

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104784; File No. SR-CMESC-2026-001]

Self-Regulatory Organizations; CME Securities Clearing Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Modify the CME Securities Clearing Inc. Rules and Incorporate CME Securities Clearing Inc. Procedures into the Rules

February 9, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 29, 2026, CME Securities Clearing Inc. (“CMESC”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change described in Items I, II, and III below, which Items have been substantially prepared by CMESC. CMESC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. CMESC’s Statement of the Terms and Substance of the Proposed Rule Change

The proposed rule change consists of non-substantive modifications to the CMESC Rulebook (the “Rules”)⁵ to incorporate existing provisions in the Procedures of CMESC into the Rules; clarify CMESC’s intentions in a small number of Rules; and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the Rules, as applicable, *available at* <https://www.cmegroup.com/rulebook/CMESC/CMESC%20Rulebook.pdf>.

make wordsmithing corrections, clarifications, and technical changes to improve clarity and consistency of the Rules. Almost all of the revisions relate to relocating CMESC's existing provisions in its Procedures to corresponding Rules, along with certain non-substantive drafting changes, including clarification changes, related thereto. The proposed clarification changes include, notably, revising: (i) the definition of "Bank" in Rule 101 to confirm CMESC's intention implicit in the Rules that CMESC will hold margin collateral, including margin collateral of Supported Users of Members that are broker-dealers, in a banking institution that meets the definition of "Bank" in Section 3(a)(6) of the Exchange Act, consistent with the requirements of Note H to Rule 15c3-3a under the Act; (ii) paragraph (b)(ii) of Rule 510, Withdrawal of Margin, to confirm CMESC's intention that it may only reject a request pursuant to Rule 510(a) to withdraw excess collateral by a Member on behalf of a Supported User or by an Independent User for reasons related to risk considerations with respect to such User, as reasonably determined by CMESC in its sole judgment and that it will hold unreturned excess margin subject to the requirements generally for holding margin, including, as applicable, requirements under Rule 513 applicable to margin deposited for Supported Users authorized by Members that are broker-dealers, consistent with the requirements of Note H to Rule 15c3-3a under the Act and for Supported Users authorized by Members that are not broker-dealers; and (iii) paragraph (c) of Rule 1004, Hearing, to clarify that CMESC will provided at least three (3) Business Days advance notice of the time and place of a hearing by changing three (3) calendar days to three (3) Business Days. CMESC filed Exhibit 5 to this filing showing the text of the proposed amendments to the CMESC's Rules.

II. CME's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

In its filing with the Commission, CMESC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. CMESC has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

(A) CMESC's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

1. Purpose

CMESC is proposing certain changes to its Rules, which are reflected in Exhibit 5 to this filing, to incorporate existing provisions in the Procedures of CMESC into the Rules; clarify CMESC's intentions in a small number of Rules; and make wordsmithing corrections, clarifications, and technical changes to improve clarity and consistency of the Rules. The table below lists each Rule to which CMESC is proposing changes, describes the proposed changes, and indicates the types of changes, i.e., whether the changes are in the nature of clarification, correction or technical, or incorporation of Procedures into the Rules.

Rule	Proposed Change	Change Type
Rule 101, Definition of "Bank"	Revised the definition of "Bank" to confirm CMESC's intention implicit in the Rules that CMESC will hold margin collateral of Supported Users of Members that are broker-dealers consistent with the requirements of Note H to Rule 15c3-3a under the Act. Specifically, CMESC proposes expanding the definition to state that the term "Bank" means "any U.S. Federal Reserve Bank or any 'bank' within	Clarification

Rule	Proposed Change	Change Type
	the meaning of that term as defined in section 3(a)(6) of the Act that is insured by the Federal Deposit Insurance Corporation,” so designated by the Corporation as a bank where the Corporation maintains one or more accounts in which it holds margin assets and/or makes and receives payments in satisfaction of Outstanding Exposure Settlement.	
Rule 101, Definitions of “CME” and “CME Group”	Moved definitions of “CME” and “CME Group” to be above the definition for Cooling Off Period to conform with the alphabetical order.	Correction
Rule 101, Definition of “Cooling Off Period”	Changed the format of the cross-reference to combine the subparagraph with the Rule; relocated this definition after the definition of “CME Group” to be in alphabetical order.	Technical
Rule 101, Definition of “Controlling Management”	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 101, Definition of “Daily Margin Report”	Added “and/” before “or Supported User Account” for clarity.	Clarification
Rule 101, Definition of “Default Assessment”	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 101, Definition of “Eligible Secondary Market Transaction”	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 101, Definition of “Haircut Collateral”	Removed the first reference to “excess of the” value to correct an inadvertent error.	Correction

Rule	Proposed Change	Change Type
Rule 101, Definition of “Head of Corporation”	Added “the” between “head of” and “Corporation”.	Technical
Rule 101, Definition of “Interest Rate Securities Clearing Service”	Changed “clearing and settlement” to “clearance and settlement” to be consistent with the statutory language in Section 17A of the Act.	Clarification
Rule 101, Definition of “Procedures”	Changed “the Procedures of the Corporation adopted” to “any Procedures the Corporation may adopt” to reflect that the Procedures have been removed, but may be adopted later.	Clarification
Rule 101, Definition of “Required Guaranty Fund Contribution”	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 101, Definition of “Securities Clearing System”	Added definition for “Securities Clearing System” as a result of incorporation of Procedures into the Rules: “The term ‘Securities Clearing System’ means the clearing system utilized by the Corporation.”	Clarification
Rule 201(b)	Added language from Procedure 2-1(b): “via an Advisory” and “, and the Corporation shall state the reasons for such discontinuance.”	Incorporation of Procedure 2-1(b) to Rule 201(b)
Rule 201(c)	Revised existing Rule 201(c) to reflect language from Procedure 2-1(a) regarding maintenance of the master file listing of Eligible Securities Transactions.	Incorporation of Procedure 2-1(a) to Rule 201(c)
Rule 202(b)	Changed “clearing and settlement” to “clearance and settlement” to be consistent with the statutory language in Section 17A of the Act.	Clarification

Rule	Proposed Change	Change Type
Rule 202(c)	<p>Deleted reference to “Procedures” to reflect removal of the Procedures and collapsing the same into the Rulebook.</p> <p>Changed the format of the cross-references to combine the subparagraphs with the Rules.</p>	Clarification and Technical
Rule 202(d)	<p>Revised existing Rule 202(d) to be split into four subparts, (i) – (iv). Subpart (i) retains language from the existing Rule 202(d) and adds language from Procedure 2-2(a).</p> <p>New subparts (ii)-(v) are derived from Procedures 2-2(b)-(e) regarding periodic review of Members to monitor compliance with obligations under proposed Rule 202(b).</p> <p>The provision regarding Members’ full cooperation with any inquiry, investigation or review conducted by the Corporation in existing Rule 202(d) was combined with Procedure 2-2(d) regarding Member’s obligation to cooperate and the Corporation’s authority to take disciplinary action against a Member for its failure to cooperate, as new Rule 202(d)(iv).</p>	Incorporation of Procedures 2-2(a)-(e) as Rules 202(d)(i)-(iv)
Rule 302(a)(iv)	Corrected cross-reference regarding satisfaction of minimum net asset requirements from Rule 306(b)(v) to (b)(iv) and changed the format of the cross-reference to combine the subparagraph with the Rule.	Correction and Technical
Rule 302(b)(iii)	Replaced a comma with a semicolon as a technical grammatical change.	Technical
Rule 302(c)	Revised existing Rule 302(c) to incorporate language from Procedure 3-3 regarding the requirement of Risk Management Committee’s approval with	Incorporation of Procedure 3-3 to Rule 302(c)

Rule	Proposed Change	Change Type
	respect to new categories of Members and Users at Committee's discretion.	
Rule 303(a)(i)	Added language to existing Rule 303(a)(i) from Procedure 3-1(a) to clarify that the Corporation offers the Interest Rate Securities Clearing Service and persons must be approved as Members/Users to use that service.	Incorporation of Procedure 3-1(a) to Rule 303(a)(i)
Rule 303(a)(ii)	<p>Changed reference to "Applications" to be "An application" in the first sentence for clarity.</p> <p>Added language to Rule 303(a)(ii) from Procedure 3-1(a)(i) to clarify that Member Applications shall be filed electronically or via email and the Corporation may amend the Member Application and require additional information from applicants "from time to time."</p>	Incorporation of Procedure 3-1(a)(i) to Rule 303(a)(ii)
Rule 303(a)(iii)	<p>Changed references to "Applications" to be "An application" in two places for clarity.</p> <p>Added language to Rule 303(a)(iii) from Procedure 3-1(a)(i) to clarify that a User Application shall be filed with the Corporation electronically or via email and the Corporation may amend User Application and require additional information from applicants "from time to time."</p> <p>Corrected the cross-reference to Rule 303(b) to Rule "303(c)" regarding a Member's verification of due diligence on authorized User applicant and changed the format of the cross-reference to combine the subparagraph with the Rule.</p>	<p>Clarification</p> <p>Incorporation of Procedure 3-1(a)(ii) to Rule 303(a)(iii)</p> <p>Correction and Technical</p>
Rule 303(a)(iv)	Incorporated Procedure 3-1(a)(iii) into Rule 303(a) as new Rule 303(a)(iv) regarding information and materials Members are required to provide to	Incorporation of Procedure 3-

Rule	Proposed Change	Change Type
	Corporation if the Member is seeking to nominate and authorize persons as Users and added a heading “Member Authorization of User.”	1(a)(iii) as Rule 303(a)(iv)
Rule 303(e)	Revised Rule 303(e) to conform with Procedures 3-1(a)(i)-(ii) regarding recommendation for approval or disapproval to Risk Management Committee, which shall approve or disapprove applications, and also with Procedure 3-1(b) which provides that the Corporation is not subject to any timeframe for approving or disapproving applications.	Incorporation of Procedures 3-1(a)(i)-(ii) and 3-1(b) to Rule 303(e)
Rule 303(f)	Revised Rule 303(f) to conform with Procedures 3-1(a)(i)-(ii) to clarify that application denial determinations are ultimately made by the Risk Management Committee. Changed the format of the cross-reference to combine the subparagraph with the Rule.	Incorporation of Procedures 3-1(a)(i)-(ii) to Rule 303(f) Technical
Rule 303(g)	Added Rule 303(g) from Procedure 3-1(c) regarding the “Conditions for Approval” by the Corporation of a Member’s or User’s application.	Incorporation of Procedure 3-1(c) as Rule 303(g)
Rule 303(h)	Added Rule 303(h) from Procedure 3-1(d) providing that Approved Applicants must fulfill all conditions associated with their approval within the timeframe established by the Corporation.	Incorporation of Procedure 3-1(d) as Rule 303(h)
Rule 303(i)	Added Rule 303(i) from Procedure 3-1(e) providing that Member or User status does not confer any “participant” or “member” or comparable status with any Affiliate of the Corporation.	Incorporation of Procedure 3-1(e) as Rule 303(i)

Rule	Proposed Change	Change Type
Rule 303(j)	Added Rule 303(j) from Procedure 3-2(d) regarding an Approved Applicant's completion of satisfactory operational testing and other requirements or conditions imposed by the Corporation.	Incorporation of Procedure 3-2(d) as Rule 303(j)
Rule 305(a)(i)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also removed a comma after "By-Laws" as a grammatical correction.	Clarification and Technical
Rules 305(a)(ii)-(v)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also removed a comma after "By-Laws" and added "and" before "Rules" as grammatical corrections.	Clarification and Technical
Rule 305(a)(xi)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also removed a comma after "By-Laws" and added "or" before "Rules" as grammatical corrections. Also added "to" between "right" and "withdraw." Finally, deleted a comma after "withdraw as a Member."	Clarification and Technical
Rules 305(a)(xiii)-(xiv)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rules 305(b)(i)-(v)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also removed a comma after "By-Laws" and added "and" before "Rules" as grammatical corrections.	Clarification and Technical
Rule 305(b)(ix)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also removed a comma after "By-Laws"	Clarification and Technical

Rule	Proposed Change	Change Type
	and added “or” before “Rules” as grammatical corrections.	
Rule 305(c)	Deleted references to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 305(d)	Added Rule 305(d) from Procedure 3-2(a) regarding the terms and conditions binding on each Member and User, and the requirement for applicants to sign the same during the application process.	Incorporation of Procedure 3-2(a) as Rule 305(d)
Rule 305(e)	Added Rule 305(e) from Procedure 3-2(b) regarding an Approved Applicant’s receipt of the executed copy of the Agreement and notification of acceptance, among other things, upon granting of Member or User status.	Incorporation of Procedure 3-2(b) as Rule 305(e)
Rule 306(a)	Deleted reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 306(a)(i)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
	Capitalized “Default Assessment” to reflect that it is a defined term.	Clarification
Rule 306(b)(iv)	Deleted “(y),” which was an inadvertent remnant of a prior revision.	Correction
Rule 306(b)(v)	Corrected cross-reference to “(b)(i) through (b)(v)” (of Rule 306) to “(b)(i) through (b)(iv).”	Correction
	Changed the format of the cross-reference to combine the subparagraphs with the Rule.	Technical
Rule 306(b)(vi)	Removed an “s” from “Members.”	Technical

Rule	Proposed Change	Change Type
Rule 306(c)(i)(C)	Corrected the cross-reference to Rule 311 to be Rule 313.	Correction
Rule 306(c)(iii)	Moved introductory paragraph to Rule 306(c)(iii)(A) and added language regarding a Member's User Due Diligence Policies to reflect Procedure 3-6(a).	Incorporation of Procedure 3-6(a) to Rule 306(c)(iii)
Rules 306(c)(iii)(A)(a)-(g)	Changed lettering of Rules 306(c)(iii)(A)-(G) to be Rules 306(c)(iii)(a)-(g).	Technical
Rule 306(c)(iii)(B)	Added Rule 306(c)(iii)(B) from Procedure 3-6(b) regarding the requirement that a Member conduct due diligence of each applicant for User status the Member nominates. Changed the format of the cross-reference to combine the subparagraph with the Rule.	Incorporation of Procedure 3-6(b) as Rule 306(c)(iii)(B) Technical
Rule 306(c)(iii)(C)	Added Rule 306(c)(iii)(C) from Procedure 3-6(c) regarding the requirement that a Member conduct routine periodic due diligence of its authorized Users.	Incorporation of Procedure 3-6(c) as Rule 306(c)(iii)(C)
Rule 306(d)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Removed "Chapter," which was a typo.	Clarification Correction
Rule 307(a)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 307(d)	Deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Removed "Chapter," which was a typo.	Clarification Technical
Rule 308(a)(iii)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical

Rule	Proposed Change	Change Type
Rule 308(c)	<p>Added “and/” before “or operational capability” to clarify that the Corporation maintains the discretion to obtain both adequate assurances of the applicant’s financial responsibility and operational capability from the applicant.</p> <p>Changed the format of the cross-reference to combine the subparagraph with the Rule.</p>	<p>Clarification</p> <p>Technical</p>
Rules 309(a)-(b), (b)(v)-(vi), (c)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 309(b)	Corrected cross-references to Rule 309(b)(i) – (b)(v) to be “(b)(i) through (b)(viii)” to reflect additions of Rules 309(b)(vi)-(viii) as a result of the incorporation of Procedures 3-7(b)-(d) as new Rule 309(b)(vi)-(b)(viii).	Correction
Rule 309(b)(v)	Added language to Rule 309(b)(v) from Procedures 3-7(a)(i)-(iii) regarding the supplemental information required in monthly submissions submitted by Members to the Corporation.	Incorporation of Procedures 3-7(a)(i)-(iii) to Rule 309(b)(v)
Rule 309(b)(vi)	Added Rule 309(b)(vi) from Procedure 3-7(b) regarding the requirement that a Member submit annual audited financial statements to the Corporation.	Incorporation of Procedure 3-7(b) as Rule 309(b)(vi)
Rule 309(b)(vii)	Added Rule 309(b)(vii) from Procedure 3-7(c) regarding the requirement that a Member who is not required to prepare annual audited financial statements by any regulatory agency must submit equivalent financial information to the Corporation.	Incorporation of Procedure 3-7(c) as Rule 309(b)(vii)
Rule 309(b)(viii)	Added Rule 309(b)(viii) from Procedure 3-7(d) regarding the Corporation’s discretion to require a Member at any time to make more frequent capital computations or	Incorporation of Procedure 3-7(d) as Rule 309(b)(viii)

Rule	Proposed Change	Change Type
	submit more frequent reports or financial statements.	
Rule 309(e)(iv)	Deleted reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 311 Heading	Added “Member Status, or User Status” to the heading for Rule 311 to reflect the addition of Rule 311(d) regarding voluntary withdrawal of Member and User status as a result of incorporation of Procedure 3-8(c).	Clarification
Rule 311(a)	Added language to Rule 311(a) from Procedure 3-4(a)(ii)—placed after Rule 311(a)(x)—regarding the Corporation’s periodic review of Members.	Incorporation of Procedure 3-4(a)(ii) to Rule 311(a)
Rule 311(a)(ix)	Uncapitalized “If” to conform with the other items in Rule 311(a)(i)-(x).	Technical
Rule 311(c)	Added language to Rule 311(c) from Procedure 3-4(a)(iii)—placed after Rule 311(c)(v)(D)—regarding the Corporation’s periodic review of Members.	Incorporation of Procedure 3-4(a)(iii) to Rule 311(c)
Rule 311(c)(i)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rules 311(c)(ii)(A), (iii)	Uncapitalized references to “Net Capital” because it is not a defined term.	Correction
Rule 311(c)(iv)	Added reference to “CET1” before “capital declines” for clarification.	Clarification
Rules 311(c)(v)(A)-(D)	Changed Rule 311(c)(v)(A) to be a separate subparagraph under Rule 311(c)(vi), and changed lettering of Rule 311(c)(v)(B)-(D) to be (c)(vi)(A)-(C), accordingly.	Clarification and Correction

Rule	Proposed Change	Change Type
Rule 311(d)	Added language to Rule 311(d) from Procedure 3-8(c) regarding defined term “Authorization Termination Notice” and the requirement that the Corporation confirm termination of the Authorization Agreement in writing.	Incorporation of Procedure 3-8(c) to Rule 311(d)
Rule 311(d)(i)	<p>Added language to Rule 311(d)(i) from Procedure 3-8(c) regarding a Member’s responsibility to meet a defaulting User’s obligations prior to termination of the Authorization Agreement.</p> <p>Revised language to clarify that the Member’s guarantee of financial performance for each User remains in effect “as to any and all Eligible Securities Transactions submitted for the User’s User Account associated with the Authorizing Member prior to the effective date of” termination of the Authorization Agreement, instead of “until” that termination.</p>	<p>Incorporation of Procedure 3-8(c) to Rule 311(d)(i)</p> <p>Clarification</p>
Rule 311(d)(ii)	Added language to Rule 311(d)(ii) from Procedure 3-8(c) regarding withdrawal of an unauthorized User’s status.	Incorporation of Procedure 3-8(c) to Rule 311(d)(ii)
Rule 311(e)	<p>Added Rule 311(e) from Procedures 3-8(a)-(b) regarding voluntary withdrawal of Member or User status.</p> <p>Changed the format of the cross-reference to combine the subparagraphs with the Rule.</p>	<p>Incorporation of Procedures 3-8(a)-(b) as Rule 311(e)</p> <p>Technical</p>
Rule 314	Deleted reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also removed a comma after “By-Laws” and added “and” before “Rules” as grammatical corrections.	Clarification and Technical

Rule	Proposed Change	Change Type
Rule 402(a)	<p>Replaced “Corporation’s Procedures” with “Rules” to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also capitalized “Default” to reflect that it is a defined term.</p> <p>Added language to Rule 402(a) from Procedures 4-1(a)-(b) regarding the calculation of the amount of the Guaranty Fund.</p>	<p>Clarification</p> <p>Incorporation of Procedures 4-1(a)-(b) to Rule 402(a)</p>
Rule 402(b)	<p>Added language to Rule 402(b) from Procedure 4-2(a) regarding the requirement that the Corporation must receive a new Member’s Required Guaranty Fund Contribution before the Member is eligible to commence clearing.</p> <p>Added language to Rule 402(b) from Procedure 4-1(c) regarding the determination of each Member’s Required Guaranty Fund Contribution using fair and risk-based measures, and reflecting that the Fund may be adjusted from time to time.</p> <p>Added language to Rule 402(b) from Procedure 4-1(d)—placed after Rule 402(b)(ii)—regarding the formula for calculating amounts pursuant to Rule 402(b)(ii).</p>	<p>Incorporation of Procedure 4-2(a) to Rule 402(b)</p> <p>Incorporation of Procedure 4-1(c) to Rule 402(b)</p> <p>Incorporation of Procedure 4-1(d) to Rule 402(b)</p>
Rule 402(b)(i)	<p>Added language to Rule 402(b)(i) from Procedure 4-1(c)(i) reflecting that one of the potential values of the Required Guaranty Fund Contribution is \$10 million, which is the minimum amount of cash or securities that a Member is required to contribute to the Guaranty Fund.</p> <p>Removed “as determined by the Corporation” and the phrase “set forth in subparagraph (c)(i) of Procedure 4-1” because the \$10 million figure in</p>	<p>Incorporation of Procedure 4-1(c)(i) to Rule 402(b)(i)</p> <p>Technical</p>

Rule	Proposed Change	Change Type
	Procedure 4-1(c)(i) has been incorporated into Rule 402(b)(i).	
Rule 402(b)(ii)	Added language to Rule 402(b)(ii) from Procedure 4-1(c)(ii) to provide that prior to a Member using a Clearing Service, the Member's proportionate share of the aggregate Required Guaranty Fund Contribution for such Clearing Service is zero.	Incorporation of Procedure 4-1(c)(ii) to Rule 402(b)(ii)
Rule 402(c)	Broke Rule 402(c) regarding Default Assessment into Rule 402(c)(i) and (ii) for better clarity.	Clarification
Rule 402(c)(i)	<p>Added language to new Rule 402(c)(i) from Procedure 4-5(a) to reflect the specific losses or liabilities that triggers a Default Assessment is in excess of "50% of" the amount of funds available to the Corporation "for discharging such losses and liabilities."</p> <p>Added language to Rule 402(c)(i) from Procedure 4-5(a) reflecting that the Corporation may impose a Default Assessment "in its sole discretion" if the losses or liabilities arising from a Member Default exceed a certain amount.</p> <p>Added language to the end of Rule 402(c)(i) from Procedure 4-5(a) providing clarification on the meaning of a Default Assessment.</p> <p>Made necessary non-substantive adjustments to the original Rule 402(c) to accommodate the additional language from Procedure 4-5(a), including changing the reference to "loss or liability" to "losses or liabilities arising from a Member Default" and removing parentheses and quotes around "Default Assessment," because it is a previously defined term in Chapter 1. Also changed the format of the cross-</p>	<p>Incorporation of Procedure 4-5(a) to Rule 402(c)(i)</p> <p>Incorporation of Procedure 4-5(a) to Rule 402(c)(i)</p> <p>Incorporation of Procedure 4-5(a) to Rule 402(c)(i)</p> <p>Technical</p>

Rule	Proposed Change	Change Type
	references to combine the subparagraphs with the Rules.	
Rule 402(c)(ii)	Capitalized “Defaulting” in “non-Defaulting” to reflect that it is a defined term.	Clarification
Rule 402(c)(iii)	Added Rule 402(c)(iii) from Procedure 4-5(d) reflecting that a Member who does not satisfy a Default Assessment may be declared to be in Default.	Incorporation of Procedure 4-5(d) as Rule 402(c)(iii)
Rule 402(c)(iv)	Added Rule 402(c)(iv) from Procedure 4-5(b) regarding calculation of each Member’s Default Assessment.	Incorporation of Procedure 4-5(b) as Rule 402(c)(iv)
Rule 402(d)	<p>Added language to Rule 402(d) from Procedure 4-1(h) reflecting that recalculations of the Required Guaranty Fund Contribution and maximum Default Assessment may be “based on the results of the Corporation’s daily stress testing” “for risk management purposes including but not limited to adherence to the cover two standard.”</p> <p>Changed the format of the cross-references to combine the subparagraphs with the Rules.</p> <p>Added a comma and “if” in the second sentence for better clarity.</p>	<p>Incorporation of Procedure 4-1(h) to Rule 402(d)</p> <p>Technical</p> <p>Clarification</p>
Rule 402(d)(i)	Replaced language in Rule 402(d)(i) regarding withdrawal of reported excess with more detailed language from Procedures 4-2(c)-(d) defining the “Required Guaranty Fund Contribution Deadline,” reflecting possible shortening or extension of that deadline, and repayment of Guaranty Fund contribution amounts in excess of a Member’s Required Guaranty Fund Contribution (unless	Incorporation of Procedures 4-2(c)-(d) to Rule 402(d)(i)

Rule	Proposed Change	Change Type
	withheld by the Corporation for unmet obligations).	
Rule 402(e)	Added Rule 402(e) from Procedure 4-1(e) regarding stress testing.	Incorporation of Procedure 4-1(e) as Rule 402(e)
Rule 402(f)	Added Rule 402(f) from Procedure 4-1(f) regarding periodic comprehensive analyses performed by the Corporation to determine the adequacy of and adopting adjustments to the Corporation's margin methodology, model parameters, models used to generate clearing or Guaranty Fund requirements, and other relevant aspects of the Corporation's risk management policies and procedures.	Incorporation of Procedure 4-1(f) as Rule 402(f)
Rule 404(a)	Replaced the reference to "Procedures" with "these Rules" to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 405(a)	Deleted the reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also moved Rule 405 under newly added Rule 405(a) as a "General" introductory provision regarding the Default Management Process to account for additions of Procedure 4-4(a)-(d) pursuant to collapsing the Procedures into the Rulebook. Also deleted reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rules 405(b) and (b)(i)-(iii)	Added Rule 405(b), "Member Default," and subparagraphs (b)(i)-(iii) from Procedures 4-4(a)(i)-(iii) regarding the specific Member Default management process.	Incorporation of Procedures 4-4(a)(i)-(iii) as Rules 405(b)(i)-(iii)

Rule	Proposed Change	Change Type
Rules 405(c) and (c)(i)-(iii)	Added Rule 405(c), “User Default,” and subparagraphs (c)(i)-(iii) from Procedures 4-4(b)(i)-(iii) regarding the specific User Default management process.	Incorporation of Procedures 4-4(b)(i)-(iii) as Rules 405(c)(i)-(iii)
Rules 405(d), (d)(i)-(ii), and (d)(ii)(A)-(B)	Added Rule 405(d), “Close-out process for the positions of a Defaulting Member or Defaulting User,” and subparagraphs (d)(i)-(ii) and (ii)(A)-(B) from Procedures 4-4(c)(i)-(ii) and (c)(ii)(A)-(B) regarding the specific process for such close-outs.	Incorporation of Procedures 4-4(c)(i)-(ii) and (c)(ii)-(A)-(B) as Rules 405(d)(i)-(ii), and (d)(ii)(A)-(B)
Rules 405(e) and (e)(i)-(iii)	Added Rule 405(e), “Managing a Default with Respect to a Specific Clearing Service and Across Clearing Services,” and subparagraphs (e)(i)-(iii) from Procedures 4-4(d)(i)-(iii) regarding the Corporation’s discretion to take certain actions in the event of a Member or User Default.	Incorporation of Procedures 4-4(d)(i)-(iii) as Rules 405(e)(i)-(iii)
Rule 405(f)	Added Rule 405(f) from Procedure 4-7(a) regarding the Corporation’s notice to Members and Users of a Member or User Default.	Incorporation of Procedure 4-7(a) as Rule 405(f)
Rule 405(g)	Added Rule 405(g) from Procedure 4-7(b) regarding the Corporation’s provision of updated Guaranty Fund Statements to Members following any charges against the Guaranty Fund due to Default by a Member.	Incorporation of Procedure 4-7(b) as Rule 405(g)
Rules 406(a)(ii)-(v)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 406(a)(iv)	Added “Required” to “Guaranty Fund Contributions” and capitalized the “C” in “Contributions” to reflect that “Required Guaranty Fund Contributions” is a defined term.	Clarification

Rule	Proposed Change	Change Type
Rule 406(b)(ii)(B)	Changed “obligations” to “losses and liabilities” to conform with the language in Rule 406(b)(ii)(A).	Clarification
Rules 406(b)(iii)-(iv), (c)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rules 407(c)(i)-(ii)	Capitalized references to “Repo Transaction” to reflect that it is a defined term.	Clarification
Rule 407(c)(iii)	Changed the format of the cross-reference to combine the subparagraphs with the Rule.	Technical
Rule 408(a)	Added language to Rule 408(a) from Procedures 4-11(a)-(d) regarding the requirement that Members must execute a master repurchase agreement with the Corporation to govern all non-committed repo transactions, and regarding negotiation of terms for such transactions and periodic testing by Members of repo transactions with the Clearing House when requested.	Incorporation of Procedures 4-11(a)-(d) as Rule 408(a)
	Capitalized the references to “Repo Transaction” to reflect that it is a defined term.	Technical
Rule 408(b)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
	Capitalized references to “Repo Transaction” to reflect that it is a defined term.	Clarification
Rule 409	Removed an inadvertent comma between “creation of” and “security interests.”	Technical
	Added language to Rule 409 from Procedures 4-12(a)-(c) regarding the terms of committed repo transactions and testing	Incorporation of Procedures 4-12(a)-(c) to Rule 409

Rule	Proposed Change	Change Type
	committed repo counterparties to affirm operational readiness.	
Rules 410(a) and (a)(i)	Moved Rule 410(a) to Rule 410(a)(i) under a new heading to Rule 410(a): “CLF MRA,” to incorporate Procedure 4-9(a). Added language to Rule 410(a)(i) from Procedure 4-9(a)(i) regarding CLF Event Transactions.	Incorporation of Procedure 4-9(a) to Rule 410(a) Incorporation of Procedure 4-9(a)(i) to Rule 410(a)(i)
Rules 410(a)(ii) and (a)(ii)(A)-(F)	Added Rules 410(a)(ii) and (a)(ii)(A)-(F) from Procedures 4-9(a)(ii) and (a)(ii)(A)-(F) regarding the terms of the CLF MRA.	Incorporation of Procedures 4-9(a)(ii) and (a)(ii)(A)-(F) as Rules 410(a)(ii) and (a)(ii)(A)-(F)
Rules 410(b), (b)(i), and (b)(i)(A)	Added new heading to Rule 410(b): “Declaration of a CLF Event,” and moved existing Rule 410(b) to subparagraph (b)(i)(A) to incorporate Procedure 4-9(b). New Rule 410(b), (b)(i) and (b)(i)(A) reflects Procedure 4-9(b), (b)(i) and (b)(i)(A).	Incorporation of Procedures 4-9(b), (b)(i), and (b)(i)(A) to Rules 410(b), (b)(i), and (b)(i)(A)
Rule 410(b)(i)(A)	Revised existing Rule 410(b) that has been moved to Rule 410(b)(i)(A) to reflect language of Procedure 4-9(b)(i)(A) regarding notification to Members of the declaration of the CLF Event.	Incorporation of Procedure 4-9(b)(i)(A) to Rule 410(b)(i)(A)
Rules 410(b)(i)(B)-(E)	Added Rules 410(b)(i)(B)-(E) from Procedures 4-9(b)(i)(C)-(F) regarding events resulting from the declaration of a CLF Event.	Incorporation of Procedures 4-9(b)(i)(C)-(F) as Rules 410(b)(i)(B)-(E)
Rule 410(c)	Revised existing Rule 410(c) to incorporate language from Procedure 4-9(b)(i)(B) regarding the terms of CLF Event Transactions, and specifying that	Incorporation of Procedure 4-9(b)(i)(B) to Rule 410(c)

Rule	Proposed Change	Change Type
	Members who enter into CLF Event Transactions are non-Defaulting Members.	
Rule 410(d)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 410(h)	Revised Rule 410(h) to incorporate language from Procedure 4-9(b)(ii) regarding the exchange of securities for cash after termination of a CLF Event Transaction.	Incorporation of Procedure 4-9(b)(ii) to Rule 410(h)
Rules 410(i) and (i)(i)-(ii)	Added Rule 410(i) and subparagraphs (i)(i)-(ii) from Procedures 4-9(c) and (c)(i)-(ii) regarding “Calculation of Required CLF Size and Allocated Capped CLF Amounts.”	Incorporation of Procedures 4-9(c) and (c)(i)-(ii) as Rules 410(i) and (i)(i)-(ii)
Rules 410(j) and (j)(i)-(ii)	Added Rules 410(j) and (j)(i)-(ii) from Procedures 4-9(d) and (d)(i)-(ii) regarding a Member’s “Required Attestation and Acknowledgment” that the Member understands and is bound by the Rules related to CLF.	Incorporation of Procedures 4-9(d) and (d)(i)-(ii) as Rules 410(j) and (j)(i)-(ii)
Rule 410(k)	Added Rule 410(k) from Procedure 4-9(e) regarding “Report of Actions” to the SEC and other relevant regulatory agencies. Capitalized reference to “Repo Transaction” to reflect that it is a defined term.	Incorporation of Procedure 4-9(e) as Rule 410(k) Clarification
Rule 410(l)	Added Rule 410(l) from Procedure 4-9(f) regarding “Operational Testing” with respect to annual CLF MRA tests for Members.	Incorporation of Procedure 4-9(f) as Rule 410(l)
Rule 411	Added subparagraph letters (a)-(g) to Rule 411 regarding “Substitution of Guaranty Fund Cash” to reflect Procedure 4-10(a)-(g).	Incorporation of Procedures 4-10(a)-(g) to Rule 411

Rule	Proposed Change	Change Type
Rule 411(a)	Revised Rule 411(a) to reflect language from Procedure 4-10(a) regarding procedures for substitution of Guaranty Fund cash.	Incorporation of Procedure 4-10(a) to Rule 411(a)
Rule 411(b)	Added Rule 411(b) from Procedure 4-10(b) regarding notice to impacted non-Defaulting Members of a substitution of Guaranty Fund cash for U.S. Treasury securities.	Incorporation of Procedure 4-10(b) as Rule 411(b)
Rule 411(c)	Revised Rule 411(c) to reflect language from Procedure 4-10(c) regarding determining the market value of the securities used in a cash substitution under Rule 411, subject to the Corporation's discretion to impose appropriate haircut.	Incorporation of Procedure 4-10(c) to Rule 411(c)
Rule 411(e)	Added Rule 411(e) from Procedure 4-10(d) regarding timing of completion of substitution of U.S. Treasury securities for cash Guaranty Fund contributions as determined by the Corporation.	Incorporation of Procedure 4-10(d) as Rule 411(e)
Rule 411(f)	Revised Rule 411(f) to incorporate language from Procedures 4-10(e)-(f) regarding replacement of substituted U.S. Treasury securities for cash.	Incorporation of Procedures 4-10(e)-(f) to Rule 411(f)
Rule 411(g)	Added Rule 411(g) from Procedure 4-10(g) regarding procedures for substitution of Guaranty Fund cash.	Incorporation of Procedure 4-10(g) as Rule 411(g)
Rule 412	Revised Rule 412 to incorporate language from Procedure 4-8 regarding the transfer of User Accounts where a Member with authorized Users is in Default.	Incorporation of Procedure 4-8 to Rule 412
Rules 413(a)-(d)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical

Rule	Proposed Change	Change Type
Rule 413(e)	Added Rule 413(e) from Procedure 4-7(b) regarding the Corporation's obligation to provide updated Guaranty Fund Statements to Members following charges against the Guaranty Fund due to Default by a Member.	Incorporation of Procedure 4-7(b) as Rule 413(e)
Rules 416(a)-(b)	Deleted the references to "Procedures" from Rule 416(a)-(b) to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 417	Changed the format of the reference to the Securities Exchange Act to combine the subparagraph with the rule.	Technical
Rule 501	Deleted the reference to "Procedures" from Rule 501 to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 502(a)	Revised Rule 502(a) to incorporate language from Procedures 5-2(a)-(b) regarding calculation of initial margin and providing information about the Corporation's margin model and calculations to Members and Users. Also removed the reference to Procedure 5-2 to reflect the removal of Procedures and collapsing the same into the Rulebook.	Incorporation of Procedures 5-2(a)-(b) to Rule 502(a)
Rule 502(b)	Changed heading of Rule 502(b) from "Form" to "Form and Limitations on Types of Collateral" to reflect incorporation of Procedure 5-3(a) regarding limitations on types of collateral.	Incorporation of Procedure 5-3(a) to Rule 502(b)
	Removed comma after "in the manner" to correct a grammatical error.	Technical
	Deleted the reference to "Procedures" to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification

Rule	Proposed Change	Change Type
	Revised Rule 502(b) to add language from Procedure 5-3(a) regarding the limitations on the types of collateral acceptable as satisfying initial margin requirements.	Incorporation of Procedure 5-3(a) to Rule 502(b)
Rule 502(c)	Added “(s)” to the end of “Corporation’s Bank” to clarify that the Corporation might have multiple Banks. Also deleted reference to “Procedure 5-4” to reflect the removal of the Procedures and collapsing the same into the Rulebook. Added language to Rule 502(c) from Procedure 5-4(c)(ii) regarding the receipt of substitution funds and transfer of excess initial margin.	Clarification Incorporation of Procedure 5-4(c)(ii) to Rule 502(c)
Rules 502(f) and (f)(i)-(iii)	Added Rule 502(f) and subparagraphs (f)(i)-(iii) from Procedure 5-3(d) and subparagraphs (d)(i)-(iii) regarding accepting U.S. Treasury securities in satisfaction of initial margin requirements, as well as limitations, valuation, and maturity of the same.	Incorporation of Procedures 5-3(d) and (d)(i)-(iii) as Rule 502(f) and (f)(i)-(iii)
Rules 502(g) and (g)(i)-(iii)	Added Rules 502(g) and subparagraphs (g)(i)-(iii) from Procedures 5-4(b) and subparagraphs (b)(i) and (iv) regarding requirements for Members and Users posting margin into the Corporation’s system.	Incorporation of Procedures 5-4(b) and (b)(i), (iv) as Rules 502(g) and (g)(i)-(iii)
Rules 503(a)(ii), (b)(i)	Deleted the references to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 505(a)(ii)	Replaced the reference to “Procedures” with “these Rules” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 506(a)	Replaced reference to “Procedure 5-1” with “Rule 508,” and deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification

Rule	Proposed Change	Change Type
	<p>Changed the format of the cross-reference to combine the subparagraph with the Rule.</p> <p>Added “the” before “market value.”</p> <p>Added “and paying out” after “The Corporation may forego collecting” and before “de minimis amounts of Outstanding Exposure Settlement, as a clarification, to reflect that the Corporation may forego de minimis amounts of Outstanding Exposure Settlement in both collecting and paying out circumstances.</p>	<p>Technical</p> <p>Technical</p> <p>Clarification</p>
Rule 507(a)	<p>Corrected “if” to “of” in the second sentence.</p> <p>Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.</p> <p>Added the words “at least” before the list of applicable accounts to clarify that the list is not exhaustive.</p>	<p>Technical</p> <p>Clarification</p> <p>Clarification</p>
Rule 507(d)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rules 508(a) and (a)(i) and (iii)	Added Rules 508(a)(i) and (a)(iii) from Procedures 5-1(a)(i)-(ii) regarding the contents of the Daily Margin Report.	Incorporation of Procedures 5-1(a)(i)-(ii) as Rules 508(a)(i), (iii)
Rule 508(a)(ii)	Added the word “and” before “any surplus” and “removed the word “and” at the end of (a)(ii) as technical grammar corrections.	Technical
Rule 508(a)(iv)	Deleted the words “The Daily Margin Report will also provide” to clarify that the next subparagraph is part of a continuing	Clarification

Rule	Proposed Change	Change Type
	list of items the Daily Margin Report contains.	
Rule 508(a)(v)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 508(a)	Added language to the end of Rule 508(a) from Procedure 5-1(b) regarding making the Daily Margin Report available to Members and Users via various means following each clearing cycle on each Business Day at a time determined by the Corporation.	Incorporation of Procedure 5-1(b) to Rule 508(a)
Rules 508(c) and (c)(i)-(ii)	Added Rules 508(c) and subparagraphs (c)(i)-(ii) from Procedures 5-1(c) and (c)(i)-(ii) regarding end-of-day clearing cycles and intraday clearing cycles.	Incorporation of Procedures 5-1(c) and (c)(i)-(ii) as Rules 508(c) and (c)(i)-(ii)
Rules 509(a)-(c)	Revised Rules 509(a)-(c) to reflect Procedure 5-1(d) regarding requiring additional initial margin posting at the sole Corporation's discretion, the time frame for Members and Users to meet the additional margin requirement and the Corporation's sole discretion to run additional clearing cycles to facilitate the exchange of Outstanding Exposure Settlement.	Incorporation of Procedure 5-1(d) to Rules 509(a)-(c)
Rule 510(a)	Revised Rule 510(a) to reflect Procedures 5-4(c) and (c)(i) regarding withdrawals of excess collateral and the process for effecting the same. Add "of" before "initial margin" in the first sentence as a grammatical change.	Incorporation of Procedures 5-4(c) and (c)(i) to Rule 510(a) Technical
Rule 510(b)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical

Rule	Proposed Change	Change Type
Rule 510(b)(ii)	<p>Revised Rule 510(b)(ii) to confirm CMESC’s intention that it may only reject a request pursuant to Rule 510(a) to withdraw excess collateral by a Member on behalf of a Supported User or by an Independent User for reasons related to risk considerations with respect to such User, as reasonably determined by CMESC in its sole judgment. Specifically, CMESC proposes to make this clarification by adding, at the end of the first sentence, “that the Corporation may only reject a request pursuant to Rule 510(a) to withdraw excess collateral by a Member on behalf of a Supported User or by an Independent User for reasons related to risk considerations with respect to such User, as reasonably determined by the Corporation in its sole judgement.”</p> <p>Further revised Rule 510(b)(ii) to confirm CMESC’s intention that it will hold unreturned excess margin subject to the requirements generally for holding margin, including, as applicable, requirements under Rule 513 applicable to margin deposited for Supported Users. Specifically, CMESC proposes to clarify how it will hold unreturned excess margin by adding that in the event the Corporation rejects a withdrawal request, the Corporation will “hold the margin posted subject to and in accordance with the Rules including Rule 513 as may be applicable.”</p>	Clarification
Rule 511(b)	Changed reference to “Board of Directors” to be “Board,” to reflect that “Board” is a defined term. Also added “sole” before “discretion” and “elect to” before “consult” as clarification edits.	Clarification
Rule 513(a)	Replaced reference to “Procedures” with “these Rules” to reflect the removal of the	Clarification

Rule	Proposed Change	Change Type
	Procedures and collapsing the same into the Rulebook.	
Rule 513(c)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 514	Added Rule 514 from Procedure 5-4(a) regarding the Corporation's system to enter and receive information regarding initial margin and Outstanding Exposure Settlement.	Incorporation of Procedure 5-4(a) as Rule 514
Rule 601	Changed "maintain" to "have" as clarification edits.	Clarification
Rule 602(a)	Replaced the words "the Procedures" with "these Rules" to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 602(d)(i)	Change the cross-reference to Procedure 15-4(c)(iii) to Rule 1502(b)(iii) to reflect collapsing the Procedures into the Rulebook.	Clarification
Rules 602(d)(i)-(ii)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 602(d)(iii)	Added Rule 602(d)(iii) from Procedure 6-1(c) regarding the Corporation's right to adopt a schedule of fines to be imposed summarily on Members or Users who have a pattern of making initial submissions of transaction data that are rejected.	Incorporation of Procedure 6-1(c) as Rule 602(d)(iii)
Rule 603	Replaced references to "Procedures" with "Rules" to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 604(b)	Added "prior to or" with respect to when Members and Users must notify the Corporation of the Securities Settlement	Clarification

Rule	Proposed Change	Change Type
	Bank(s) or Bank(s) that will act on their behalf with respect to handling settlement of Eligible Securities Transactions.	
Rule 605	Added “unless and” before “until” in the last sentence as clarification edits.	Clarification
Rule 701(b)(ii)	Changed the format of the cross-reference to 17 CFR 210.2-02 to combine the subparagraphs with the regulation section.	Technical
Rule 705	Revised the language of Rule 705 to clarify that the Board “may” prescribe Procedures in the future pursuant to this Rule 705 and will post any Procedures so adopted on the Corporation’s website.	Clarification
Rule 706(b)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 707(a)	Deleted the references to the “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 708(b)(iv)	Changed the incorrect paragraph numbering (b)(iv)(E) and (b)(iv)(F) to (b)(iv)(B) and (b)(iv)(C).	Technical
Rule 708(b)(vi)	Changed “him” to “them” with respect to reference to a Member.	Clarification
Rule 709(b)	Added language to Rule 709(b) from Procedure 7-3(a) to reflect that the Corporation will release Clearing Data related to a particular User to a Member that authorizes that User upon written request.	Incorporation of Procedure 7-3(a) as Rule 709(b)
Rule 709(d)	Added language to Rule 709(d) from Procedure 7-3(b) to reflect that the Corporation will post to its website basic data related to the volume and values of Eligible Securities Transactions cleared through the Corporation.	Incorporation of Procedure 7-3(b) as Rule 709(d)

Rule	Proposed Change	Change Type
Rule 709(e)	Added “to” between “construed” and “limit” to correct grammatical error.	Technical
Rule 710(b)	Added a comma after “positions of Members and Users” in the last sentence to improve clarity and enhance readability.	Technical
Rule 710(e)	Added a comma after “CMESC Emergency Financial Committee” in the second sentence, to improve clarity and enhance readability.	Technical
Rule 710(f)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 710(g)	Changed reference to “Board of Directors” to be “Board,” to reflect that “Board” is a defined term.	Clarification
Rule 711	Changed reference to “Board of Directors” to be “Board,” to reflect that “Board” is a defined term.	Clarification
Rule 713	Revised heading of Rule 713 to capitalize “Regarding.” Deleted the reference to “Procedures” in the heading and body of Rule 713 to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Technical and Clarification
Rule 714(a)	Removed quotation marks around “Corporation Default” to reflect that it is a previously defined term in Chapter 1. Changed the format of the cross-reference to combine the subparagraph with the Rule.	Clarification Technical
Rules 714(a)(i), (b), (c), (c)(i), (d)	Deleted the references to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 714(d)(iii)	Added “acting” at the beginning of the parentheses before “for itself,” referring to	Clarification

Rule	Proposed Change	Change Type
	a Member to improve clarity and readability.	
Rule 714(d)(vii)	Clarified that the close-out process referred to in Rule 714(d)(vii) is also laid out in Rule 405, in addition to Rules 714, 1501, and 1507. Also deleted the references to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 717	Added Rule 717 from Procedure 7-4 regarding “Forms, Media and Technical Specifications” with respect to the forms and format Members and Users must use to submit instructions and data to the Corporation.	Incorporation of Procedure 7-4 as Rule 717
Rule 801(a)	Deleted the word “such” before “fees and charges” to improve clarity and readability. Also changed “the Rules” to “these Rules” to clarify the Rule is discussing this Rulebook. Also deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 801(d)	Added Rule 801(d) from Procedure 8-1 regarding the Schedule of Fees setting out the fees and charges arising from the provision of the Corporation’s services.	Incorporation of Procedure 8-1 as Rule 801(d)
Rule 901(a)	Added language to Rule 901(a) from Procedure 9-1(a) reflecting that a Member’s or User’s notification of its failure to perform material contracts or obligations, its determination of inability to perform material contracts or obligations, or its insolvency can be in the form of e-mail or another system designated by the Corporation, and the timing of such required notice by the Member or User.	Incorporation of Procedure 9-1(a) as Rule 901(a) Clarification

Rule	Proposed Change	Change Type
	Replaced “to do so” with “to perform its material contracts or obligations” to improve clarity.	
Rule 901(b)(i)	<p>Changed the format of the cross-reference to combine the subparagraph with the Rule.</p> <p>Added language to Rule 901(b)(i) from Procedure 9-3 reflecting that the Corporation has sole discretion to determine the timeframe within which a Member or User that has provided an insolvency notice to the Corporation pursuant to Rule 901(a) must post a bond, indemnity, or guaranty from a third party satisfactory to the Corporation to avoid being treated as insolvent by the Corporation.</p>	<p>Technical</p> <p>Incorporation of Procedure 9-3 as Rule 901(b)(i)</p>
Rule 901(b)(v)	Revised the lead-in language to conform with other items in Rule 901(b)(i)-(vi).	Clarification
Rule 901(b)(vi)	Add the word “the” before “Member or User” as a technical grammatical change.	Technical
Rule 901(c)	<p>Removed comma after “act for the Member or User” as a technical, grammatical change. Also changed the format of the cross-reference to combine the subparagraph with the Rule.</p> <p>Capitalized “Default” to reflect that it is a defined term.</p>	<p>Technical</p> <p>Clarification</p>
Rule 902(a)	Capitalized “Default” to reflect that it is a defined term.	Clarification
Rule 902(a)(i)	<p>Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.</p> <p>Changed the format of the cross-reference to combine the subparagraph with the Rule.</p>	<p>Clarification</p> <p>Technical</p>

Rule	Proposed Change	Change Type
Rule 902(a)(ii)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 902(b)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 902(c)	Added language to Rule 902(c) from Procedure 9-4(d) regarding the Head of the Corporation’s latitude to consider all information available in determining whether to prohibit or limit the access of a Member or User to services offered by the Corporation. Capitalized “Default” to reflect that it is a defined term.	Incorporation of Procedure 9-4(d) to Rule 902(c) Clarification
Rule 903(a)	Revised Rule 903(a) to become Rule 903(a)(i), and added a heading for 903(a), titled “Voluntary Withdrawal of Member or User Status,” to reflect that Rules 903(a)(i) and (a)(ii) cover Voluntary Withdrawal of Member Status and Voluntary Withdrawal of User Status, respectively.	Clarification
Rule 903(a)(i)	Revised Rule 903(a)(i) to reflect Procedure 3-8(a) regarding the process related to a Member’s voluntary withdrawal of its Member status, including the requirement of providing an at least ten-Business-Day Member Withdrawal Notice to the Corporation and the withdrawal not being effective until the Corporation’s confirmation via an Advisory announcing the withdrawal of the Member and the effective date of the withdrawal.	Incorporation of Procedure 3-8(a) to Rule 903(a)(i)
Rule 903(a)(ii)	Added Rule 903(a)(ii) from Procedure 3-8(b) regarding the process related to a User’s voluntary withdrawal of its User status, including providing an at least ten-Business-Day User Withdrawal Notice to the Corporation and the withdrawal not	Incorporation of Procedure 3-8(b) to Rule 902(a)(ii)

Rule	Proposed Change	Change Type
	being effective until Corporation's confirmation via an Advisory announcing the withdrawal of the User and the effective date of the withdrawal.	
Rule 903(c)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 904	Added language to Rule 904 from Procedures 9-4(b)(i)-(ii) regarding the effect of the Corporation ceasing to act for a Member or User, specifically relating to completing or closing transactions and open positions, and returning contributions to the Guaranty Fund of the Member pursuant to Rule 415 and margin owed to the Member or User.	Incorporation of Procedures 9-4(b)(i)-(ii) to Rule 904
Rule 906	Added language to Rule 906 from Procedure 9-4(c) regarding a terminated Member's or User's continuing responsibility to discharge any obligations it incurred prior to the Corporation's ceasing to act on the Member's or User's behalf.	Incorporation of Procedure 9-4(c) to Rule 906
Rule 907(a)	<p>Changed the cross-reference to Rule 902 to refer to both "Rules 901 and 902" to reflect that cessation-to-act by the Corporation under either rule can result in the Corporation prohibiting or limiting a Member's or User's access to Clearing Services. Also changed "object" to "objective" for clarity.</p> <p>Added language to Rule 907(a) from Procedures 9-4(a)(i)-(iii) regarding the ways the Corporation may prohibit or limit a Member's or User's access to Clearing Services, including limiting or suspending a Member or User from submitting additional transactions for clearing and, if a Member is suspended from submitting additional transactions for clearing,</p>	<p>Clarification</p> <p>Incorporation of Procedures 9-4(a)(i)-(iii) to Rule 907(a)</p>

Rule	Proposed Change	Change Type
	<p>requiring such Member to transfer its authorization of any User, along with such User Account, to another Member.</p> <p>Added language to Rule 907(a) from Procedure 9-2 regarding the Corporation's discretion to subject a Member or User to fines, additional requirements, or restrictions upon failure of the Member or User to perform certain required obligations for Member status or User status.</p> <p>Added language to Rule 907(a) clarifying that, in addition to fines, requirements, and other restrictions as a result of a Member's or User's failure to perform obligations, the Corporation may also terminate the Member's or User's status as a Member or User with the Corporation.</p>	<p>Incorporation of Procedure 9-2 to Rule 907(a)</p> <p>Clarification</p>
Rule 907(b)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 907(c)	Added Rule 907(c) from Procedures 9-1(c)-(e) regarding the Corporation's discretion to impose a Noncompliance Time Period in lieu of ceasing to act for the Member or User, during which the Member or User subject to the Noncompliance Time Period must use every effort to come back into compliance with the applicable requirements for Member or User status, while the Corporation preserves its authority to cease to act at the end of the Noncompliance Time Period, or, if the Corporation determines, in its sole discretion, that a Member's financial or operational condition or User's operational condition has significantly deteriorated during the Noncompliance Time Period, the Corporation may cease to act for the	Incorporation of Procedures 9-1(c)-(e) as Rule 907(c)

Rule	Proposed Change	Change Type
	Member or User pursuant to Rules 901 and 902.	
Rule 1001(b)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rules 1003(a)-(b)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 1004(b)	Changed references to “Board of Directors” to be “Board,” to reflect that “Board” is a defined term.	Clarification
Rule 1004(c)	Changed “three (3) days” to “three (3) Business Days,” with respect to the minimum advance notice given to the Respondent or Interested Person of the place and time of a hearing.	Clarification
Rule 1005(b)(i)	Removed the comma after “engaged” to improve readability.	Technical
Rule 1005(b)(ii)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 1005(c)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 1008	Clarified that the reference to “this Chapter” refers to “Chapter 10.”	Clarification
Rules 1011(b)(ii)-(iv)	Corrected paragraph numbering by changing the paragraph number of existing Rule 1011(b)(iv), (v) and (vi) to Rule 1011(b)(ii), (iii) and (iv).	Correction
Rule 1011(b)(iv)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical

Rule	Proposed Change	Change Type
Rule 1011(d)	Added a comma after “filing with the Corporation” in the first sentence to improve clarity and readability.	Technical
Rules 1012(b)-(d)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 1012(b)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 1012(e)	Removed the comma after “Securities Exchange Act” in the first sentence to improve readability.	Technical
Rule 1013(b)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 1101	Changed reference to “Board of Directors” to be “Board,” to reflect that “Board” is a defined term.	Clarification
Rules 1101(d)-(e)	Removed the subparagraph number to make (e) a separate paragraph under Rule 1101.	Clarification
Rules 1102(b), (d)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 1301	Replaced the reference to “Procedures” with “these Rules” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rules 1303-1304	Deleted the references to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rules 1305(a)(i), (b)	Deleted the references to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification

Rule	Proposed Change	Change Type
Rule 1307(b)	Changed the format of the cross-reference to combine the subparagraph with the Rule.	Technical
Rule 1501(b)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 1501(c)	<p>Revised and added language to Rule 1501(c) to reflect Procedure 15-1(a) to identify that only Repo Transactions and Cash Transactions involving Eligible Securities that are U.S. Treasury securities may be cleared through the Corporation’s Interest Rate Securities Clearing Service, and providing that the Corporation may make information regarding the terms of Repo Transactions and a list of U.S. Treasury securities that are Eligible Securities for purposes of Cash Treasury Transactions available to Members and Users via an Advisory.</p> <p>Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.</p>	<p>Incorporation of Procedure 15-1(a) to Rule 1501(c)</p> <p>Clarification</p>
Rule 1501(d)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 1501(e)	Added Rule 1501(e) from Procedure 15-1(b) regarding the requirement that original parties to a Clear to Hold Transaction may only deliver collateral to settle Repo Transactions that meets the requirements of a General Collateral Bucket.	Incorporation of Procedure 15-1(b) as Rule 1501(e)
Rule 1501(f)	Added Rule 1501(f) from Procedure 15-1(c) regarding the Corporation providing a description to Members and Users of the General Collateral Bucket and Eligible Securities that the Corporation will accept as collateral.	Incorporation of Procedure 15-1(c) as Rule 1501(f)

Rule	Proposed Change	Change Type
Rule 1501(g)(iii)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 1501(h)	Capitalized “Repo Transactions” to reflect that it is a defined term.	Clarification
Rules 1501(g)-(h)	Changed letter numbering of Rules 1501(e) and (f) to Rules 1501(g) and 1501(h), respectively, to reflect the addition of new Rules 1501(e) and (f).	Correction
Rule 1502	Changed the heading of Rule 1502 from “Members and Users” to “Submission of Eligible Securities Transactions for Clearing; Functions of the Clearing System,” to reflect addition of Rules from Procedures relating to processes for submitting Clear to Deliver Transactions, Cash Treasury Transactions, Clear to Hold Transactions, and Repo Transactions, as well as the functions of the securities clearing system.	Incorporation of Procedures 15-3 and 15-4 to Rule 1502
Rules 1502(a) and (a)(i)	Moved existing Rule 1502 to Rule 1502(a)(i) and added heading to Rule 1502(a) titled “Submission Process.” Also removed reference to “Procedures” from Rule 1502(a)(i) to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rule 1502(a)(i)	Added language to the end of Rule 1502(a)(i) from Procedure 15-3(a) regarding Members and Users’ submission of Cash Treasury Transactions and Repo Transactions for clearing to the Securities Clearing System, and access to the same.	Incorporation of Procedure 15-3(a) to Rule 1502(a)(i)
Rules 1502(a)(i)(A)-(B) and (a)(ii)-(iii)	Added Rules 1502(a)(i)(A)-(B) and (a)(ii)-(iii) from Procedures 15-3(a)(i)-(ii) and (b)-(c) regarding the specific submission processes for Clear to Deliver	Incorporation of Procedures 15-3(a)(i)-(ii) and (b)-(c) as Rules 1502(a)(i)(A)-

Rule	Proposed Change	Change Type
	Transactions, Cash Treasury Transactions, and Repo Transactions.	(B) and (a)(ii)-(iii)
Rules 1502(b) and (b)(i)-(iv)	Added Rules 1502(b) and (b)(i)-(iv) from Procedures 15-4(a)-(d) regarding the functions of the Corporation's Securities Clearing System.	Incorporation of Procedures 15-4(a)-(d) as Rules 1502(b) and (b)(i)-(iv)
Rule 1503(a)	<p>Revised Rule 1502(a) to replace cross-references to Procedures 15-1 and 15-3 with Rules 1501 and 1502 to reflect removal of the Procedures and collapsing the same into the Rulebook. Also removed the reference to "Procedures" for the same reason.</p> <p>Added language to Rule 1503(a) from Procedure 15-5(a) to reflect that novation may occur "[u]pon completion of the confirmations set forth in Rule 1502(b)."</p>	<p>Clarification</p> <p>Incorporation of Procedure 15-5(a) to Rule 1503(a)</p>
Rule 1503(c)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rules 1503(d) and (d)(i)-(vi)	Added new heading, "Settlement Modification," to Rule 1503(d) to reflect addition of Rules 1503(d)(i)-(vi) from Procedures 15-8(a)-(f) regarding processes related to settlement modification of different transactions, notification to the Corporation of the same, and cancellation of the original transaction upon such modification.	Incorporation of Procedures 15-8(a)-(f) as Rules 1503(d) and (d)(i)-(vi)
Rules 1503(e) and (e)(i)-(iv)	Added Rules 1503(e) and (e)(i)-(iv) from Procedures 15-5(b) and (b)(i)-(iv) regarding the Clearing Confirmation provided to Members and Users that were parties to original Repo Transactions or Cash Treasury Transactions.	Incorporation of Procedures 15-5(b) and (b)(i)-(iv) as Rules 1503(e) and (e)(i)-(iv)

Rule	Proposed Change	Change Type
Rule 1504(a)	Added “and” before item (B) as a technical edit.	Technical
Rule 1504(d)	Added language to Rule 1504(d) to clarify that the procedures for settlement and netting are detailed in paragraphs (f) and (g) of Rule 1504. Also capitalized “Transactions” in “Clear to Hold Transactions” to reflect that it is part of the defined term.	Clarification
Rule 1504(e)	Revised language to clarify that the Rule applies to “any” Repo Transactions “and/or” Cash Treasury Transactions. Also removed the “s” from “Daily Settlement Report.” Also added “and/” before “or General Collateral Bucket(s).”	Clarification
Rules 1504(f) and (f)(i)-(ix)	Added Rules 1504(f) and (f)(i)-(ix) from Procedures 15-6(a)-(i) regarding the Corporation’s settlement procedure and obligations of Members and Users pursuant to the same.	Incorporation of Procedures 15-6(a)-(i) as Rules 1504(f) and (f)(i)-(ix)
Rules 1504(g) and (g)(i)-(v)	Added Rules 1504(g) and (g)(i)-(v) from Procedures 1507(a)-(e) regarding the Corporation’s netting procedures.	Incorporation of Rules Procedures 15-7(a)-(e) as Rules 1504(g) and (g)(i)-(v)
Rule 1505(a)	Revised Rule 1505(a) to be a “General” provision related to the Corporation’s collection of net deficit and payment of net gain, which language was taken from Procedure 15-9(a).	Incorporation of Procedure 15-9(a) to Rule 1505(a)
Rule 1505(b)	Added a lead-in provision, Rule 1505(b), which applies to 1505(b)(i)-(vii) regarding components of Outstanding Exposure Settlement for Clear to Deliver Transactions.	Clarification
Rule 1505(b)(i)	Added language to Rule 1505(b)(i) from Procedures 15-9(b)(i)(A)-(C) regarding the calculation of settlement variation payment	Incorporation of Procedures 15-

Rule	Proposed Change	Change Type
	<p>amount for Clear to Deliver Transactions. Also changed “Repo” Transaction to “Clear to Deliver” Transaction to reflect the terminology used in Procedures 15-9(b)(i)(A)-(C).</p> <p>Revised the language regarding the “difference between the settlement prices for the current and preceding clearly cycles” and added “multiplied by the par amount of the securities” for clarity.</p>	<p>9(b)(i)(A)-(C) to Rule 1505(b)(i)</p> <p>Clarification</p>
Rule 1505(b)(ii)	Revised Rule 1505(b)(ii) to reflect Procedures 15-9(b)(iii) and (b)(iii)(A) regarding the Repo Rate Accrual and calculation of the same.	Incorporation of Procedures 15-9(b)(iii) and (b)(iii)(A) to Rule 1505(b)(ii)
Rule 1505(b)(iii)	Revised Rule 1505(b)(iii) to reflect Procedures 15-9(b)(v) and (b)(v)(A)-(B) regarding collateral coupon payments for Clear to Deliver Transactions.	Incorporation of Procedures 15-9(b)(v) and (v)(A)-(B) to Rule 1505(b)(iii)
Rule 1505(b)(iv)	Revised Rule 1505(b)(iv) to remove the reference to Procedure 15-9(b)(iv) and to make it a lead-in paragraph to new Rules 1505(b)(iv)(A)-(C).	Clarification
Rules 1505(b)(iv)(A)-(C)	Added proposed Rules 1505(b)(iv)(A)-(C) from Procedures 15-9(b)(iv)(A)-(C) regarding determining the Price Alignment Amount component of Clear to Deliver Transactions.	Incorporation of Procedures 15-9(b)(iv)(A)-(C) as Rules 1505(b)(iv)(A)-(C)
Rule 1505(b)(v)	Relocated existing Rule 1505(b)(v) regarding “Additional Information Included in Daily Margin Report” to become new Rule 1505(e) with minor adjustments described below, which will apply to all of Clear to Deliver Transactions, Cash Treasury Transactions, and Clear to Hold Transactions.	Clarification

Rule	Proposed Change	Change Type
	Incorporated Procedure 15-9(b)(vi) regarding maturity adjustments for Clear to Deliver Transactions as new Rule 1505(b)(v).	Incorporation of Procedure 15-9(b)(vi) as new Rule 1505(b)(v)
Rule 1505(b)(vi)	Added Rule 1505(b)(vi) from Procedure 15-9(b)(viii) regarding a potential transfer cash component to Outstanding Exposure Settlement for Clear to Deliver Transactions.	Incorporation of Procedure 15-9(b)(viii) as Rule 1505(b)(vi)
Rules 1505(b)(vii) and (b)(vii)(A)-(B)	Added Rules 1505(vii) and (vii)(A)-(B) from Procedures 15-9(b)(vii) and (vii)(A)-(B) regarding the possible collection or return of Haircut Collateral relating to Outstanding Exposure Settlement for Clear to Deliver Transactions.	Incorporation of Procedures 15-9(b)(vii) and (vii)(A)-(B) as Rules 1505(vii) and (vii)(A)-(B)
Rule 1505(c)	Added clarifying lead-in language to Rule 1505(c) to reflect that Rules 1505(c)(i)-(v) are components of Outstanding Exposure Settlement for Cash Treasury Transactions.	Clarification
Rule 1505(c)(i)	Added language to Rule 1505(c)(i) from Procedures 15-9(b)(ii)(A)-(B) regarding the calculation settlement variation payment amount for Cash Treasury Transactions.	Incorporation of Procedure 15-9(b)(ii)(A)-(B) to Rule 1505(c)(i)
Rule 1505(c)(ii)	Revised Rule 1505(c)(ii) to reflect Procedures 15-9(b)(v) and (b)(v)(B) regarding collateral coupon payments for Cash Treasury Transactions. Uncapitalized “coupon payment date” to reflect that it is not a defined term.	Incorporation of Procedures 15-9(b)(v) and (b)(v)(B) to Rule 1505(c)(ii) Clarification
Rule 1505(c)(iii)	Revised Rule 1505(c)(iii) to remove the reference to Procedure 15-9(b)(iv) to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also revised Rule 1505(c)(iii) to reflect that the Price Alignment Amount component for a Cash Treasury	Clarification

Rule	Proposed Change	Change Type
	Transaction is calculated in the same manner as explained in Rules 1505(b)(iv) with respect to Clear to Deliver Transactions.	
Rule 1505(c)(iv)	Added Rule 1505(c)(iv) from Procedure 15-9(b)(vi) regarding maturity adjustments for Cash Treasury Transactions.	Incorporation of Procedure 15-9(b)(vi) as Rule 1505(c)(iv)
Rule 1505(c)(v)	Added Rule 1505(c)(v) from Procedure 15-9(b)(viii) regarding a potential transfer cash component to Outstanding Exposure Settlement for Cash Treasury Transactions.	Incorporation of Procedure 15-9(b)(viii) as new Rule 1505(c)(v)
Rule 1505(d)	Added Rule 1505(d) from Procedure 15-9(c)—mislabeled in the Procedures as Procedure 15-9(b)—regarding Outstanding Exposure Settlement for Clear to Hold Transactions with two adjustments: (i) clarified that the “components” included in the Outstanding Exposure Settlement for Clear to Hold Transactions includes “settlement variation,”; and (ii) changed the cross-references of Procedure 15-9(b)(i)-(iii) to Rule 1509(d)(i)-(iii).	Incorporation of Procedure 15-9(c)—mislabeled in Procedures as 15-9(b)—as new Rule 1505(d)
Rule 1505(d)(i)	Added Rule 1505(d)(i) from Procedure 15-9(c)(i)—mislabeled in the Procedures as 15-9(b)(i)—regarding Haircut Collateral for Clear to Hold Transactions.	Incorporation of Procedure 15-9(c)(i)—mislabeled in Procedures as 15-9(b)(i)—as Rule 1505(d)(i)
Rule 1505(d)(ii)	Added Rule 1505(d)(ii) from Procedure 15-9(c)(ii)—mislabeled in the Procedures as 15-9(b)(ii)—regarding the daily repo rate accrual for Clear to Hold Transactions.	Incorporation of Procedure 15-9(c)(ii)—mislabeled in Procedures as 15-9(b)(ii)—as Rule 1505(d)(ii)
Rule 1505(d)(iii)	Added Rule 1505(d)(iii) from Procedure 15-9(c)(iii)—mislabeled in the Procedures	Incorporation of Procedure 15-

Rule	Proposed Change	Change Type
	as 15-9(b)(iii)—regarding Haircut Collateral for Clear to Hold Transactions.	9(c)(iii)—mislabeled in Procedures as 15-9(b)(iii)—as Rule 1505(d)(iii)
Rule 1505(e)	Relocated existing Rule 1505(b)(iv) to become new Rule 1505(e) regarding Additional Information Included in Daily Margin Report to reflect that this provision applies to all types of transactions and components thereto; also made changes to clarify that the Daily Margin Report will include, among others, any settlement variation, repo rate accrual and maturity adjustments for collateral that expires before securities settlement.	Clarification
Rules 1505(f) and (f)(i)-(ii)	Add Rule 1505(f) and (f)(i)-(ii) from Procedure 15-9(d)—mislabeled in the Procedures as 15-9(c)—regarding the intraday clearing cycle for Clear to Deliver Transactions, Cash Treasury Transactions, and Clear to Hold Transactions.	Incorporation of Procedure 15-9(d)—mislabeled in Procedures as 15-9(c)—as Rule 1505(f)
Rule 1506(b)	Capitalized “Repo Transaction” to reflect that it is a defined term.	Clarification
Rule 1506(b)(i)	Uncapitalized “For” to conform with other items in Rule 1506(b)(i)-(iii).	Technical
Rules 1506(c) and (c)(i)	Added “will” before the colon and removed “will” at the beginning of Rule 1506(c)(i).	Technical
Rule 1506(h)	Moved lead-in language of Rule 1506(h) to new subparagraph (h)(i).	Clarification
Rule 1506(h)(i)	Added new Rule 1506(h)(i) from Procedure 15-10(a) regarding buy-in procedure where a Member or User has failed to satisfy its obligations to deliver Eligible Securities to the Corporation.	Incorporation of Procedure 15-10(a) as Rule 1506(h)(i)

Rule	Proposed Change	Change Type
Rule 1506(h)(ii)	<p>Removed reference to Procedure 15-10 to reflect the removal of the Procedures and collapsing the same into the Rulebook.</p> <p>Added new Rule 1506(h)(ii) using language from existing Rule 1506(h) and adding language to new Rule 1506(h)(ii) from Procedures 15-10(b)-(d) regarding the Notice of Intention to Buy-In.</p>	<p>Clarification</p> <p>Incorporation of Procedures 15-10(b)-(d) as Rule 1506(h)(ii)</p>
Rule 1506(h)(iii)	Added Rule 1506(h)(iii) using language from existing Rule 1506(h) and revised language in the same to reflect the language in Procedure 15-10(e) regarding procedure for settling a buy-in and calculation of the settlement.	Incorporation of Procedure 15-10(e) as Rule 1506(h)(iii)
Rule 1506(h)(iv)	Relocated existing Rule 1506(h) to becoming new Rule 1506(h)(iv) with additional language reflecting that Rule 1506(h)(iv) provides an alternative to the settlement procedure in Rule 1506(h)(iii).	Clarification
Rule 1507(a)	Removed the reference to “and Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook.	Clarification
Rules 1507(b)-(d), (e)(iii), (f)	Changed the format of the cross-references to combine the subparagraphs with the Rules.	Technical
Rule 1507(e)(iii)	Deleted the reference to “Procedures” to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also corrected the cross-references in Rule 1507(e)(iii) to refer to Rules 1506(c) and 1506(h)(iii) regarding the processes for close-outs and buy-ins.	Clarification
Rule 1507(f)	Removed the reference to “Procedure 15-11” to reflect the removal of the Procedures and collapsing the same into the Rulebook. Also capitalized “Repo Transactions” to reflect that it is a defined	Clarification

Rule	Proposed Change	Change Type
	term. Also removed language regarding notification to Members or Users subject to acceleration of the details of the accelerated positions, because the same is reflected in new Rule 1507(g).	
Rule 1507(g)	Added Rule 1507(g) from Procedure 15-11(b) regarding notification to non-Defaulting Members or Non-Defaulting Users of the Corporation's acceleration rights and the terms of accelerated transactions, and also added language from existing Rule 1507(f) regarding compensation to Members or Users equal to the reasonable costs of entering into a replacement Repo Transaction.	Incorporation of Procedure 15-11(b) as Rule 1507(g)
Rule 1508(a)	<p>Changed reference to Rule 405(c) to 405(d) to reflect the correct cross-reference, and removed the reference to Procedure 4-4.</p> <p>Changed the format of the cross-reference to combine the subparagraph with the Rule.</p>	<p>Correction and Clarification</p> <p>Technical</p>
Rule 1508(e)	<p>Changed reference to Rule 405(c) to 405(d) to reflect the correct cross-reference, and removed the reference to Procedure 4-4.</p> <p>Changed the format of the cross-reference to combine the subparagraph with the Rule.</p>	<p>Correction and Clarification</p> <p>Technical</p>
Rule 1508(g)(i)	Changed “borrow of”—with respect to paired sales—to “reverse repo transaction involving” to improve clarity.	Clarification
Rules 1508(g)(i)-(ii)	Capitalized references to “Repo Transaction” to reflect that it is a defined term.	Clarification

Rule	Proposed Change	Change Type
Rule 1508(g)(ii)	Changed “borrow of”—with respect to paired purchases—to “repo transaction for” to improve clarity.	Clarification
Rule 1508(g)(iii)	Changed the format of the cross-reference to combine the subparagraphs with the Rule.	Technical
Rule 1509(a)	Added language to Rule 1509(a) to reflect that the terms of offsetting repo transactions will be determined based on current market values. Also added “(2)” after “two” for clarity.	Clarification
Rules 1509(a)-(b)	Capitalized references to “Repo Transaction” to reflect that it is a defined term.	Clarification

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.⁶ CMESC believes that the proposed changes are consistent with these provisions of Section 17A(b)(3)(F) because they would provide greater clarity, consistency, and understanding of CMESC’s clearance and settlement practices and further the goals of Section 17A(b)(3)(F). The primary purpose of the proposed rule change is to consolidate and relocate CMESC’s current Procedures into the Rules. Currently, CMESC’s specific procedures related to clearance and settlement are, in many cases, described in Procedures separate from the Rules. CMESC believes that consolidating these provisions into the Rules—which will allow Members and Users and the public to review a single

⁶ 15 U.S.C. 78q-1(b)(3)(F).

document relating to CMESC’s clearing services rather than separate Procedures and Rules—will improve the readability of CMESC’s policies and procedures for clearance and settlement and facilitate greater understanding of the same. CMESC believes that greater understanding of CMESC’s Rules in turn helps promote the prompt and accurate clearance and settlement of securities transactions. CMESC also believes that greater understanding of its Rules promotes the protection of investors and the public interest by similarly reducing uncertainty with respect to clearance and settlement of securities transactions.

In addition to consolidating its Procedures and Rules, CMESC also proposes changes to the current text of certain Rules to eliminate redundancy and promote clarity for Members and Users. Greater clarity regarding Participants’ rights and obligations as set forth in the Rules makes it more likely that they will act in accordance with the Rules, which CMESC believes would promote the prompt and accurate clearance and settlement of securities transactions. CMESC therefore believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.⁷

CMESC also believes that the proposed rule change is consistent with Rule 17ad-22(e)(1) under the Act, which requires that a covered clearing agency’s policies and procedures provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.⁸ Specifically, CMESC believes that by improving the readability of its Rules through the consolidation of the Procedures into the Rules, and by providing additional clarity with technical changes and corrections,

⁷ *Id.*

⁸ 17 CFR 240.17ad-22(e)(1).

CMESC's Rules will be more clear and transparent, which in turn supports their enforceability.

(B) CMESC's Statement on Burden on Competition

CMESC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is designed to improve the Rules' accuracy and clarity for Members and Users, and to be consistent with the Act. These proposed changes would not affect CMESC's operations that are already provided in the existing Rules and Procedures or create additional rights and obligations of Members and Users. As such, CMESC does not believe the proposed rule change would have any impact on burden on competition that does not already exist under the existing Rules and Procedures or is not necessary or appropriate in furtherance of the purposes of the Act.

(C) CMESC's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

CMESC currently does not have any Members or Users and has not received nor solicited any written comments from others related to this proposal. CMESC has not received any unsolicited written comments from any interested parties. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying

information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 222-551-5777. CMESC reserves the right to not respond to any comments received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

- (i) Significantly affect the protection of investors or the public interest;
- (ii) Impose any significant burden on competition; and
- (iii) Become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6)¹⁰ thereunder.

A proposed rule change filed under rule 19b-4(f)(6)¹¹ normally does not become operative prior to 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Clearing Agency has asked the Commission to waive the 30-day operative delay so that the proposed rule change

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ *Id.*

¹² 17 CFR 240.19b-4(f)(6)(iii).

may become operative immediately upon filing. The Clearing Agency states that this waiver would be appropriate to allow CMESC to maintain clear and accurate Rules in one document (instead of maintaining separate Rules and Procedures in two documents) and avoid any internal confusion or errors in carrying out the important responsibilities described in the Rules and existing Procedures. The Clearing Agency also stated that in anticipation of the launch of its clearing services, it is imperative that the proposed rule change become operative as soon as possible in order to provide market participants the needed clarity and transparency for evaluating their choices of clearing services. The Commission agrees that a waiver of the 30-day operative delay is appropriate under the particular facts and circumstances here, and that this waiver is consistent with the protection of investors and the public interest.¹³

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

¹³ For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov). Please include File Number SR-CMESC-2026-001 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR-CMESC-2026-001. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of CMESC. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to File Number SR-CMESC-2026-001 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Sherry R. Haywood,

Assistant Secretary.

¹⁴ 17 CFR 200.30-3(a)(12).