In 1980, the Commission published a statement of the views and positions of Commission staff regarding the requirements of Section 17A. See Release No. 34-16900 (June 17, 1980), 45 FR 41920 (June 23, 1980).

1. Statutory Standard: Section 17A(b)(3)(A)

Section 17A(b)(3)(A) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that such clearing agency is so organized and has the capacity to be able to facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible, to safeguard securities and funds in its custody or control or for which it is responsible, to comply with the provisions of the Exchange Act and the rules and regulations thereunder, to enforce (subject to any rule or order of the Commission pursuant to Section 17(d) or 19(g)(2) of the Exchange Act) compliance by its participants with the rules of the clearing agency, and to carry out the purposes of Section 17A of the Exchange Act.²³

Consistent with this standard, the Commission does not assess in this order whether CCUS's ultimate implementation of the rules, policies, and procedures set forth in its Application will comply with each of the Commission's rules for clearing agencies, as CCUS is not yet operating as a (securities) clearing agency.²⁴ Rather, under Section 17A(b)(3)(A) of the Exchange Act, the Commission assesses whether CCUS is *so organized* and *has the capacity to* comply with the provisions of the Exchange Act and the rules and regulations thereunder,²⁵ by

²³ 15 U.S.C. 78q-1(b)(3)(A).

²⁴ See *supra* notes 20–21 and accompanying text (explaining that approval of clearing agency registration does not mean that no further modifications of the applicant's rules, systems, procedures, or practices are needed and that the obligations of a fully registered clearing agency cannot end after registration). CCUS is a derivatives clearing organization ("DCO") registered with the Commodity Futures Trading Commission ("CFTC") that has elected to be a "Subpart C" DCO pursuant to 17 CFR Part 39, Subpart C. Subpart C establishes requirements for financial resources, system safeguards, default rules and procedures, risk management, recovery and wind-down, and certain other topics consistent with international standards and with Rule 17Ad-22(e). See CCA Standards Adopting Release, 81 FR at 70866.

²⁵ See 15 U.S.C. 78q-1(b)(3)(A). With respect to CCUS's ability to safeguard securities and funds for which it is responsible, the Commission addresses that topic in Part III.E, in conjunction with discussing Section 17A(b)(3)(F) of the Exchange Act, which requires, among other things, that the rules of the clearing agency

analyzing CCUS’s organization and governance, as well as its operational arrangements.²⁶ Under this standard, the registration of a clearing agency “depends on a prediction about compliance with the law.”²⁷ Section 17A assumes that “an applicant would produce a business plan that, if faithfully executed, would comply” with the Exchange Act.²⁸ To make its required statutory determination under Section 17A(b)(3)(A), the Commission must “find[] that the applicant is *able and likely* to comply,” and upon registration and commencement of operations as a registered clearing agency, compliance with Section 17A(b)(3)(A) “is likely to be carried out.”²⁹

2. Summary of Proposed Operations

The following is an overview of CCUS’s proposed clearing operations.

a) Proposed Services

The Application states that CCUS seeks to provide CCP 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’].”³⁰

are designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. With respect to CCUS’s ability to enforce compliance by its participants with the rules of the clearing agency, the Commission addresses that topic in Part III.F in conjunction with discussing Section 17A(b)(3)(G) of the Exchange Act, which requires that the rules of the clearing agency provide that its participants shall be appropriately disciplined for violation of any provision of the rules of the clearing agency.

²⁶ In Part III.E, the Commission further analyzes CCUS’s capacity to conduct risk management consistent with the statutory requirements for safeguarding securities and funds set forth in Section 17A(b)(3)(F) of the Exchange Act.

²⁷ *Bd. of Trade of City of Chicago v. S.E.C.*, 883 F.2d 525, 533 (7th Cir. 1989) (vacating Delta Government Options Corporation (“Delta”)’s temporary registration as a clearing agency and remanding to the Commission to decide whether Delta’s proprietary trading system would operate as an unregistered national securities exchange in violation of Sections 5 and 6 of the Exchange Act).

²⁸ *Id.* at 533–34.

²⁹ *Id.* at 534 (emphasis in original).

³⁰ *See* Application, Exhibit J, at 1.

CCUS states that these Binary KPI Options “will be fully margined,” ensuring that once trades are initially settled with CCUS, “all potential price movements will be covered by posted margin.”³¹ CCUS also states that these Binary KPI Options will trade on Cboe Exchange, Inc. (“Cboe Exchange”), a national securities exchange registered with the Commission which is also a direct, wholly-owned subsidiary of Cboe Global Markets, Inc. (“CGM”).³² In its Application, CCUS requests registration for Cboe Exchange to offer Binary KPI Options in a “regulated securities environment.”³³

The Rules require, among other things, that clearing members who seek to clear Securities Contracts (including Binary KPI Options) must be registered as a broker-dealer with the Commission under the Exchange Act.³⁴ The Application states that CCUS “acknowledges that the Rules do not at this time reference all of the categories of participants enumerated in Section 17A(b)(3)(B) of the Exchange Act,”³⁵ as discussed further in Part III.B. CCUS states it will offer customer, firm, and market-maker clearing accounts,³⁶ classifying every account under the CCUS Rules according to whether it holds the funds or assets for the benefit of: (i) retail and/or institutional investors of a clearing member;³⁷ (ii) a proprietary account of a broker-dealer

³¹ See Application, Exhibit J, at 2.

³² See Application, Exhibit J, at 1.

³³ See Application, Exhibit J, at 2.

³⁴ See Application, Exhibit J, at 3; CCUS Rules, at Rule 301(e)(3)(ii) (“Clearing Members,” “General Eligibility Requirements of Clearing Members”), at 21. CCUS states that the CCUS Rules would require clearing members who are broker-dealers to “maintain the appropriate authorizations to hold customer funds in accordance with Rule 15c3-3.” See Application, Exhibit J, at 3.

³⁵ See Application, Exhibit S, at 3 (*i.e.*, “other registered clearing agencies, registered investment companies, banks, insurance companies[,] and other classes of persons designated as appropriate by the Commission”); *see also* 15 U.S.C. 78q-1(b)(3)(B).

³⁶ See Application, Exhibit J, at 8.

³⁷ See CCUS Rules, at Rule 101(dd) (“General,” “Definitions,” “Customer Account”), at . 5 (defining a “Customer Account” of broker-dealer clearing members as including a “Securities Customer Account”);

client of a clearing member (“PAB Account”);³⁸ (iii) a clearing member;³⁹ or (iv) a market-maker (either as the clearing member’s client, or the clearing member itself).⁴⁰ CCUS describes its different treatment of account types by citing Exchange Act requirements.⁴¹ For example, CCUS requires that all funds and assets held by CCUS for a broker-dealer clearing member’s retail or institutional clients (“Securities Customers”) must be maintained in a Securities Customer Account to satisfy the requirements of Rule 15c3-3.⁴² Additionally, CCUS Rules state that settlement obligations for contracts that a clearing member designates for its Customer Account

Rule 101(uuu) (“General,” “Definitions,” “Securities Customer Account”), at 9 (defining “Securities Customer Account” to mean, *inter alia*, an account the broker-dealer clearing member has with CCUS in which the broker-dealer clearing member maintains Securities Contracts and associated collateral solely on behalf of its securities customers, subject to any applicable requirements, including Rule 15c3-3).

³⁸ See CCUS Rules, at Rule 101(mmm) (“General,” “Definitions,” “PAB Account”), at 8 (defining a “PAB Account” to mean an account that: (i) a broker-dealer clearing member carries for another broker-dealer, other than a market-maker account (ii) which holds Securities Contracts and related funds proprietary to that other broker-dealer (and are not held for the benefits of its customers), other than a Market-Maker Account; and (iii) is not a Member Property Account). *Id*; see also *infra* notes 39–40.

³⁹ See CCUS Rules, at Rule 101(hhh) (“General,” “Definitions,” “Member Property Account”), at 7 (defining a “Member Property Account” to mean an account that a clearing member has with CCUS in which the broker-dealer clearing member maintains Securities Contracts and related funds (including initial margin) solely on its own behalf, other than a Market-Maker Account); see also *infra* note 40.

⁴⁰ See CCUS Rules, at Rule 101(ggg) (“General,” “Definitions,” “Market-Maker Account”), at 7 (defining a “Market-Maker Account” to mean an account that a clearing member has with CCUS in which the broker-dealer clearing member maintains Securities Contracts and related funds (including initial margin) either in its capacity as a Market-Maker or on behalf of a Market-Maker for which it clears; see also CCUS Rules, at Rule 101(fff) (“General,” “Definitions,” “Market-Maker”), at 7 (defining “Market-Maker” to mean, *inter alia*, a member of a national securities exchange or national securities association who is not required to be treated as a “customer” under Rule 15c3-3 under the Exchange Act). 17 CFR 240.15c3-3.

⁴¹ See Application, Exhibit J, at 8–9.

⁴² See CCUS Rules, at Rule 309(e) (“Clearing Members,” “Customer Accounts, Member Property Accounts, PAB Accounts, and Market-Maker Accounts”), at 33 (“All funds and assets held by Cboe Clear US on behalf of Securities Customers of a BD Clearing Member shall be maintained in a Securities Customer Account, segregated from Futures Customer Accounts and from the BD Clearing Member’s proprietary accounts, in accordance with Applicable Law”); Application, Exhibit J, at 8 (“Customer clearing accounts will hold funds on behalf of Clearing Members’ customers as defined in [Rule 15c3-3]”).

or PAB Account shall not be offset against contracts the clearing member designates for its own Member Property Account or Market-Maker Account.⁴³

b) Risk Management

In Exhibit J, the Application provides information regarding CCUS's risk management framework. CCUS states its risk management framework 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.⁴⁴

CCUS states its risk management framework addresses counterparty risk through its financial responsibility requirements for clearing members, as well as CCUS's ability to impose protective measures against clearing members who fail to comply with applicable requirements.⁴⁵ Regarding counterparty risk and liquidity risk management, CCUS cites its: (i) internal credit scoring process for clearing members; (ii) credit limits; (iii) daily risk monitoring; (iv) margin collection; and (v) option premium settlement.⁴⁶

⁴³ See CCUS Rules, at Rule 404(b) ("Clearing, Settlement, and Delivery of Contracts," "Offset and Settlement"), at 46.

⁴⁴ See Application, Exhibit J, at 5. See also CCUS Rules, at Rule 101(hh) ("General," "Definitions," "Default Financial Resources Requirement"), at 5 (defining CCUS's "Default Financial Resources Requirement" to mean "the amount of financial resources required to enable [CCUS] to meet its obligations to Clearing Members notwithstanding the default of the two Clearing Members, including any affiliates, generating the largest financial exposures for [CCUS] in extreme but plausible market conditions").

⁴⁵ See Application, Exhibit J, at 5.

⁴⁶ See Application, Exhibit J, at 5.

CCUS states that it employs back-testing and stress-testing but that these tools' risk management function for binary options that are securities differs from other products it clears in its current capacity as a DCO because binary options are fully margined (*i.e.*, fully collateralized) and margin provided pursuant to this requirement covers all price movements.⁴⁷ Citing the fully margined nature of binary options, CCUS states its total cash obligation would be limited to aggregate initial margin.⁴⁸ Nonetheless, CCUS also describes additional tools that it generally has available under its rules to manage liquidity risk, including its rights to partial tear-ups and full tear-ups.⁴⁹

While binary security options would be fully margined (*i.e.*, fully collateralized), CCUS states that it does not require prefunding of margin requirements.⁵⁰ Therefore, prior to the completion of CCUS's daily settlement cycle, CCUS faces intraday exposure associated with any unsettled positions of any defaulting clearing member.⁵¹ CCUS states this intraday exposure is mitigated through: (i) the bounded nature of binary security option's payouts (*i.e.*, \$0.00 or a maximum payout of \$1.00); (ii) intra-day margin calls made in response to CCUS's near real-time monitoring of clearing members' exposure; and (iii) CCUS's default waterfall.⁵²

CCUS does not anticipate that clearing binary security options will generate material liquidity risk beyond this "intraday settlement timing gap."⁵³ In addition to limiting liquidity risk,

⁴⁷ See Application, Exhibit J, at 5. For example, CCUS explains that traditional stress testing designed to measure tail-risk exposure beyond collected margin is not applicable to binary security options. *Id.* at 7.

⁴⁸ See Application, Exhibit J, at 5.

⁴⁹ See Application, Exhibit J, at 7.

⁵⁰ See Application, Exhibit J, at 5.

⁵¹ See Application, Exhibit J, at 5–6.

⁵² See Application, Exhibit J, at 6.

⁵³ See Application, Exhibit J, at 6.

CCUS states that the binary security option's fully margined, bounded-payout structure also mitigates: (i) procyclicality risk (*i.e.*, fixed exposure prevent market stress from increasing margin requirements); (ii) wrong-way risk (*i.e.*, CCUS's exposure to defaulting clearing member remains fixed despite contributing market conditions); (iii) model risk (*i.e.*, the discrete payoff eliminates margin models' tail-risk understatement); and (iv) concentration risk (*i.e.*, the collateralized, discrete payoffs prevent position concentration from generating outsized tail risk).⁵⁴

CCUS states its stress test methodology is designed to ensure that its guaranty fund's size 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) in extreme but plausible market conditions.⁵⁵ To determine this theoretical loss, CCUS states that it measures each clearing member group's shortfall between: (i) the stress loss; and (ii) initial margin requirement in each clearing account (subject to the restriction that Customer Account gains will not offset PAB Account losses).⁵⁶ Given the binary securities options' bounded-payout structure, CCUS states that its risk management accounts for the potential risk of losses between: (i) CCUS's novation of a trade; and (ii) the completion of CCUS's daily settlement cycle (*i.e.*, when CCUS collects the funds from its clearing members associated with all unsettled positions).⁵⁷

⁵⁴ See Application, Exhibit J, at 6, n.1.

⁵⁵ See Application, Exhibit J, at 7; *see also supra* note 47 (explaining that traditional stress testing designed to measure tail-risk exposure beyond collected margin is not applicable to binary security options).

⁵⁶ See Application, Exhibit J, at 7.

⁵⁷ See Application, Exhibit J, at 7.

To address potential credit losses, the Rules grant CCUS assessment powers of its non-defaulting clearing members on a *pro rata* basis relative to its Guaranty Fund Deposit requirement.⁵⁸ The Application states that CCUS may assess its non-defaulting clearing members in relation to their required Guaranty Fund Deposit.⁵⁹ If a single clearing member defaults, CCUS states that it may assess the non-defaulting clearing members up to 300% of this amount; for multiple clearing member defaults, CCUS may assess the non-defaulting clearing members up to 600% of this amount.⁶⁰ 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.⁶¹

CCUS describes several operational risk management practices. Regarding trade processing, CCUS states it employs “near real-time monitoring for any errors generated during trade processing.”⁶² After Cboe Exchange submits a pre-matched trade, CCUS validates the

⁵⁸ See CCUS Rules, at Rule 507(a) (“Obligations of [CCUS],” “Assessments”), at 57 (“Payment of Assessment Amounts that replenish the Guaranty Fund shall be made by Clearing Members on the basis of the same proportionality at the time of the Default that resulted in the assessment”); Application, Exhibit J, at 7.

⁵⁹ See Application, Exhibit J, at 8 (“CCUS assesses each Clearing Member on a *pro rata* basis relative to its Guaranty Fund Deposit requirement”); CCUS Default Management Plan, Section 3.8 (“Assessments”), at 5, available at <https://cdn.cboe.com/resources/membership/CCUS-Default-Management-Plan.pdf>.

⁶⁰ See Application, Exhibit J, at 7 (“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”); see also CCUS Rules, at Rule 507(d) (“Obligations of [CCUS],” “Assessments”), at 59 (“Assessments on Clearing Members shall not exceed the thresholds set forth in the Default Management Plan”); CCUS Default Management Plan, Section 3.8 (“Assessments”), at 5, available at <https://cdn.cboe.com/resources/membership/CCUS-Default-Management-Plan.pdf>.

⁶¹ See Application, Exhibit J, at 7.

⁶² See Application, Exhibit J, at 7–8. CCUS states that any cancellation or amendment of a submitted transaction from Cboe Exchange requires CCUS’s manual intervention. *Id.* at 8.

transaction based on the trade record, and CCUS novates the trade upon successful validation.⁶³ For product validation, CCUS states that its validation check ensures submitted dates are valid settlement dates (*i.e.*, business days, exclusive of Federal Reserve holidays).⁶⁴ For account validation, CCUS states that it confirms the good standing of each clearing member's clearing account.⁶⁵ CCUS states that it will reject all transactions that are not novated by its specified deadlines.⁶⁶ CCUS's clearing members will be responsible to CCUS to settle their option premiums and Initial Margin deficits at each settlement cycle.⁶⁷ 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 option strike.⁶⁸

c) Technology and Systems

In the Application, CCUS describes its system safeguards and disaster recovery, describing its (i) information technology infrastructure; (ii) information security; and (iii) physical security.⁶⁹ Regarding information technology infrastructure, the Application states that

⁶³ See CCUS Rules, at Rule 401(b) ("Clearing, Settling, and Delivery of Contracts," "Submission of Trades"), at 41 ("Upon matching of a trade effected on or pursuant to the rules of a Participating Exchange, the Participating Exchange shall promptly submit to Cboe Clear US a trade report generated by the electronic trading system of the Exchange. The report shall show for each trade, as applicable: (i) the identity of each Clearing Member; (ii) whether bought or sold; (iii) quantity; (iv) delivery month; (v) the price; (vi) whether for Member Property Account, Market-Maker Account, PAB Account, or Customer Account; (vii) the clearing date; (viii) transaction time; (ix) the trade source; (x) the product type; (xi) the ticker symbol; (xii) the series/contract date; (xiii) whether the trade is a put or a call; (xiv) the strike price; (xv) the account type; (xvi) the allocation indicator; (xvii) the Clearing Member Trade Agreement ("CMTA") indicator; (xviii) the given-up Clearing Member; and (xix) such other information as may be required by Cboe Clear US"); Application, Exhibit J, at 8.

⁶⁴ See Application, Exhibit J, at 8.

⁶⁵ See Application, Exhibit J, at 8.

⁶⁶ See Application, Exhibit J, at 8.

⁶⁷ See Application, Exhibit J, at 8.

⁶⁸ See Application, Exhibit J, at 8.

⁶⁹ See Application, Exhibit K, at 1.

CCUS's systems will be hosted in a "virtual private cloud ('VPC') environment across a minimum of (2) geographically disparate regions."⁷⁰ The Application also states that the "system will have the ability to run with either region as the 'primary' and failover either parts or all of the application to the 'secondary' region when needed."⁷¹

The Application states that CCUS "relies on Cboe's supporting technology infrastructure in physical data centers and facilities to provide access into CCUS's technology infrastructure."⁷² Regarding information security and physical security, the Application states that: (i) "Cboe's policies, procedures, and controls are built upon industry best practices;" and (ii) are intended to "prevent unauthorized access to its information and networks across both physical datacenters and the VPC environment."⁷³ Separately, regarding backup systems, the Application describes CCUS's system design, approach to operational resilience,⁷⁴ availability and disaster recovery,⁷⁵ and data backup.⁷⁶

3. Organization, Governance, and Analysis

a) Organization

The Application demonstrates that CCUS is a limited liability company ("LLC") that is: (i) duly formed under the laws of the state of Delaware; and (ii) in good standing in the state of

⁷⁰ See Application, Exhibit K, at 1.

⁷¹ See Application, Exhibit K, at 1.

⁷² See Application, Exhibit K, at 1.

⁷³ See Application, Exhibit K, at 1.

⁷⁴ See Application, Exhibit M, at 1.

⁷⁵ See Application, Exhibit M, at 1–2.

⁷⁶ See Application, Exhibit M, at 2.

Delaware.⁷⁷ The Application identifies that Cboe Clear Digital Holdings, LLC (“Cboe Digital”) owns 100% of CCUS⁷⁸ and serves as CCUS’s sole member (“LLC Member”).⁷⁹ As noted above, the Application also states that CCUS is a DCO registered with the CFTC.⁸⁰ Pursuant to its registration as a DCO with the CFTC, CCUS currently offers regulated clearing services for cash-settled index futures on digital assets indices.⁸¹

In its Application, CCUS provides its proposed LLC Agreement that identifies how CCUS will govern the management and operation of CCUS, including the relationship between CCUS’s Board of Directors (“Board”) and the LLC Member.⁸² In particular, Section V of the proposed LLC Agreement (“Management of the Company”) states that: CCUS “shall be managed by and all decisions regarding [CCUS] shall be made by [the LLC Member],” subject to the LLC Member’s delegation of authority “over the business and affairs of [CCUS] to the Board.”⁸³ The LLC Member’s delegation to the Board explicitly includes the “full, exclusive[,] and complete discretion” to: (i) “manage and control the business and affairs of [CCUS];” (ii) “to make all decisions affecting the business and affairs of [CCUS];” and (iii) “to take all such

⁷⁷ See Application, Exhibit E-6 (Certificate of Good Standing for “CBOE Clear U.S., LLC” from the Office of the Delaware Secretary of State (dated Sept. 18, 2026)).

⁷⁸ See Application, Exhibit E-3 (“Ninth Amended and Restated Limited Liability Company Agreement of CBOE Clear U.S., LLC,” dated Oct. 1, 2026) (“LLC Agreement”), Exhibit A, at 14. The Application identifies that Cboe Digital Exchange, LLC (“Digital Exchange”) is Cboe Digital’s sole member. *See id.*, Signature Page, at 14.

⁷⁹ See Application, Exhibit A, at 1.

⁸⁰ See Application, Exhibit C; *see also* Exhibit J at 2 (describing CCUS as a “Subpart C” DCO under CFTC regulations).

⁸¹ See Application, Exhibit J, at 1.

⁸² See Application, Exhibit E-3 (LLC Agreement). Capitalized terms not defined in this order are defined in the Application.

⁸³ See Application, Exhibit E-3, (LLC Agreement), Sections (V)(a)–(b) (“Management of the Company”), at 2–3.

actions as it deems necessary or appropriate to accomplish the purposes of [CCUS] as set forth herein.”⁸⁴ The proposed LLC Agreement also states that the Board shall not “approve,” “undertake,” or “authorize any other Person to approve or undertake” 17 specific actions without the prior written consent of the LLC Member “[n]otwithstanding anything to the contrary contained [in the LLC Agreement].”⁸⁵ The proposed LLC Agreement may not be amended without the written consent of the LLC Member.⁸⁶

The proposed LLC Agreement includes a “Limitation on Exercise of Reserved Authorities,” which would prohibit the Member’s exercise of any authority pertaining to CCUS’s ability to comply with the requirements of Section 17A of the Exchange Act or the rules and

⁸⁴ See Application, Exhibit E-3, (LLC Agreement), Sections (V)(b) (“Management of the Company”), at 2–3.

⁸⁵ See Application, Exhibit E-3 (LLC Agreement), Section X(l) (“General Provisions,” “Required Member Consent”), at 8–9. Specifically, the LLC Agreement states that the Board “shall not,” without prior consent of the LLC Member: “(i) enter into, approve or adopt an annual business plan or annual budget, provided that any such annual business plan or annual budget shall first be reviewed and approved by the Board; (ii) appoint a new President, Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, Chief Regulatory Officer, any executive vice president or any other officer comprising senior management of the Company, or the termination (other than for cause) of or material change in the compensation (including equity compensation) of any then-existing President, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer, any executive vice president or any other officer comprising senior management of the Company; (iii) acquire or dispose of any business or any material assets; (iv) approve, recommend, consummate or participate in any Sale Transaction; (v) cause any material change in the line(s) of business of the Company and its subsidiaries, taken as a whole, from the business conducted by the Company and its subsidiaries as of the date hereof; (vi) create, authorize, offer, issue or sell to any Person any Interests or any interests or other instruments directly or indirectly convertible, exercisable or exchangeable for Interests; (vii) admit a new Member to the Company; (viii) create or grant any security interest, encumbrance or guarantee on the assets of the Company or any of its subsidiaries; (ix) incur indebtedness for borrowed money; (x) approve, initiate or consummate a reorganization, liquidation or dissolution of the Company; (xi) initiate or settle any litigation or any other action, suit or similar proceeding; (xii) finalize or settle any administrative or judicial disputes with any taxing or other governmental authority; (xiii) select, cause appointment or replace the auditors of the Company or its Subsidiaries, following recommendation of the Audit Committee and approval of the Board; (xiv) file any tax returns and statements with respect to the Company or any subsidiary or the assets of the Company or any subsidiary; (xv) amend any accounting policy or make any tax election or decision or change in tax classification of the Company; (xvi) amend the Company’s organizational documents or documents related to the Interests; or (xvii) redeem, repurchase or otherwise acquire any Interests or other instruments directly or indirectly convertible, exercisable or exchangeable for Interests.” *Id.*

⁸⁶ See Application, Exhibit E-3 (LLC Agreement), Section X (“General Provisions”), (o), at 12.

regulations thereunder.⁸⁷ Specifically, this section states that the Member “shall not exercise any consent, right, or other authority reserved to [the Member]” if that exercise would: (i) impair the Board’s authority to direct the operations of CCUS consistent with Section 17A of the Exchange Act;⁸⁸ (ii) deny or impair the fair representation of CCUS’s participants as contemplated by Section 17A(b)(3)(C) of the Exchange Act;⁸⁹ or (iii) prevent the Board from being composed or operate in a manner required by the Exchange Act or Rule 17Ad-25 thereunder.⁹⁰

CCUS states that it is an indirect, wholly-owned subsidiary of CGM, its ultimate corporate parent.⁹¹ The Application states that CGM: (i) is a public company owned by public shareholders; (ii) is listed for trading on the Cboe BZX Exchange; and (iii) owns “a number of direct wholly-owned subsidiaries” and “a variety of indirect subsidiaries (including CCUS).”⁹² Referencing CGM’s governing documents, the Application states that CGM’s subsidiaries include self-regulatory organizations (“SROs”) registered with the Commission as national securities exchanges.⁹³ The CGM Certificate explicitly distinguishes among CGM subsidiaries based on whether the subsidiary is a national securities exchange (defining “any national

⁸⁷ See Application, Exhibit E-3 (LLC Agreement), Section V(k) (“Management of the Company,” “Limitation on Exercise of Reserved Authorities”) at 8.

⁸⁸ See Application, Exhibit E-3 (LLC Agreement), Section V(k)(i) (“Management of the Company,” “Limitation on Exercise of Reserved Authorities”), at 8.

⁸⁹ See Application, Exhibit E-3 (LLC Agreement), Section V(k)(ii) (“Management of the Company,” “Limitation on Exercise of Reserved Authorities”), at 8.

⁹⁰ See Application, Exhibit E-3 (LLC Agreement), Section V(k)(iii) (“Management of the Company,” “Limitation on Exercise of Reserved Authorities”), at 8.

⁹¹ See Application, Exhibit A, at 1; Exhibit C.

⁹² See Application, Exhibit C.

⁹³ See Application, Exhibit A at 1 n.1 (describing the “Third Amended and Restated Certificate of Incorporation of Cboe Global Markets, Inc.,” dated October 16, 2017 (the “CGM Certificate”); *see also* CGM Certificate. <https://cdn.cboe.com/resources/regulation/cboe-global-markets-certificate-of-incorporation.pdf>.

securities exchanges controlled, directly or indirectly by [CGM]” as a “*Regulated Securities Exchange Subsidiary*”).⁹⁴ The CGM Certificate also includes specific representations pertaining to CGM “being the ultimate parent of [any] Regulated Securities Exchange Subsidiaries.”⁹⁵ CCUS states that these representations include CGM’s submitting to U.S. regulatory authority,⁹⁶ safeguarding sensitive SRO information,⁹⁷ and committing CGM and its personnel to compliance with, and cooperation under, the federal securities laws.⁹⁸ The Application states that the CGM Certificate was adopted when “CGM controlled national securities exchanges and did not control

⁹⁴ See Application, Exhibit A at 1 n.1 (emphasis original); see also CGM Certificate, Article Fifth, (a) (“Definitions”), (i) (“Regulatory Securities Exchange Subsidiary”), at 3.

⁹⁵ See Application, Exhibit A at 1 n.1. See also CGM Certificate, Articles Fourteenth–Sixteenth, at 10–12.

⁹⁶ See Application, Exhibit A at 1 n.1. See also, e.g., CGM Certificate, Article Fourteenth at 10–11 (“The Corporation, its directors, officers, agents and employees, irrevocably submit to the jurisdiction of the U.S. federal courts, the SEC, and the Regulated Securities Exchange Subsidiaries, for the purposes of any suit, action or proceeding pursuant to U.S. federal securities laws or the rules or regulations thereunder, commenced or initiated by the SEC arising out of, or relating to, the Regulated Securities Exchange Subsidiaries’ activities (and shall be deemed to agree that the Corporation may serve as the U.S. agent for purposes of service of process in such suit, action or proceeding), and hereby waive, and agree not to assert by way of motion, as a defense or otherwise in any such suit, action or proceeding, any claims that they are not personally subject to the jurisdiction of the U.S. federal courts, the SEC, and the Regulated Securities Exchange Subsidiaries, that the suit, action or proceeding is an inconvenient forum or that the venue of the suit, action or proceeding is improper, or that the subject matter thereof may not be enforced in or by such courts or agency”).

⁹⁷ See Application, Exhibit A at 1 n.1. See also, e.g., CGM Certificate, Article Fifteenth, at 11 (“To the fullest extent permitted by applicable law, all confidential information pertaining to the self-regulatory function of Regulated Securities Exchange Subsidiaries (including but not limited to disciplinary matters, trading data, trading practices and audit information) contained in the books and records of any Regulated Securities Exchange Subsidiary that shall come into the possession of the Corporation shall: (1) not be made available to any Persons (other than as provided in the next sentence) other than to those officers, directors, employees and agents of the Corporation that have a reasonable need to know the contents thereof; (2) be retained in confidence by the Corporation and the officers, directors, employees and agents of the Corporation; and (3) not be used for any commercial purposes[....] The books and records related to the business of a Regulated Securities Exchange Subsidiary shall be subject at all times to inspection and copying by the SEC and the Regulated Securities Exchange Subsidiary”).

⁹⁸ See Application, Exhibit A at 1 n.1. See also, e.g., CGM Certificate, Article Sixteenth, at 11 (“The Corporation shall comply with the federal securities laws and the rules and regulations thereunder and shall cooperate with the SEC, and each Regulated Securities Exchange Subsidiary pursuant to and to the extent of its regulatory authority, and shall take reasonable steps necessary to cause its agents to cooperate with the SEC and, where applicable, the Regulated Securities Exchange Subsidiaries pursuant to their regulatory authority, with respect to such agents’ activities related to the Regulated Securities Exchange Subsidiaries”).

any registered securities clearing agencies, and the defined term ‘Regulated Securities Exchange Subsidiary’ refers to national securities exchanges controlled by CGM.”⁹⁹ CCUS also states that CGM is “evaluating adopting a governance policy providing that it will give due regard to the principles in Articles Fourteenth through Sixteenth of the CGM Certificate with respect to any registered securities clearing agency it controls, including CCUS, in the same manner as those principles apply to its Regulated Securities Exchange Subsidiaries.”¹⁰⁰

Exhibits H-1 and H-2 explain the relationship between CGM and CCUS,¹⁰¹ identifying four wholly-owned CGM subsidiaries above CCUS: (i) Cboe Digital (the LLC Member);¹⁰² (ii) Digital Exchange (Cboe Digital’s sole member);¹⁰³ (iii) Cboe Digital Intermediate Holdings, LLC (“Intermediate Holdings,” Digital Exchange’s sole member);¹⁰⁴ and (iv) Cboe Digital Holdings, Inc. (“Holdings, Inc.,” Intermediate Holdings’ sole member).¹⁰⁵ The Application states that CCUS’s officers “may have reporting relationships to other CGM businesses” (*i.e.*, other

⁹⁹ See Application, Exhibit A at 1 n.1.

¹⁰⁰ See Application, Exhibit A at 1 n.1.

¹⁰¹ See Application, Exhibit H-1 (Audited Financial Statements for Year Ending Dec. 31, 2025), at 9; Exhibit H-2 (Audited Financial Statements for Year Ending Dec. 31, 2024, at 9.

¹⁰² See Application, Exhibit H-1, at 9 (stating that Cboe Digital is: (i) “the sole [m]ember of [CCUS];” and (ii) “a Delaware Limited Liability Company formed on October 16, 2017 as a holding company for [CCUS]”); Exhibit H-2, at 9 (same). See also *supra* note 79 and accompanying text.

¹⁰³ See Application, Exhibit H-1, at 9 (stating that Digital Exchange is: (i) “the sole [m]ember of [Cboe Digital];” (ii) “a Delaware Limited Liability Company formed on February 4, 2010;” and (iii) “a Designated Contract Market (‘DCM’) regulated by the CFTC”); Exhibit H-2, at 9 (same); see also *supra* note 79 and accompanying text.

¹⁰⁴ See Application, Exhibit H-1, at 9 (stating Intermediate Holdings is: (i) “the parent and sole [m]ember of [Digital Exchange];” and (ii) “a Delaware Limited Liability Company formed on November 29, 2017”); Exhibit H-2, at 9 (same).

¹⁰⁵ See Application, Exhibit H-1, at 9 (stating: (i) Intermediate Holdings is “a wholly[-]owned subsidiary of [Holdings, Inc];” and (ii) Holdings, Inc. is “a wholly[-]owned subsidiary of [CGM]”); Exhibit H-2, at 9 (same).

CGM subsidiaries).¹⁰⁶ CCUS explains that “those reporting relationship will correspond to the departments with which the officers’ or employees’ duties are associated.”¹⁰⁷ The Application also states that CGM and CCUS are parties to: (i) a “Master Intercompany Services & License Agreement;” and (ii) a related “Services and Expense Sharing Agreement.”¹⁰⁸ Under these agreements, certain “affiliates of CGM provide shared services” to CCUS, such as “accounting and payroll.”¹⁰⁹ The Application states that CGM will allocate the costs for these shared services and other expenses (such as technology costs, professional fees, and facility costs) to CCUS in accordance with the Agreement.¹¹⁰

b) Governance

Under the proposed LLC Agreement, CCUS’s Board will consist of between three to eleven directors (“Directors”). The LLC Member will appoint each Director (including one Director who Cboe Digital will designate as Chair).¹¹¹ The Application states that CCUS’s Board will consist of: (i) a majority of independent Directors¹¹² (“Independent Directors”);¹¹³ and (ii) at

¹⁰⁶ See Application, Exhibit C. Exhibit C also states that “other employees of CGM businesses assigned to work on [CCUS]” may also have reporting relationships to other CGM subsidiaries. *Id.*

¹⁰⁷ See Application, Exhibit C.

¹⁰⁸ See Application, Exhibits H-1 at 8; H-2 at 8.

¹⁰⁹ See Application, Exhibits H-1 at 8; H-2 at 8.

¹¹⁰ See Application, Exhibits H-1 at 8; H-2 at 8.

¹¹¹ See Application, Exhibit E-3 (LLC Agreement), Section V(c) (“Management of the Company;” “Number; Election; Tenure; Compensation; Reimbursement”) at 3.

¹¹² See Application, Exhibit E-3 (LLC Agreement), Section V(d)(i) (“Management of the Company;” “Board Composition Requirements”) at 3.

¹¹³ Application, Exhibit E-3 (LLC Agreement), Exhibit B (Definitions), at 15 (defining an Independent Director as a Director: (i) who is “not an executive, officer, or employee of [CCUS] or an affiliate;” and (ii) is an “Independent Director” as “defined in [Rule] 17ad-25 [under the Exchange Act]”).

least two Directors who are market participants.¹¹⁴ In addition to the delegation of authority under the LLC Agreement,¹¹⁵ the Board’s charter (“Board Charter”) states the Board’s responsibilities also include: (i) risk management oversight; (ii) service provider oversight; (iii) consideration of stakeholder views; and (iv) conflict of interest policies.¹¹⁶

The Application lists the current membership of CCUS’s Board, which consists of a total of seven Directors (including a Chair, four Independent Directors, and two market participant Directors).¹¹⁷ Exhibit A identifies the Board’s Chair, four Independent Directors, and two market participant Directors.¹¹⁸ This Board composition is consistent with the LLC Agreement’s requirements regarding: (i) total size (the Board’s seven directors complies with the requirement to be between three and eleven directors);¹¹⁹ (ii) Independent Directors (the Board’s four Independent Directors complies with the requirement that Board’s majority of its seven total members be Independent Directors);¹²⁰ and (iii) market participant Directors (the Board includes the required two market participant Directors).¹²¹

¹¹⁴ Application, Exhibit E-3 (LLC Agreement), Section V(d)(ii) (“Management of the Company,” “Board Composition Requirements”) at 3. The Board will “determine[] and define[]” the Directors who are “market participants.” *Id.*

¹¹⁵ See *supra* note 84 and accompanying text.

¹¹⁶ See Application, Exhibit E-1-74 (“Board Charter,” “Certain Responsibilities of Board”), at 3.

¹¹⁷ See Application, Exhibit A at 2.

¹¹⁸ See Application, Exhibit A at 2.

¹¹⁹ See Application, Exhibit E-3 (LLC Agreement), Section V(c) (“Management of the Company,” “Number; Election; Tenure; Compensation; Reimbursement”), at 3 (“The Board shall consist of between three (3) and eleven (11) directors”).

¹²⁰ See Application, Exhibit E-3 (LLC Agreement), Section V(d)(i) (“Management of the Company,” “Board Composition Requirements”), at 3 (“A majority of the Directors shall be Independent Directors”).

¹²¹ See Application, Exhibit E-3 (LLC Agreement), Section V(d)(ii), (“Management of the Company,” “Board Composition Requirements”), at 3 (“The Board shall include at least two (2) Directors who are market participants”).

In addition to the LLC Member and the Board, Exhibit A identifies that the following entities/persons will control or direct the management and policies of CCUS: (i) CCUS’s audit committee (“Audit Committee,” comprised of Directors according to the CCUS Rules, the Board Charter, and the Audit Committee Charter); (ii) CCUS’s Risk Management Committee (“RiskCo,” comprised of Directors, clearing members, customers of clearing members, according to the CCUS Rules, the Board Charter, and the RiskCo Charter); and (iii) five CCUS executives.¹²² The Application states that CCUS, its Board, Audit Committee, RiskCo, and its executives will control or direct the management and policies of CCUS pursuant to its LLC Agreement, its Rules, and the Board Charter.¹²³ In addition to the LLC Agreement and CCUS Rules, the RiskCo and the Audit Committee will each control or direct the management and policies of CCUS pursuant to their respective charters.¹²⁴ CCUS’s nominating committee (“Nominating Committee”) will nominate for appointment by the LLC Member, the members of the RiskCo and Audit Committee from among its Directors, pursuant to the Nominating Committee Charter.¹²⁵

¹²² See Application, Exhibit A at 1; Exhibit B at 1–3 (identifying the five (5) executives: (i) Mr. Dale Michaels, Head of CCUS; (ii) Ms. Lauren Arbid, Head of CCUS Market Structure; (iii) Mr. Joshua Iverson, CCUS Chief Risk Officer; (iv) Ms. Jennifer Fuentes, CCUS Chief Compliance Officer; and (v) Mr. Michael Margolis, Head of CCUS Legal).

¹²³ See Application, Exhibit A, at 2; *see also* Exhibit E-3; Exhibit E-2 (CCUS Rules); Exhibit E-1.74 (Board Charter).

¹²⁴ See Application, Exhibit A, at 2; *see also* Exhibit E-1.73 (Audit Committee Charter), Exhibit E-1.94 (RiskCo Charter).

¹²⁵ See Application, Exhibit A, at 2; *see also* Exhibit E-1.75 (Nominating Committee Charter). *See also* Application, Exhibit E-3 (LLC Agreement), Section V(i)(iii), (“Management of the Company,” “Committees,” “Nominating Committee”), at 6 (“The Board shall appoint and oversee a Nominating Committee [...] which shall consist of a minimum of three (3) individuals, a majority of whom shall be independent Directors”).

The Audit Committee Charter states the Audit Committee’s responsibilities include the “independent and objective oversight of the financial statement and financial reporting process, the systems of internal accounting and financial controls, and the internal audit function and the annual independent audit of the Company’s financial statements.”¹²⁶ Specifically, the Audit Committee Charter states that the Audit Committee will assist the Board’s oversight of, without limitation: (i) the integrity of CCUS’s financial statements; (ii) CCUS’s compliance with legal and regulatory requirements as they may impact CCUS’s financial statements or financial disclosures; (iii) CCUS’s independent auditors’ qualifications and independence; (iv) the performance of CCUS’s independent auditors; and (v) the internal audit function.¹²⁷ The Audit Committee Charter also states that the Audit Committee “shall consult with the CGM Audit Committee prior to taking action” in the event that “CCUS matters may relate to or involve CCUS affiliates, such as [CGM].”¹²⁸

The RiskCo Charter states that the RiskCo is “an advisory committee to the Board with regard to any matters that could materially affect the risk profile of [CCUS]” as a DCO under CFTC Rule 39.24 and as a clearing agency registered with the Commission under Section 17A of the Exchange Act and Rule 17Ad-25(d) thereunder.¹²⁹ Specifically, the RiskCo Charter states that the RiskCo will advise the Board on: (i) material changes to CCUS’s risk models, default management procedures, financial resources, and credit risk management, as well as material

¹²⁶ See Application, Exhibit E-1.73 (Audit Committee Charter), at 1. See also Application, Exhibit E-3 (LLC Agreement), Section V(i)(iv), (“Management of the Company,” “Committees,” “Audit Committee”), at 7 (“The Board shall appoint and oversee an Audit Committee [...] which shall consist of a minimum of three (3) individuals, a majority of whom shall be independent Directors”).

¹²⁷ See Application, Exhibit E-1.73 (Audit Committee Charter), at 1.

¹²⁸ See Application, Exhibit E-1.73 (Audit Committee Charter), at 1.

¹²⁹ See Application, Exhibit E-1.94 (RiskCo Charter), at 1; see also 15 U.S.C. 78q–1 *et seq.*; 17 CFR 240.17ad-25.

revisions to CCUS's policies governing the framework, testing, and calculation, as applicable, of the aforementioned matters; (ii) material changes to standards and requirements for clearing member eligibility and participation; (iii) consideration of applications for membership as CCUS clearing members; (iv) clearing of any new products that have margining, liquidity, default management, pricing, or other risk characteristics that differ materially from those currently cleared by CCUS; (v) material changes to CCUS's risk monitoring practices; (vi) regulatory proposals that may pose a novel question or regulatory risk prior to implementation, including advising the Board as to whether and how such changes may impact regulation; and (viii) any other material risk management issues, including risk management policy, financial safeguards, financial surveillance and membership issues.¹³⁰

c) Analysis

With respect to organization and governance, CCUS's Application demonstrates that it is an LLC organized in the State of Delaware in good standing.¹³¹ As described above and in Exhibit A of the Application, the following persons will control or direct the management and policies of CCUS: (i) the LLC Member; (ii) its Board; (ii) its Audit Committee; (iv) its RiskCo; and (v) its executives.¹³² In addition, per Exhibit E-3, the Application sets forth that CCUS has a written board charter establishing the purpose, composition, chair selection, term, director election, vacancy, removal and resignation, meetings, committees, succession procedures, confidentiality, and conflicts of interest expectations for the Board. These charters are extensive,

¹³⁰ See Application, Exhibit E-1.94 (RiskCo Charter), at 2–3.

¹³¹ See *supra* note 77 and accompanying text.

¹³² See Application, Exhibit A, at 1.

detailed, and provide for delineation of roles and responsibilities among the Board, executives, and the LLC Member.

In the Application, CCUS provides the written charters for its Board, Audit Committee, RiskCo, and Nominating Committee, which include, *inter alia*, provisions for each board committee addressed to purpose, membership, and responsibilities.¹³³ Such delineation of roles and responsibilities of Board committee members is one way the Application demonstrates that CCUS meets the statutory standard in Section 17A(b)(3)(A).¹³⁴ Where appropriate, such charters also establish composition requirements for a majority of Independent Directors, consistent with the Commission’s rules for clearing agency governance.¹³⁵ The Board committees have distinguishable areas of focus and are designed to operate within the larger corporate framework, which is another way the Application demonstrates that CCUS meets the statutory standard in Section 17A(b)(3)(A) and is so organized and has the capacity to comply with the Exchange Act and rules and regulations thereunder.¹³⁶

Under the proposed LLC Agreement, the Board could not amend the LLC Agreement without the written consent of Cboe Digital (as sole member), and any such amendment must comply with Section 19(b) of the Exchange Act and the rules thereunder.¹³⁷ This provision would prevent the Board from revising how CCUS operates unless the Board obtains the LLC

¹³³ See Application, Exhibit E-1.74 (Board Charter); E-1.73 (Audit Committee Charter); Exhibit E-1.94 (RiskCo Charter); Exhibit 1-75 (Nominating Committee Charter).

¹³⁴ See *id.*

¹³⁵ See, e.g., 17 CFR 240.17ad-25(b), (c), (d), (e).

¹³⁶ See *supra* note 15 (summarizing the Commission rules applicable to registered clearing agencies).

¹³⁷ See Application, Exhibit E-3 (LLC Agreement), Section X(o) (“General Provisions”), at 12; 15 U.S.C. 78s(b); 17 CFR 240.19b–4.

Member’s consent, even if the Board and the LLC Member —its parent company—are likely to have aligned views. However, as discussed above, the proposed LLC Agreement also includes provisions demonstrating that the LLC Member cannot “exercise any consent, right, or other authority reserved to [the LLC Member]” if that exercise would: (i) impair the Board’s authority to direct the operations of CCUS consistent with Section 17A of the Exchange Act;¹³⁸ (ii) deny or impair the fair representation of CCUS’s participants as contemplated by Section 17A(b)(3)(C) of the Exchange Act;¹³⁹ or (iii) prevent the Board from being composed or operate in a manner required by the Exchange Act or Rule 17Ad-25 thereunder.¹⁴⁰ Ultimately, to the extent CCUS would seek to alter the provisions of its proposed LLC Agreement and charters, revisions to its rules, policies and procedures, including these types of governing documents, are required to be filed with the Commission as proposed rule changes pursuant to Section 19(b) of the Exchange Act and rules thereunder, including Rule 19b-4, and the Commission will review any such changes for consistency with the Exchange Act and the rules and regulations thereunder.¹⁴¹

CCUS’s governance arrangements include a process for classifying certain directors as independent. The Nominating Committee Charter states that the Nominating Committee is responsible for developing standards for “whether [a] candidate would qualify as an Independent Director consistent with Section V of the LLC Agreement, and whether the candidate has any

¹³⁸ See Application, Exhibit E-3 (LLC Agreement), Section V(k)(i) (“Management of the Company,” “Limitation on Exercise of Reserved Authorities”), at 8.

¹³⁹ See Application, Exhibit E-3 (LLC Agreement), Section V(k)(ii) (“Management of the Company,” “Limitation on Exercise of Reserved Authorities”), at 8.

¹⁴⁰ See Application, Exhibit E-3 (LLC Agreement), Section V(k)(iii) (“Management of the Company,” “Limitation on Exercise of Reserved Authorities”), at 8.

¹⁴¹ See 15 U.S.C. 78s(b); 17 CFR 240.19b-4.

known material relationship with [CCUS] or any affiliate thereof, an owner, a participant, or a representative of another stakeholder.”¹⁴² Consistent with the Nominating Committee Charter, the Nominating Committee will consist of a majority of Independent Directors.¹⁴³ Under the LLC Agreement, the LLC Member may remove any Director (including an Independent Director) “with or without cause,” which could cause the Nominating Committee to be composed of less than a majority of Independent Directors; however, the proposed LLC Agreement makes clear that the LLC Member would not exercise any right or other authority that prevents the Board from being composed or operating in a manner required by the Exchange Act or applicable regulations, including Rule 17Ad-25.¹⁴⁴ The Nominating Committee also is responsible for considering the views of participants and other relevant stakeholders regarding material developments in the Company’s risk management and operations on a recurring basis, including whether a potential candidate’s appointment would reflect the range of different business strategies, models, and sizes across participants, as well as the range of customers and clients the participants serve.¹⁴⁵ The Nominating Committee is also responsible for considering the views of other stakeholders who may be affected by the decisions of CCUS, including transfer agents, settlement banks, nostro agents, liquidity providers, and technology or other

¹⁴² See Application, Exhibit E-1-1.75 (Nominating Committee Charter) at 4.

¹⁴³ See Application, Exhibit E-1-1.75 (Nominating Committee Charter) at 2 (“A majority of the Directors serving on the Committee shall be Independent Directors in at least the same majority percentage as required for the Board”); *see also* 17 CFR 240.17ad-25(c)(2) (setting forth requirements for the composition of the Nominating Committee).

¹⁴⁴ See Application, Exhibit E-3 (LLC Agreement), Section V(f) (“Management of the Company,” “Resignation”), at 5 (“Any one or more of the Directors (i) shall automatically, without any further action by the Board or the Member, be removed from such position due to such Director’s death, and (ii) *may be removed from such position, either with or without cause, by the Member*”) (emphasis added).

¹⁴⁵ See Application, Exhibit E-1-1.75 (Nominating Committee Charter) at 3.

service providers.¹⁴⁶ As discussed further below, these provisions relate to whether participants have fair representation in the selection of directors.

Although neither the LLC Member nor CGM will carry out regulatory functions, their activities with respect to the operation of CCUS must be consistent with, and must not interfere with, CCUS's self-regulatory obligations. In this regard, (i) the proposed LLC Agreement's limitation on the LLC Member's exercise of authority;¹⁴⁷ and (ii) the representation in Exhibit A that CGM recognizes a possible discrepancy in its Certificate's representations pertaining to its national securities exchange subsidiaries versus clearing agency subsidiaries are two ways that the Application helps demonstrate consistency with the requirements of Section 17A(b)(3)(A) of the Exchange Act.¹⁴⁸ Both reflect an intent by the LLC Member and CGM to ensure that CCUS has sufficient independence to execute its responsibilities as a registered clearing agency, which the governing documents of other self-regulatory organizations that have been granted registration are similarly designed to incorporate.¹⁴⁹ Additionally, both are designed to: (i) help maintain the independence of CCUS's regulatory function; and (ii) facilitate the ability of CCUS to carry out its regulatory responsibilities in a manner consistent with the requirements of Section 17A(b)(3)(A), which requires a clearing agency to be so organized and have the capacity to carry out the purposes of the Exchange Act. Whether CCUS operates in compliance with the Exchange

¹⁴⁶ See Application, Exhibit E-1-1.75 (Nominating Committee Charter) at 3–4.

¹⁴⁷ See *supra* notes 87–90 and accompanying text.

¹⁴⁸ See *supra* note 100 and accompanying text.

¹⁴⁹ See, e.g., Release Nos. 34-104146 (Sept. 30, 2025), 90 FR 47880 (Oct. 2, 2025) (order granting exchange registration of Texas Stock Exchange LLC); Release No. 34-101777 (Nov. 27, 2024), [89 FR 97092](#) (Dec. 6, 2024) (order granting exchange registration of 24X National Exchange LLC); Release No. 34-100539 (July 15, 2024), [89 FR 58848](#) (July 19, 2024) (order granting exchange registration of MIAX Sapphire, LLC).

Act, however, depends on how CCUS, the LLC Member, and CGM in practice implement the governance and other provisions that are the subject of this Order.

With respect to its operational arrangements and capacity to facilitate prompt and accurate clearance and settlement, as generally described in Part III.A.2 above, CCUS systems and processes will enable trade submission, matching, novation, settlement and settlement fails management and will promote business continuity. CCUS's rules, policies and procedures demonstrate that CCUS has processes in place to support and oversee these clearing agency operations via its governance processes. These governance processes further demonstrate that CCUS is so organized and has the capacity to facilitate prompt and accurate clearance and settlement and to comply with the Exchange Act and rules and regulations thereunder. For example, the Application describes that CCUS may receive staffing support in the form of CCUS's officers who "may have reporting relationships to other CGM businesses" (*i.e.*, other CGM subsidiaries).¹⁵⁰ CCUS explains that "those reporting relationship will correspond to the departments with which the officers' or employees' duties are associated."¹⁵¹

Additionally, the Board will oversee the Chief Risk Officer, receiving "reports directly from the Chief Risk Officer from time to time."¹⁵² Per the RiskCo Charter, the Chief Risk Officer will also provide "regular reports" to the RiskCo, as well as, "as necessary, the President and the Chief Compliance Officer."¹⁵³ These provisions allow the Chief Risk Officer to raise and escalate any issues pertaining to risk management directly to the Board, RiskCo, and each of these

¹⁵⁰ See Application, Exhibit C (stating "other employees of CGM businesses assigned to work on [CCUS]" may also have reporting relationships to other CGM subsidiaries).

¹⁵¹ See Application, Exhibit C.

¹⁵² See Application, Exhibit E-3 (LLC Agreement), Section V(m)(ii), ("Management of the Company," "Officers"), at 9.

¹⁵³ See Application, Exhibit E-1-94 (RiskCo Charter), at 3.

officers. This level of direct access to decision makers is another way the Application demonstrates that CCUS would be so organized and have the capacity to comply with the provisions of the Exchange Act and the rules and regulations thereunder.

For the reasons discussed above, the Commission determines that CCUS is so organized and has the capacity to be able to facilitate the prompt and accurate clearance and settlement of securities transactions, to safeguard securities and funds in its custody or control or for which it is responsible, and to comply with the provisions of the Exchange Act and the rules and regulations thereunder.

B. Participation Standards

1. Statutory Standard: Section 17A(b)(3)(B)

Section 17A(b)(3)(B) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that the rules of the clearing agency provide that any (i) registered broker or dealer, (ii) other registered clearing agency, (iii) registered investment company, (iv) bank, (v) insurance company, or (vi) other person or class of persons as the Commission, by rule, may from time to time designate as appropriate to the development of a national system or the prompt and accurate clearance and settlement of securities transactions may become a participant in such clearing agency.¹⁵⁴ Section 3(a)(24) of the Exchange Act defines a “participant” with respect to a clearing agency as any person who uses a clearing agency to clear or settle securities transactions or to transfer, pledge, lend, or hypothecate securities, and further states that the term does not include a person whose only use

¹⁵⁴ Section 17A(b)(3)(B) of the Exchange Act also states that the rules of the clearing agency are subject to the provisions of Section 17A(b)(4) of the Exchange Act.

of a clearing agency is (i) through another person who is a participant or (ii) as a pledgee of securities.¹⁵⁵

2. Summary of Application

The CCUS Rules specify the entities that can become clearing members. The definition of “clearing member” is “an FCM Clearing Member, a BD Clearing Member, or Direct Clearing Member....”¹⁵⁶ A BD clearing member is defined as a “Person that (i) is registered as a broker dealer under Section 15(b) of the Securities Exchange Act; (ii) has completed a Clearing Member Application; and (iii) has been granted clearing privileges by Cboe Clear US specifically with respect to Securities Contracts.”¹⁵⁷

As previously discussed in Part III.A.2.a), in its Application CCUS “acknowledges that the Rules do not at this time reference all of the categories of participants enumerated in Section 17A(b)(3)(B) of the Exchange Act.”¹⁵⁸ In Exhibit J, CCUS explains that under its rules, clearing member applicants must meet financial responsibility requirements, which vary based on the nature of the applicant’s business and include disqualification criteria pursuant to which it may disapprove an application if the person is subject to a statutory disqualification. To become a clearing member, an applicant must execute the Clearing Member Agreement and satisfy CCUS’s eligibility criteria. As a general matter, a clearing member must consent to abide by CCUS Rules, agree that CCUS Rules are part of the terms and conditions of every contract or

¹⁵⁵ 15 U.S.C. 78c(a)(24).

¹⁵⁶ CCUS Rules, at Rule 101(v) (“Definitions”).

¹⁵⁷ CCUS Rules, at Rule 101(j) (“Definition”).

¹⁵⁸ See Application, Exhibit S, at 3 (*i.e.*, “other registered clearing agencies, registered investment companies, banks, insurance companies[,] and other classes of persons designated as appropriate by the Commission”); *see also* 15 U.S.C. 78q-1(b)(3)(B).

transaction that it may make or have with CCUS, and agree to maintain adequate controls to ensure continued satisfaction of financial and operational obligations of itself and its customers, as applicable. Currently, CCUS has established that a clearing member must be either a registered futures commission merchant (“FCM”) or a registered broker-dealer.¹⁵⁹ In Exhibit S, CCUS also explains that with the exception of Direct Clearing Members, clearing members eligible to clear securities products, either for their own accounts or the account of a customer, must be registered broker-dealers...”¹⁶⁰

As noted above, CCUS also provides in the CCUS Rules for participation by “Direct Clearing Members.” That is defined as an entity that is registered under the Exchange Act and submits trades for clearing at CCUS only on behalf of its own accounts, has completed a Clearing Member Agreement, and has been granted clearing privileges by CCUS. CCUS Rules provide, for the avoidance of doubt, that a Direct Clearing Member may not carry customer accounts, submit customer transactions for clearing, or otherwise facilitate access to CCUS for customers or other participants.¹⁶¹ In Exhibit O, CCUS explains that Direct Clearing Members are legal entities (not individuals) that trade exclusively for their own proprietary accounts and may include proprietary trading firms, commercial firms, corporations, institutional investors, or other market participants that seek direct access to CCUS’s clearing services. CCUS Rules provide that such entities must be registered either under the Exchange Act or the Commodity Exchange Act. CCUS explains that although such entities would not be registered as broker-dealers (under the Exchange Act) or FCMs (under the Commodity Exchange Act), such Direct

¹⁵⁹ Application, Exhibit J, at 3.

¹⁶⁰ Application, Exhibit S, at 3.

¹⁶¹ CCUS Rules, at Rule 101, mmm (“Definitions”).

Clearing Members are entities that may possess the financial resources, risk management capabilities, operational infrastructure, and organizational resilience necessary to support a direct clearing relationship. CCUS also states in Exhibit O that applicants seeking to become Direct Clearing Members would be subject to CCUS's membership review and approval process, including an evaluation of the firm's financial condition, governance, operational capabilities, risk management framework, legal authority and ability to satisfy its obligations to CCUS.

Because CCUS has not provided for all categories of participants enumerated in Section 17A(b)(3)(B) of the Exchange Act, including registered clearing agencies, registered investment companies, banks, insurance companies, or other classes of persons designated as appropriate by the Commission, CCUS is requesting temporary registration as a clearing agency and an exemption from the requirements of Section 17A(b)(3)(B) for a period of 18 months.

Accordingly, the Commission is not, at this time, making a determination as to whether CCUS's Application satisfies the requirements of Section 17A(b)(3)(B) of the Exchange Act. As discussed further below in Part IV, pursuant to Rule 17Ab2-1(c), the Commission is granting CCUS's request for temporary registration with an exemption from Section 17A(b)(3)(B) of the Exchange Act for a period of 18 months.

C. Fair Representation

1. Statutory Standard: Section 17A(b)(3)(C)

Section 17A(b)(3)(C) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that the rules of the clearing agency assure a

fair representation of its shareholders (or members) and participants in the selection of its directors and administration of its affairs.¹⁶²

2. Summary of Application and Analysis

Under Section 17A(b)(3)(C) of the Exchange Act, the Commission considers whether the Application provides fair representation both to shareholders (or members) and to participants in the selection of directors and the administration of affairs. In doing so, the Commission undertakes an analysis of the documents in the Application that govern or otherwise affect the selection of directors by the clearing agency and the administration of its affairs. Such documents include, for example, the constitution, articles of incorporation, bylaws, rules, and written policies or procedures. Such analysis considers both qualitative and quantitative factors, including the number of board positions that a clearing agency may reserve for shareholders or to represent participants, as well as the existence of provisions in governing documents that may impede representation in the selection of directors or the administration of affairs. The Commission also considers the overall organization of the clearing agency, the nature of the products it clears, and the structure of the market it serves, including the nature of existing clearing and settlement arrangements in the market served, the existence of other clearing agencies that offer comparable services and how they are structured, and the size of the market served by the applicant, to evaluate whether the representation proposed by the applicant is consistent with the requirements of the Exchange Act.¹⁶³ Finally, because CCUS will operate the

¹⁶² See 15 U.S.C. 78q-1(b)(3)(C). Section 17A(b)(3)(C) of the Exchange Act also states that the Commission may determine that the representation of participants is fair if they are afforded a reasonable opportunity to acquire voting stock of the clearing agency, directly or indirectly, in reasonable proportion to their use of such clearing agency.

¹⁶³ Accordingly, the level of participant representation needed to ensure fair representation consistent with the Exchange Act may vary depending on the facts and circumstances, including the market or markets to which the application is directed.

KPI Options Business in the same existing legal entity where it provides futures clearing services, the Commission considers CCUS’s existing arrangements to the extent they indicate whether CCUS, as an entity, would provide fair representation to shareholders and participants of its KPI Options Business.

Under Section 3(a)(7) of the Exchange Act, the term “director” is defined as “any director of a corporation or any person performing similar functions with respect to any organization, whether incorporated or unincorporated.”¹⁶⁴ When an applicant is not organized as a corporation, the Commission assesses whether the directors under its business form are performing functions similar to the directors of a corporation. CCUS is organized as a member-managed LLC, which places control over CCUS with the LLC Member. This organizational and management structure differs from registered clearing agencies that are organized as corporations,¹⁶⁵ or organized as LLCs but operate as manager-managed LLCs.¹⁶⁶ As a result, below the Commission considers whether the role of director as set forth in CCUS’s LLC Agreement is consistent with the statutory definition of director, in order to assess whether shareholders and participants have fair representation in its selection consistent with Section 17A(b)(3)(C) of the Exchange Act.

¹⁶⁴ See 15 U.S.C. 78c(a)(7).

¹⁶⁵ See, e.g., Amended and Restated By-Laws of CME Securities Clearing, Inc., dated Dec. 13, 2024, stating, “The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation except as may be otherwise prohibited by the DGCL, the Certificate of Incorporation or by these By-Laws or except to the extent delegated to a committee pursuant to the Rules or a Charter.”, available at: <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2a-2-amended-restated-bylaws-12-13-24.pdf>.

¹⁶⁶ See, e.g., Amended and Restated Limited Liability Company Agreement of Paxos Securities Settlement Company, LLC, dated Sept. 20, 2023 (stating, “The business and affairs of the Company will be managed, operated and controlled by or under the direction of the Board, and the Board will have, and is hereby granted, the full and complete power, authority and discretion for, on behalf of and in the name of the Company, to take such actions as it may in its sole discretion deem necessary or advisable to carry out any and all of the objectives and purposes of the Company, subject only to the terms of this Agreement.”), available at: <https://www.sec.gov/files/rules/other/pssc-form-ca-1-exhibit-e-1.pdf>.

Under the proposed LLC Agreement, CCUS is managed by, and with some decisions regarding CCUS reserved to, the LLC Member. The LLC Member has delegated its authority over the business and affairs of CCUS to the Board, but as described in Part III.A.3 above regarding the Applicant’s organization, the LLC Agreement makes the Board’s exercise of many business decisions contingent upon the sole written approval of the Member. However, the LLC Agreement makes clear that, “[f]or purposes of the Exchange Act and the rules and regulations thereunder, each Director shall constitute a ‘director’ within the meaning of Section 3(a)(7) of the Exchange Act.”¹⁶⁷ Additionally, the proposed LLC Agreement states that, “notwithstanding anything to the contrary in [the LLC Agreement], the Member shall not exercise any consent right or other authority reserved to it under [the LLC Agreement] in a manner that: impairs the board's authority to direct the operations of [CCUS] consistent with Section 17A of the Exchange Act; denies or impairs the fair representation of participants of [CCUS] contemplated by Section 17A(b)(3)(C) of the Exchange Act; or prevents the Board from being composed or operating in a manner required by the Exchange Act or applicable SEC regulations, including Rule 17Ad-25.”¹⁶⁸ These provisions in the LLC Agreement make clear that the Member’s reserved authority would not prevent the Board from performing those functions necessary for CCUS to meet the requirements of the Exchange Act and the rules thereunder, including the requirements as to board composition and governance under Rule 17Ad-25. These above-described provisions of the proposed LLC Agreement make clear that the role of a Director on the Board is intended to perform similar functions—such as serving as the governing body, responsible for oversight—as

¹⁶⁷ See Application, Exhibit E-3 (LLC Agreement), Section V(c) (“Management of the Company,” “Number; Election; Tenure; Compensation; Reimbursement”), at 3.

¹⁶⁸ See Application, Exhibit E-3 (LLC Agreement), Section V(k) (“Management of the Company,” “Limitation on Exercise of Reserve Authorities”), at 8.

performed by a “director” as defined in Section 3(a)(7) of the Exchange Act on the board of directors of an incorporated corporation.

Having concluded that the Board under the proposed LLC Agreement would perform similar functions as the board of directors of a corporation, the Commission next evaluates fair representation consistent with Section 17A(b)(3)(C) of the Exchange Act.

With respect to the fair representation of the shareholders (or members), under the proposed LLC Agreement, as described above, CCUS is managed by, with some decisions regarding CCUS reserved to, the LLC Member. The Board will consist of between three and eleven Directors. The LLC Member appoints all Directors, and also designates which Director serves as Chair of the Board. The LLC Member is also able to remove any Director with or without cause. The LLC Member’s ability to retain or delegate all decision-making authority for CCUS, and to appoint and remove all Directors, demonstrates that the LLC Member has meaningful representation in the selection of directors and administration of CCUS’s affairs.

With respect to fair representation of participants, CCUS’s parent is the LLC Member, and under the structure set forth in the draft LLC Agreement, the Application includes no provision to make CCUS voting stock available for purchase to participants.¹⁶⁹ Two positions on the Board, however, are reserved for Directors who are market participants as defined and determined by the Board.¹⁷⁰ In defining and determining who are “market participants” eligible

¹⁶⁹ As such, CCUS operates in a manner that is different from some other registered clearing agencies, which are constituted of clearing member owners with the right to purchase voting stock. *Cf.* Release No. 34-104281 (Dec. 1, 2025), 90 FR 55926, 55935 (Dec. 4, 2025) (order approving registration for CME Securities Clearing, Inc.); Release No. 34-104762 (Jan. 30, 2026), 91 FR 5528, 5536 (Feb. 6, 2026) (order approving registration for the Treasury Business of ICE Clear Credit); *see also, e.g.*, Organization Certificate of the Depository Trust Company, available at <https://www.dtcc.com/legal/rules-and-procedures>.

¹⁷⁰ *See* Application, Exhibit E-3. For use of the term “market participant,” *see also* 7 U.S.C. 7a-1(c)(2)(Q) (establishing that under the core principles for DCOs set forth in the Commodity Exchange Act, each DCO registered with the CFTC is obligated to ensure that the composition of the governing board or committee of the DCO includes market participants).

to serve as Directors, the LLC Agreement makes clear, as previously discussed that (i) “Director” has the same meaning as “director” in Section 3(a)(7) of the Exchange Act and (ii) the Member shall not exercise any consent right or other authority reserved to it under [the LLC Agreement] in a manner that: impairs the board's authority to direct the operations of [CCUS] consistent with Section 17A of the Exchange Act; denies or impairs the fair representation of participants of [CCUS] contemplated by Section 17A(b)(3)(C) of the Exchange Act; or prevents the Board from being composed or operating in a manner required by the Exchange Act or applicable SEC regulations, including Rule 17Ad-25. In addition, although the number of positions on the Board for market participants is fixed at two, currently the two participant-representatives constitute approximately 29 percent of Directors on the Board, suggesting that the Board provides representation for participant-representatives in the administration of the affairs of the clearing agency.¹⁷¹

As previously discussed, Section 17A(b)(3)(B) also requires that participants have fair representation in the selection of directors. Accordingly, it is important to consider the role of the Nominating Committee in the selection of directors. As discussed above, the Nominating Committee is constituted by a majority of Independent Directors and tasked with considering the views of participants and other relevant stakeholders regarding material developments in CCUS’s risk management and operations on a recurring basis, including whether a potential nominee’s appointment would reflect the range of different business strategies, models, and sizes across participants, as well as the range of customers and clients the participants serve. The

¹⁷¹ See Application, Exhibit A, dated September 23, 2026. Changes to the composition of the Board, such as to the total number of Directors or to the number of Director positions allocated to market participants, would constitute a proposed rule change under Section 19(b) of the Exchange Act subject to Commission review. See 15 U.S.C. 78s; 17 CFR 240.19b-4.

Nominating Committee’s composition requirement for a majority of Independent Directors (which can include participant-representatives), and requirement to consider participant views when evaluating potential candidates to serve as a Director, provides meaningful representation to participants in the selection of Directors.

Taken together, the above discussed provisions clarifying the ways in which the LLC Member’s reserved authority will not interfere with Board functioning consistent with the Exchange Act, providing representation on the Board for Directors to represent market participants, and directing the Nominating Committee to consider participant viewpoints in the evaluation of all candidates for Director provide for fair representation to CCUS’s participants in the selection of directors and the administration of CCUS’s affairs, consistent with Section 17A(b)(3)(C) of the Exchange Act.

For the reasons discussed directly above, the Commission determines that the rules of CCUS assure fair representation in the selection of its directors and administration of its affairs consistent with Section 17A(b)(3)(C) of the Exchange Act.

D. Fees

1. Statutory Standard: Section 17A(b)(3)(D) and (E)

Section 17A(b)(3)(D) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that the rules of the clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹⁷² Section 17A(b)(3)(E) of the Exchange Act states that a clearing agency shall not be registered unless the

¹⁷² 15 U.S.C. 78q-1(b)(3)(D).

rules of the clearing agency do not impose any schedule of prices, or fix rates or other fees, for services rendered by its participants.¹⁷³

2. Summary of Application and Analysis

CCUS's Application includes a fee schedule that sets forth the fees CCUS will charge as clearing fees in connection with its plans to clear Binary KPI Options listed and traded on Cboe Exchange.¹⁷⁴ CCUS has published a fee schedule to include a fee of \$0.0002 (2 basis points) per contract.¹⁷⁵ CCUS's fees are publicly available on the CCUS website.¹⁷⁶

As described in the Application, CCUS shall have the right to invoice clearing members and accept payment as prescribed by CCUS, or to offset any fees, charges or other amounts other than fines or penalties) due to CCUS, and shall have the right to instruct an Approved Depository Institution, if applicable, to debit the clearing member's account to offset any amounts due to CCUS.¹⁷⁷

In response to the Application, one commenter noted that because CCUS sets its own fee schedule as a subsidiary of CGM, the Commission should also examine whether those fees reflect arm's length pricing.¹⁷⁸ In its response letter, CCUS explains that it has submitted its proposed fee schedule as Exhibit E-4 to the Application, demonstrating transparent and reasonable pricing. CCUS further states that its rules require that its fees and charges be imposed

¹⁷³ 15 U.S.C. 78q-1(b)(3)(E).

¹⁷⁴ Application, Exhibit E-4.

¹⁷⁵ *Id.*; see also CCUS, <https://www.cboe.com/solutions/clearing/us#clearing-fees>. These fees became effective on August 31, 2026.

¹⁷⁶ *Id.*; see also CCUS's website at <https://www.cboe.com/solutions/clearing/us#clearing-fees>.

¹⁷⁷ CCUS Rules, at Rule 312.

¹⁷⁸ PTG at 4.

on a reasonable and nondiscriminatory basis, consistent with Section 17A(b)(3)(D), and that any CCUS fee schedule will be subject to the Commission's oversight through the rule-filing process under Section 19(b) of the Exchange Act.¹⁷⁹

As CCUS describes in its response letter, the Application identifies CCUS's proposed fee schedule and the rules governing any fees that it will assess on its clearing members, as described above. With respect to allocating the fees equitably, CCUS's per contract fees are based on each clearing member's usage. With respect to the reasonableness of such fees, the per contract basis for each fee is a common approach to applying fees among registered clearing agencies to clearing members, as it enables clearing members and their customers to determine the appropriate volume of transactions to execute and submit for clearing with CCUS and, in so doing, to anticipate the precise costs they will incur for such activity. In the Commission's view, CCUS's approach provides for equitable allocation of reasonable dues, fees, and other charges amongst its participants. Accordingly, the Commission determines that the Application is consistent with Section 17A(b)(3)(D) of the Exchange Act.

Separately, any fees, dues or other charges that CCUS intends to assess must be filed as a proposed rule change pursuant to Section 19(b) of the Exchange Act and Rule 19b-4 thereunder.¹⁸⁰ Clearing agency fees are subject to the requirements of the Exchange Act, including Section 17A(b)(3)(D), and thus, the Commission would consider if any future fees are

¹⁷⁹ CCUS Response, at 5.

¹⁸⁰ See 15 U.S.C. 78s(b); 17 CFR 240.19b-4; *see also* Application, Exhibit E-4 (acknowledging its obligations to submit changes to fees for regulatory approval through publicly available filings).

consistent with Section 17A(b)(3)(D) when such future fees are filed as a proposed rule change.¹⁸¹

In addition, a review of CCUS's current fee schedule of a fee of \$0.0002 (2 basis points) per contract shows that CCUS does not impose any schedule of prices, or fix rates or other fees, for services rendered by its clearing members.¹⁸² The Commission therefore determines that the Application is consistent with the requirements of Section 17A(b)(3)(E) of the Exchange Act.

E. Rules Designed to Promote Prompt and Accurate Clearance and Settlement and the Safeguarding of Securities and Funds

1. Statutory Standard: Section 17A(b)(3)(F)

Section 17A(b)(3)(F) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that the rules of the clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest. It also states that a clearing agency shall not be registered unless the Commission determines that the rules are not designed to

¹⁸¹ 15 U.S.C. 78q-1(b)(3)(D); *see also* 15 U.S.C. 78s(b) (requiring proposed rule changes to be filed by the Commission, which shall publish notice thereof and give interested persons an opportunity to respond). Some proposed rule changes regarding dues, fees, or charges take effect upon filing. *See* 15 U.S.C. 78s(b)(3)(A)(ii); *see also* 15 U.S.C. 78s(b)(3)(C) (specifying when the Commission may temporarily suspend the immediate effectiveness of such filings).

¹⁸² *See* Application, Exhibit E-4.

permit unfair discrimination in the admission of participants or among participants in the use of the clearing agency, or to regulate by virtue of any authority conferred by the Exchange Act matters not related to the purposes of this section or the administration of the clearing agency.

2. Summary of Application and Analysis

The Commission's rules for clearing agencies provide for the safeguarding of securities and funds and promote prompt and accurate clearance and settlement by establishing specific requirements for a clearing agency's rules, policies and procedures related to operations and risk management. Specifically, these requirements address rules and procedures for the collection of margin, the composition of the guaranty fund, default management and loss allocation, and the management of other risks associated with the custody, clearing, and settlement of securities.¹⁸³ To analyze under Section 17A(b)(3)(F) of the Exchange Act an application seeking to provide CCP services, the Commission considers a clearing agency's rules concerning its account structures, margin system, guaranty fund, default management, and loss allocation processes.

In the context of this Application, CCUS has requested temporary registration with an exemption from certain requirements under Section 17A(b)(3)(F) for a period of 18 months, as discussed further in Part IV. Accordingly, below the Commission analyzes the Application under Section 17A(b)(3)(F) only with respect to the rules of the clearing agency for BD Clearing Members (*i.e.*, registered broker-dealers and Direct Clearing Members, each as set forth in the CCUS Rules.

¹⁸³ See 17 CFR 240.17ad-22(e)(4), (e)(6), (e)(13), (23)(ii); 240.17ad-26.

a) Account Structure and Safeguarding of Securities and Funds

The Rules provide for several types of accounts. All funds deposited by a clearing member with CCUS on behalf of the clearing member's own account shall be held in a Member Property Account or a Market-Maker Account, as applicable.¹⁸⁴ All funds and assets held by CCUS on behalf of Securities Customers of a BD Clearing Member shall be maintained in a Securities Customer Account, segregated from Futures Customer Accounts and from the BD Clearing Member's proprietary accounts.¹⁸⁵ All funds and assets held by CCUS in a PAB Account will be segregated from funds and assets held in Customer Accounts, Member Property Accounts, and Market Maker Accounts and will be treated as belonging to the carried broker-dealer.¹⁸⁶ Each clearing member shall establish and maintain account(s), including any customer segregated accounts, at an Approved Depository Institution for the payment of Initial Margin, Variation Margin, and any other Obligations due to the CCUS pursuant to the Rules.¹⁸⁷

Guaranty Fund Deposits must be made in cash and will be held in a settlement bank approved for the purpose by CCUS.¹⁸⁸

b) Margin System

According to the Rules, each clearing member shall deposit Initial Margin in the quantity not less than the applicable Initial Margin Requirement as determined by CCUS at the times

¹⁸⁴ CCUS Rules, at Rule 309(e).

¹⁸⁵ CCUS Rules, at Rule 309(e).

¹⁸⁶ CCUS Rules, at Rule 309(f).

¹⁸⁷ CCUS Rules, at Rule 405(a)

¹⁸⁸ CCUS Rules, at Rule 505(c), (d).

prescribed by CCUS.¹⁸⁹ The Rules also require each clearing member to establish Initial Margin Requirements for its Customers at a level that is not less than 100% of CCUS's Initial Margin Requirements with respect to each product and portfolio and commensurate with the risk presented by each customer account and in such amount as is communicated by CCUS from time to time.¹⁹⁰

c) Guaranty Fund

The Rules provide that CCUS will establish and maintain a Guaranty Fund to collateralize financial exposures.¹⁹¹ The Guaranty Fund is comprised of Guaranty Fund Deposits by clearing members to satisfy any Guaranty Fund Requirements and has two components: a Minimum Guaranty Fund Requirement and an Exposure-Based Guaranty Fund Requirement.¹⁹² clearing members must satisfy a Minimum Guaranty Fund Requirement of \$100,000.00 per clearing member.¹⁹³ Clearing members will be required to meet the Exposure-Based Guaranty Fund Requirement if the CCUS's Default Financial Resources Requirement exceeds the Corporate Contribution amount plus the total combined Minimum Guaranty Fund Requirement provided by all clearing members.¹⁹⁴ The Default Financial Resources Requirement is the amount of financial resources required to enable CCUS to meet its obligations to clearing members notwithstanding the default of the two clearing members, including any affiliates,

¹⁸⁹ CCUS Rules, at Rule 403(c).

¹⁹⁰ CCUS Rules, at Rule 403(a).

¹⁹¹ CCUS Rules, at Rule 504(a).

¹⁹² CCUS Rules, at Rule 504(b).

¹⁹³ CCUS Rules, at Rule 504(c).

¹⁹⁴ CCUS Rules, at Rule 504(d).

generating the largest financial exposures for CCUS in extreme but plausible market conditions.¹⁹⁵

d) Default Management and Loss Allocation

In the Rules, the “Default Management Plan” is the plan set forth by CCUS for the management of a Clearing Member Default.¹⁹⁶ If a clearing member is in Default, Collateral held with respect to such clearing member’s Member Property Accounts or Market-Maker Accounts, and any other of such Clearing Member’s assets held by, pledged to or otherwise available CCUS, may be applied to discharge the Obligations of such clearing member to CCUS.¹⁹⁷ The Rules further state Guaranty Funds Deposits from a Defaulting Clearing Member will be applied to mitigate the Default Loss prior to applying CCUS capital contributed as Default Financial Resources.¹⁹⁸ If all Collateral from a clearing member in Default is insufficient to cover Default Losses caused by that clearing member, then CCUS capital contributed as Default Financial Resources will be used in its entirety before applying any Guaranty Fund Deposits from non-Defaulting Clearing Members.¹⁹⁹ Assessments on clearing members to replenish the Guaranty Fund shall not exceed the thresholds set forth in the Default Management Plan.²⁰⁰

¹⁹⁵ CCUS Rules, at Rule 101(hh).

¹⁹⁶ CCUS Rules, at Rule 101(kk); *see also* CCUS Default Management Plan, available at <https://cdn.cboe.com/resources/membership/CCUS-Default-Management-Plan.pdf>

¹⁹⁷ CCUS Rules, at Rule 502(c).

¹⁹⁸ CCUS Rules, at Rule 504(e).

¹⁹⁹ CCUS Rules, at Rule 504(g).

²⁰⁰ CCUS Rules, at Rule 507. “Assessment Amount” is defined as “the total assessment amount levied by [CCUS] at a single time upon all Clearing Members in order for [CCUS] to maintain an adequate Guaranty Fund.” CCUS Rules, at Rule 101(f).

The Rules state that CCUS may use Default Financial Resources to fund Non-Default Losses, which are defined as “a Clearing Member’s collateral losses due to the failure or insolvency of an Approved Depository Institution.”²⁰¹ Non-Default Losses will be funded proportionately by CCUS’s current corporation contribution and the Clearing Member Guaranty Fund Deposits, pursuant to the Default Management Plan.²⁰²

e) Conclusion

With respect to its rules as applied to BD Clearing Members, the Application describes a comprehensive risk management framework consistent with Commission rules that help ensure CCUS will collect sufficient margin to cover its exposures, maintain an appropriately sized Guaranty Fund, and be able to manage a default and allocate losses appropriately, if or when needed. CCUS’s risk management framework is designed to address the particular features of CCUS’s proposed structure, *i.e.*, to manage the risks presented by BD Clearing Members and Direct Clearing Members submitting Binary KPI Options for clearing. For these reasons and as discussed in more detail above in Parts III.E.2.a) through d), the Commission determines that CCUS Rules as to the BD Clearing Members and Direct Clearing Members are designed to promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible, and protect investors and the public interest as set forth in Section 17A(b)(3)(F) of the Exchange Act. The Commission also determines that CCUS Rules as to the BD Clearing Members and Direct Clearing Members do not regulate by virtue of any authority conferred by

²⁰¹ CCUS Rules, at Rules 504(h), 101(jjj).

²⁰² CCUS Rules, at Rule 504(h).

the Exchange Act matters not related to the purposes of Section 17A of the Exchange Act or the administration of the clearing agency.

The Commission is not, at this time, making a determination regarding the CCUS Rules under Section 17A(b)(3)(F) of the Exchange Act for the types of participants set forth in the Exchange Act other than registered broker-dealers—namely, clearing agencies, registered investment companies, banks, or insurance companies. Because the Application does not address the other types of participants, the Commission is not, at this time, making a determination as to whether CCUS Rules foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, or remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. The Commission also is not, at this time, making a determination that CCUS Rules are not designed to permit unfair discrimination in the admission of participants or among participants in the use of the clearing agency. As discussed further below in Part IV, , pursuant to Rule 17Ab2-1(c), the Commission is granting CCUS’s request for temporary registration with an exemption from requirements of Section 17A(b)(3)(F) of the Exchange Act for a period of 18 months.

F. Participant Discipline

1. Statutory Standard and Analysis: Section 17A(b)(3)(G)

Section 17A(b)(3)(G) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that the rules of the clearing agency provide that (subject to any rule or order of the Commission pursuant to Sections 17(d) or 19(g)(2) of the Exchange Act) its participants shall be appropriately disciplined for violation of any provision of

the rules of the clearing agency by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, or any other fitting sanction.

With respect to discipline and sanctions, the CCUS Rules provide that CCUS can restrict, suspend, or terminate clearing privileges and fine clearing members. Under CCUS Rule 607(a), CCUS states it has the authority to take any actions it deems in the best interest of CCUS or the clearing members.²⁰³ CCUS Rule 607(b) and (c) further state that CCUS shall have the power to suspend or revoke clearing privileges or authorize the assessment of fines or charges against clearing members for engaging in conduct inconsistent with just and equitable principles of trade or engaging in acts detrimental to the interest or welfare of CCUS.²⁰⁴

Specifically, CCUS Rule 601(a) provides situations under which CCUS may summarily suspend any clearing member, including default, statutory disqualification, failing to meeting clearing member eligibility, the discovery of false or misleading representations made by the clearing member, breach or material violation of the CCUS Rules, or if CCUS determines that suspension is necessary for the protection of CCUS, clearing members, customers, or the general public.²⁰⁵ Additionally, CCUS Rule 606 lays out the circumstances in which CCUS can restrict or terminate clearing privileges.²⁰⁶

CCUS also has the power to assess fines against clearing members that fail to make timely and accurate submission to CCUS of notices, report, or other information required under

²⁰³ CCUS Rule 607(a).

²⁰⁴ CCUS Rule 607(b)–(c).

²⁰⁵ CCUS Rule 601(a).

²⁰⁶ CCUS Rule 606(a).

the CCUS Rules.²⁰⁷ Under CCUS Rule 604(a), CCUS may publish a schedule of fines for clearing members that fail to make timely and accurate submissions to CCUS of notices, reports, or other information required under the CCUS Rules and other minor violations of the CCUS Rules.²⁰⁸

CCUS has procedures for enforcing rules and disciplining clearing members that are consistent with the requirements of the Exchange Act. The CCUS Rules provide CCUS with authority to discipline clearing members for rule violations and to impose each of the sanctions enumerated in the Exchange Act. Accordingly, the Commission determines that the CCUS Rules provide that CCUS's clearing members shall be appropriately disciplined for violation of any provision of the rules consistent with the requirements of Section 17A(b)(3)(G) of the Exchange Act.

2. Statutory Standard and Analysis: Section 17A(b)(3)(H)

Section 17A(b)(3)(H) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that the rules of the clearing agency, in general, provide a fair procedure with respect to the disciplining of participants, the denial of participation to any persons seeking participation therein, and the prohibition or limitation by the clearing agency of any person with respect to access to services offered by the clearing agency.²⁰⁹

²⁰⁷ CCUS Rule 604(a)–(b).

²⁰⁸ CCUS Rule 604(a).

²⁰⁹ Section 17A(b)(3)(H) of the Exchange Act also states that the rules of the clearing agency must be in accordance with the provisions of Section 17A(b)(5) of the Exchange Act.

a) Application for Participation

When a participant application is submitted to CCUS, CCUS states it shall have the sole discretion to determine whether any applicant meets the clearing privileges qualifications as detailed in Rule 301 under the CCUS Rules, and CCUS shall disapprove an application and deny the grant of clearing member status where an applicant has failed to meet any requirements.²¹⁰ Additionally, CCUS states it shall have no liability to any applicant who is denied clearing member status.²¹¹

Upon completion of the application process, CCUS states it shall determine whether to approve or disapprove the application and will promptly give the applicant written notice of the decision. If CCUS denies an application to become a clearing member, CCUS shall give the applicant notice of its decision, setting forth the grounds for the denial, and notes that the decision shall be the final action of CCUS. Any applicant to become a clearing member who has been denied clearing privileges pursuant to this Rule 302 shall not be eligible for re-application during the six months immediately following such denial.²¹² Under CCUS Rules, Rule 301 further states that the notification of the written decision can be delayed if for example an applicant is the subject of an inquiry, investigation, or proceeding conducted by an SRO or governmental authority that involves the applicant's fitness to be a clearing member and CCUS will defer acting on the application until the matter is resolved.²¹³

²¹⁰ CCUS Rules, at Rule 302(b).

²¹¹ CCUS Rules, at Rule 301(b).

²¹² CCUS Rules, at Rule 302(e).

²¹³ CCUS Rules, at Rule 302(c).

b) Clearing Member Discipline

Once an entity is a participant, CCUS Rules outline the process CCUS will follow when imposing sanctions on clearing members. CCUS Rule 608 outlines the authority of the Chief Compliance Officer, the Compliance Department, the Chief Regulatory Officer and the Regulatory Division. The Chief Compliance Officer and the Compliance Department will be assisted by the Chief Regulatory Officer and the Regulatory Division, with respect to disciplinary proceedings.²¹⁴ Under the direction of the Chief Regulatory Officer, the Regulatory Division will determine the nature and scope of CCUS's inquiries and investigations and will perform its regulatory functions, including conducting disciplinary proceedings. The Regulatory Division will have the authority to: (i) initiate inquiries; (ii) request that participants appear for an interview, which may be conducted under oath; (iii) request documents and/or other tangible evidence; (iv) review other transaction activity; (v) gather any additional information the Compliance Department it deems necessary; (vi) prepare investigative reports, make determinations as to whether reasonable cause exists to believe that a rule violation has been committed, and make recommendations as to what charges should be brought; (vii) recommend the commencement of a disciplinary proceeding pursuant to Chapter 6 of the CCUS Rules; (viii) prosecute alleged violations of CCUS Rules; (ix) represent the Regulatory Division before the Business Conduct Committee during the phases of the disciplinary process consisting of settlement offers and hearings; (x) issue and serve statements of charges on clearing members;

²¹⁴ CCUS Rules, at Rule 608(a).

(xi) review denials of access to CCUS for disciplinary reasons; and (xii) issue appearance and document requests as provided in CCUS Rules.²¹⁵

If CCUS decides to impose a suspension on a clearing member, CCUS Rules require CCUS to send a notice to the clearing member that will state in general terms how pending transactions, open positions, and other pending matters will be affected and what steps are to be taken.²¹⁶

If a clearing member defaults under CCUS Rules,²¹⁷ receives a suspension, or CCUS determines that the financial or operational condition of a clearing member could adversely affect CCUS or cleared markets, CCUS may take certain action to restrict or terminate clearing privileges.²¹⁸ Additionally, CCUS may also impose protective measures related to a clearing member's clearing activity such as increasing initial margin requirements, prohibiting excess margin withdraws, imposing additional capital, margin, financial reporting or other requirements, or "take any other actions it deems proper or in the best interest" of CCUS or its clearing members.²¹⁹

If CCUS imposes a fine against a clearing member which is included in the schedule of fines, CCUS will give notice for such fines to the clearing member that specifies (1) the rule(s)

²¹⁵ CCUS Rules, at Rule 608(a). *See also*, CCUS Rules at Rule 603. CCUS further states it will refer to the Chief Regulatory Officer and the Regulatory Division for appropriate action, as determined based on the nature of the conduct including: (i) a violation by a clearing member of the CEA, CFTC Regulations, the Exchange Act, SEC Regulations, or CCUS Rules; (ii) any neglect or refusal by a clearing member to comply with any applicable order or direction of CCUS; (iii) any error, delay or other conduct by a clearing member that materially and adversely affects the operations of CCUS; (iv) a failure of a clearing member to provide adequate personnel or facilities, including the supervision for its transactions cleared with CCUS.

²¹⁶ CCUS Rules, at Rule 601(b) *et seq.*

²¹⁷ The rule outlines default as being in accordance with CCUS Rules 502(a) and 601(a).

²¹⁸ CCUS Rules, at Rule 606(a).

²¹⁹ CCUS Rules, at Rule 606(c).

violated; (2) the act or omission constituting each such violation; (3) the fine imposed for each violation; and (4) the date by which such determination becomes final and such fine must be paid or contested as provided below, which date shall be not less than 30 days after the date of service of such written statement.²²⁰ The maximum fine imposed on the schedule of fines shall not exceed \$5,000 per violation.²²¹

c) Hearing and Appeals Process

Under CCUS Rules, applicants who have been denied approval to become a clearing member and clearing members who have received a sanction including fines, suspensions, and restrictions or terminations of clearing member services may appeal such decisions. For appeals of fines under CCUS Rule 604, a clearing member may appeal the fine in writing to CCUS. The matter will then be referred to the Chief Regulatory Officer and the Regulatory Division and will be subject to review by the Business Conduct Committee (“BCC”) Panel.²²²

For appeals of disciplinary actions under CCUS Rule 603(a), the clearing member has 15 days to submit a petition for review to which CCUS has an opportunity to respond and then the clearing member has the opportunity submit a final reply.²²³ The review will be conducted by the Board or a committee of the Board composed of at least three directors whose decision must be ratified by the Board.²²⁴ Any Director who participated in the matter before the BCC Panel or

²²⁰ CCUS Rules, at Rule 604(b).

²²¹ CCUS Rules, at Rule 604(c).

²²² CCUS Rules, at Rule 604(d). See also CCUS Rules, at 604(e) stating that the BCC Panel may impose one or more of the disciplinary sanctions authorized by CCUS if it finds the clearing member violated the CCUS Rules.

²²³ CCUS Rules, at Rule 901(a).

²²⁴ CCUS Rules, at Rule 901(b).

other committee may not participate in any review of that matter by the Board.²²⁵ The review shall be based solely on the record including the petition for review and any subsequent responses, unless the introduction of new information is allowed by the Board.²²⁶ The Board may affirm, reverse or modify, in whole or in part, the decision of the BCC Panel in a written final decision.²²⁷ Additionally, the Board may initiate a review of a decision made by the BCC Panel and such review will follow the procedures outlined in this paragraph.²²⁸

For appeals of application denials, suspensions, or restrictions or terminations of clearing member services, the aggrieved party must file an application for review within 30 days of the notice of action.²²⁹ If they party needs additional time to produce the application for review, they can submit an application for the extension of time which will be decided by the Chairman of the Appeals Committee and shall be final.²³⁰

The CCUS Appeals Committee that is responsible for the review of such appeals will be appointed by the Chairman of the Board of Directors with the approval of the Board on an annual basis as well as when there are changes to the composition of the committee during the year.²³¹ Members of the appeals committee serve a one-year term until the next annual

²²⁵ *Id.*

²²⁶ *Id.* New issues can be raised by the Board and the other party will be allowed to address such new issues.

²²⁷ *Id.*

²²⁸ CCUS Rules, at Rule 901(c).

²²⁹ CCUS Rules, at Rule 902(c)(i); *see also* CCUS Rules, at Rule 602(a). CCUS further states in the rule, that the request for a hearing does not “impair the validity or stay the effect of the suspension upon which the request for hearing is made.” In addition, CCUS states that the reversal of a suspension will not invalidate acts CCUS has taken prior to the reversal or modification of the suspension.

²³⁰ CCUS Rules, at Rule 902(c)(ii).

²³¹ CCUS Rules, at Rule 203(g).

reappointment of the committee, or the individual resigns or is removed by the Board.²³² Once a application for a hearing is sent to the Appeals Committee, it will appoint a hearing panel of no less than three persons.²³³

All relevant materials for the hearing will be provided to the parties at least 72 hours prior to the date of the hearing.²³⁴ The applicant is entitled to be represented by counsel at the hearing.²³⁵ Each of the parties will be permitted to make an opening statement, present witnesses and documentary evidence, cross- examine opposing witnesses and present closing arguments orally or in writing as determined by the panel.²³⁶ The panel will also have the right to question all parties and witnesses to the hearing.²³⁷ The panel's decision will be made in writing and will include the reasons supporting the conclusions of the panel.²³⁸

The decision of the panel of the Appeals Committee can be subject to review by the Board either on its own motion within 30 days after issuance, upon written request submitted by the applicant, by the President of CCUS or by the Chairman of the committee whose action was subject to the prior review of the Appeals Committee, within 15 days after issuance of the decision.²³⁹ The petition must be in writing and specify the findings and conclusions to which

²³² *Id.*

²³³ CCUS Rules, at Rule 902(d)(i).

²³⁴ CCUS Rules, at Rule 902(d)(ii).

²³⁵ CCUS Rules, at Rule 902(f)(ii).

²³⁶ CCUS Rules, at Rule 902(f)(iv).

²³⁷ *Id.*

²³⁸ CCUS Rules, at Rule 902(f)(v).

²³⁹ CCUS Rules, at Rule 902(g)(i). The Commission notes that there are two subsections marked (g) in this rule.

exceptions are taken together with the reasons for such exceptions.²⁴⁰ Parties may petition to submit a written argument to the Board and may request an opportunity to make an oral argument before the Board. The Board, or a committee of the Board, will have sole discretion to grant or deny either request.²⁴¹

As described above, the CCUS Rules address the discipline of clearing members, denial of applications, and prohibitions or limitations imposed by the clearing agency with respect to access to services offered by the clearing agency. CCUS has established rules and procedures that describe in detail the process taken by CCUS both when reviewing applications to become clearing members and when disciplining existing clearing members. The CCUS Rules ensure that written notification with reasoning is provided to any applicant whose application has been denied and to any clearing member who is being sanctioned for a violation of the CCUS Rules. Once the appropriate notification is provided, the affected party is afforded an opportunity to appeal the denial or sanction by requesting a hearing at which the affected party may be represented by counsel. The Commission therefore determines that the CCUS Rules provide a fair procedure consistent with Section 17A(b)(3)(H) of the Exchange Act.

G. Burden on Competition

1. Statutory Standard: Section 17A(b)(3)(I)

Section 17A(b)(3)(I) of the Exchange Act states that a clearing agency shall not be registered unless the Commission determines that the rules of the clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. In addition, Section 17A(a)(2) of the Exchange Act directs the Commission,

²⁴⁰ *Id.*

²⁴¹ *Id.*

having due regard for the maintenance of fair competition among brokers, dealers, clearing agencies, and transfer agents, to use its authority under the Exchange Act to facilitate the establishment of a national system for the prompt and accurate clearance and settlement of transactions in securities (“National System”) and to facilitate the establishment of linked or coordinated facilities for the clearance and settlement of transactions in securities.²⁴²

2. Summary of Application and Analysis

As described throughout this order, CCUS proposes to operate a registered clearing agency that provides CCP services for binary options that are securities. In assessing whether the rules of a clearing agency impose or do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act under Section 17A(b)(3)(I) of the Exchange Act, the Commission considers the impact of the Applicant’s rules on competition among brokers, dealers, clearing agencies, and transfer agents, and on competition between the Applicant and these entities.²⁴³ Where there is a burden on competition, the Commission must determine if that burden is necessary or appropriate consistent with the determination required by Section 17A(b)(3)(I) of the Exchange Act.²⁴⁴

In the context of impacts on competition among clearing agencies, one commenter—while generally supportive of CCUS’s request for temporary registration as a time-limited bridge that allows innovative, investor-protective products to reach the market—is “fully opposed” to

²⁴² 15 U.S.C. 78q-1(a)(2).

²⁴³ *See, e.g.*, GSCC Order, 53 FR at 19845.

²⁴⁴ *See Bradford Nat’l Clearing Corp. v. S.E.C.*, 590 F.2d 1085 (D.C. Cir. 1978) (explaining that Congress intended to give the Commission “exceptionally broad powers” to determine the precise structure of the National System and placed “slightly more emphasis on rapid development and national availability” with respect to the National System than the national market system).

CCUS becoming a “permanent fixture” of the listed options market, as a second, fully registered clearing agency alongside the Options Clearing Corporation (“OCC”).²⁴⁵ While acknowledging that its concern is “structural rather than a comment on [CCUS’s] present intentions,” the commenter opposes adding to the National System for Clearance and Settlement a “vertically integrated clearing structure” such as characterizes the U.S. futures market, where, as the commenter describes, each major exchange group operates its own clearinghouse.²⁴⁶ The commenter supports instead a central, industry utility clearing model, of the kind OCC has provided for listed options as a registered clearing agency.

The commenter states that the Commission should consider the broader market structure implications of this Application before granting permanent registration, explaining its view that a vertically integrated “monopolistic market structure “is the kind of structure Section 17A of the Exchange Act was designed to avoid.”²⁴⁷ The commenter explains that the pool of firms capable of serving as clearing members in the listed options market is limited due to the substantial capital, operational, and risk management infrastructure that clearing membership requires. In the commenter’s view, a more fragmented structure with multiple clearing agencies would add to the costs of clearing membership among this limited group—and therefore the associated costs borne by market participants as their clients—through the potential for higher clearing fees, capital inefficiencies that result from holding positions that could offset but for multiple clearing agencies, and the loss of portfolio margining benefits.²⁴⁸ The commenter also argues that, in addition to increased costs, an additional clearing agency introduces structural risk into the

²⁴⁵ PTG at 2.

²⁴⁶ PTG at 3.

²⁴⁷ *Id.*

²⁴⁸ *Id.* at 2.

market ecosystem for listed options. The commenter states that the structural change associated with a second clearing agency will require routing new product categories through less proven exchange-affiliated clearing agencies rather than an industry utility. Nonetheless, the commenter explains that its members are “frustrated with OCC’s pace of innovation” and that OCC is unable to currently provide clearing services for Binary KPI Options.²⁴⁹ The commenter also acknowledges that the binary options to be cleared by CCUS have a comparatively simple risk profile relative to conventional options, which may mitigate the potential for procyclicality, wrong-way risk, model risk, and concentration risk.²⁵⁰

The Commission acknowledges PTG’s comments as outlined above. Currently pending before the Commission however, is an application for temporary registration. PTG’s points relate to permanent registration and therefore are more appropriately addressed in any future Commission order related to permanent registration. That said, the risks and costs associated with changes to the structure of the listed options market will be evaluated during the period of CCUS’s temporary registration by the Commission and market participants alike.

CCUS’s clearing model and its ability to quickly bring to market clearing services for innovative product types for which there is market demand supports both innovation and competition in the market for clearing services, consistent with the purposes of Section 17A of the Exchange Act. And, more broadly, CCUS’s Application does not impose any burden not necessary or appropriate in furtherance of the purposes of the Exchange Act. As CCUS states, its clearing infrastructure “has been built specifically with open-access clearing top of mind,” and

²⁴⁹ *Id.*

²⁵⁰ PTG. at 2.

CCUS intends to pursue cross-margining arrangements that may benefit investors and citing the experience of its European affiliate.²⁵¹ The Commission, has long viewed cross-margining arrangements between separately registered clearing agencies as a well-established mechanism for achieving margin efficiencies and facilitating the purposes of Section 17A of the Exchange Act. In other markets including the U.S. Treasury market, the Commission has approved applications for registration by new clearing agencies to help bring innovative products to market that serve investors and the public interest. The Commission agrees, as CCUS contends, that new clearing agencies, structured consistently with the requirements of Section 17A and Commission rules thereunder, can bring enhancements to market resilience by expanding access to central clearing and promoting effective risk management.²⁵²

Accordingly, for the reasons discussed above, and based on the facts and circumstances presented by this Application, the Commission determines, pursuant to Section 17A(b)(3)(I) of the Exchange Act, that the Application does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of Section 17A of the Exchange Act.²⁵³

IV. Temporary Registration and Exemption

CCUS has requested, pursuant to Rule 17Ab2-1(c), that the Commission grant CCUS temporary registration as a clearing agency with an exemption from certain requirements as to which the Commission is directed to make a determination under Sections 17A(b)(3)(B) and (F) of the Exchange Act for a period of 18 months.²⁵⁴ With respect to Section 17A(b)(3)(B), as discussed in Part III.B.2, CCUS has not provided in its Application for participation standards

²⁵¹ CCUS Response at 4.

²⁵² *Id.*

²⁵³ 15 U.S.C. 78q-1(b)(3)(I).

²⁵⁴ *See* Application, Exhibit S, at 3–4.

addressing all categories of participants enumerated in Section 17A(b)(3)(B) of the Exchange Act, including registered clearing agencies, registered investment companies, banks, insurance companies, or other classes of persons designated as appropriate by the Commission. Relatedly, as discussed in Part III.E.2, CCUS has not provided CCUS Rules under Section 17A(b)(3)(F) of the Exchange Act addressing these same categories of participants. For the reasons discussed below, pursuant to Section 17A(b) of the Exchange Act and Rule 17Ab2-1(c) thereunder, the Commission is granting CCUS's request for temporary registration as a clearing agency and finds that an exemption from the above-described requirements of Sections 17A(b)(3)(B) and (F) of the Exchange Act is consistent with the public interest, the protection of investors, and the purposes of Section 17A, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds.²⁵⁵

CCUS explains that its request for temporary registration would enable CCUS to meet market demand for Binary KPI Options in a regulated securities trading environment while other securities clearing agencies are not prepared or able to provide clearing agency services for these products. In its request, CCUS explains that its Application would not affect existing standardized securities options products traded on national securities exchanges and cleared by OCC, and that CCUS and its affiliates have a long history of close, successful, and productive relationships with other option exchanges and OCC. One commenter also expressed support for CCUS's request for temporary registration, as previously discussed in Part III.G.2, because it would serve as a "time-limited bridge" that allows innovative products to reach the market

²⁵⁵

See 15 U.S.C. 78q-1(b)(1).

sooner than would be possible through the existing registered clearing agency that serves the listed options market.²⁵⁶

CCUS states that not establishing participation standards for these other categories of participants listed in Section 17A(b)(3)(B) is appropriate, citing “the nature of the product, the categories of market participants who have indicated an interest in clearing Binary KPI Options, CCUS’s risk management and liquidity framework, the broker-dealer customer protection framework and other factors.”²⁵⁷ In Exhibit S, CCUS explains that it would be prepared to consider the feasibility and appropriateness of the other types of participants enumerated in Section 17A(b)(3)(B) during the period of its temporary registration,²⁵⁸ and reiterates in its response letter that it would demonstrate compliance with all applicable clearing agency requirements within 18 months of its approval for temporary registration.²⁵⁹

With respect to these requests for exemptive relief from Section 17A(b)(3)(B) and (F) of the Exchange Act, made in connection with its request for temporary registration, the Commission finds such relief is consistent with the public interest, the protection of investors, and the purposes of Section 17A of the Exchange Act for two reasons. First, providing clearing services only to BD Clearing Members is an appropriate, and incremental step, for bringing to the securities market Binary KPI Options. The Application establishes a comprehensive framework for the management of risk surrounding binary options that are securities, and commenters agree Second, CCUS has represented that it will consider including other entities during the period of temporary registration. Providing relief from Section 17A(b)(3)(B), which

²⁵⁶ PTG at 2.

²⁵⁷ See Application, Exhibit S, at 3–4.

²⁵⁸ See *id.* at 4.

²⁵⁹ CCUS Response at 1.

the Commission has granted before, allows prospective clearing agencies to develop their participation standards on an incremental basis because the financial and operational membership standards for such market participants depends, in part, on the extent and manner in which the clearing agency allocates losses resulting from member defaults, and the development of such participation standards will inform the overall risk profile and risk management framework of the registered clearing agency.²⁶⁰ In the absence of such participation standards, the Commission cannot assess under Section 17A(b)(3)(F) whether clearing agency rules implementing participation standards for the categories of participants enumerated in Section 17A(b)(3)(B) are designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds.²⁶¹ Further, in the absence of such participation standards and associated rules, the Commission cannot assess whether the CCUS Rules foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and are not designed to permit unfair discrimination in the admission of participants or among participants in the use of the clearing agency because these requirements are primarily directed to assessing how the Application addresses the different categories of participation in its rules.²⁶² Accordingly, assessment of these provisions of Section 17A(b)(3)(F) requires that CCUS Rules incorporate the other enumerated categories of participants. With respect to the participation categories provided (*i.e.*, BD Clearing Members and Direct Clearing

²⁶⁰ See GSCC Order, *supra* note 18, at 19843.

²⁶¹ See 15 U.S.C. 78q-1(b)(3)(F); 15 U.S.C. 78q-1(b)(3)(B).

²⁶² See 15 U.S.C. 78q-1(b)(3)(F).

Members), the Commission has assessed and found that CCUS Rules do promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds. In so doing, the Application and CCUS Rules demonstrate consistency with the purposes of Section 17A of the Exchange Act (including the protection of investors and the public interest). Therefore, the Commission is providing exemptive relief from requirements under Section 17A(b)(3)(F) on a temporary basis to enable CCUS time to develop its rules, policies, and procedures as to the other participation categories enumerated and ensure such rules, policies and procedures are consistent with the requirements of Section 17A(b)(3)(F). Temporary relief is appropriate and consistent with the public interest and the protection of investors because existing CCUS Rules, as applied to BD Clearing Members and Direct Clearing Members, are consistent with promoting the prompt and accurate clearance and settlement of securities transactions and the safeguarding of funds and securities.²⁶³ Specifically, the reasons discussed in Part III.E.2, CCUS rules provide a comprehensive risk management framework for BD Clearing Members and Direct Clearing Members consistent with the purposes of Section 17A of the Exchange Act. Granting exemptive relief from this provision permits CCUS to operate on a temporary basis with respect to BD Clearing Members and Direct Clearing Members, is in the public interest and consistent with the protection of investors because it enables CCUS to evaluate its risk management framework as to registered broker-dealers and participants that meet the definition of Direct Clearing Members while it considers how best to incorporate the other categories of participants enumerated in Section 17A(b)(3)(B) and whether

²⁶³ See 15 U.S.C. 78q-1(b)(1) (providing the Commission exemptive authority when an exemption are “consistent with the public interest, the protection of investors, and the purposes of this section, including the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds”).

its risk management standards need to be adjusted to account for the way the other categories might interact with the clearing agency and the risks they would bring via their participation.

Furthermore, such exemptive relief is consistent with the public interest, the protection of investors and purposes of 17A because while CCUS operates under temporary registration, CCUS must continue to satisfy its obligations under Rule 17Ab2-1 and Form CA-1, including submission of any amendments to its Form CA-1 application. As a registered clearing agency and self-regulatory organization, CCUS also will be obligated to file changes to its rules, policies, and procedures pursuant to Section 19(b) and Rule 19b-4 under the Exchange Act.²⁶⁴ CCUS also would be subject to recordkeeping requirements, Commission supervision as a registered clearing agency, and examinations under the Exchange Act.

For the reasons described above, the Commission is granting CCUS's request for temporary registration with an exemption from the requirements of Section 17A(b)(3)(B) and (F) described above for a period of 18 months from the date of this order.²⁶⁵

V. Conclusion

For the reasons discussed above, pursuant to Section 17A(b) of the Exchange Act and Rule 17Ab2-1(c) thereunder, the Commission is exempting CCUS from certain of the requirements of Section 17A(b)(3)(B) and (F) as described in this order and has determined that CCUS's Application otherwise satisfies the requirements of Section 17A of the Exchange Act and the rules and regulations thereunder. Accordingly, the Commission is granting CCUS's request for temporary registration for a period of 18 months.²⁶⁶

²⁶⁴ See *id.*; see also 15 U.S.C. 78s.

²⁶⁵ The requirements of Sections 17A(b)(3)(B) and (F) are discussed above in Part III.B and Part III.E respectively.

²⁶⁶ 15 U.S.C. 78q-1(b)(2).

IT IS THEREFORE ORDERED, pursuant to Sections 17A and 19(a) of the Exchange Act and Rule 17Ab2-1(c) thereunder, that the application for temporary registration as a clearing agency filed by Cboe Clear U.S., LLC (File No. 600-47) be, and hereby is, APPROVED, and that CCUS is granted exemptions from certain of the requirements in Section 17A(b)(3)(B) and (F) of the Exchange Act for the reasons described in this order and subject to the terms and other qualifications set forth in the Application, to be effective for not more than 18 months from the date of this order.

By the Commission.

Sherry R. Haywood,

Assistant Secretary.