

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106243; File No. SR-CMESC-2026-008]

Self-Regulatory Organizations; CME Securities Clearing Inc.; Notice of Filing of Proposed Rule Change to Amend Rule 410, Rule 101, the Capped Liquidity Facility Procedure, and the Liquidity Risk Management Policy.

August 31, 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 August 21, 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)(2) of the Act.³ 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 of CME Securities Clearing Inc. (“CMESC”) and consists of modifications of (i) CMESC’s Rules 410 and 101 regarding Capped Liquidity Facility (“CLF”)⁴ and CLF Master Repurchase Agreement (“CLF MRA”), (ii) the Capped Liquidity Facility Procedure (“CLF Procedure”) and (iii) Liquidity Risk Management Policy (“LRMP”). Each of the proposed changes is described in more detail below.

¹ 15 U.S.C. §78s(b)(1).

² 17 CFR §240.19b-4.

³ 15 U.S.C. §78s(b)(2).

⁴ Capitalized terms used herein and not defined have the meanings assigned to such terms in the Rules of CME Securities Clearing Inc. (“Rules”), as applicable, *available at* <https://www.cmegroup.com/rulebook/CMESC/CMESC%20Rulebook.pdf>.

II. CMESC’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

On December 1, 2025, the Commission issued an order approving CMESC’s Form CA-1 application for registration as a clearing agency (“Application”) to provide central counterparty services for transactions involving U.S. Treasury securities. As a registered clearing agency providing central counterparty services, CMESC is a covered clearing agency subject to clearing agency standards provided in Section 17A of the Securities Exchange Act of 1934, as amended (“Act”),⁵ and rules and regulations thereunder. SEC Rule 17ad-22(e)⁶ under the Act requires each covered clearing agency to maintain and hold qualifying liquid resources at the minimum to effect same-day, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios, including, but not limited to, the default of the Participant Family that would generate the largest aggregate payment obligation for the covered

⁵ 15 U.S.C. § 78q-1(b)(3)(F).

⁶ 17 C.F.R. § 240.17ad-22(e).

clearing agency in extreme but plausible market conditions.⁷ To ensure compliance with these requirements, CMESC has established several liquidity tools in its Rules and policies and procedures, including but not limited to the CLF in Rule 410, the associated CLF Procedure, and the LRMP.⁸ The CLF is designed to provide access to required liquidity in the event CMESC's other sources of liquidity are unavailable or insufficient.

To facilitate the implementation of the CLF in connection with launching its Clearing Services, CMESC is proposing to amend Rule 410 by: (i) making the CLF MRA that each Member is required to enter into with CMESC a rules-based agreement; (ii) providing more detail regarding how CMESC calculates the size of the CLF and the allocated amount ("Allocated CLF Amount") up to which each Member is required to purchase securities from CMESC on terms and conditions set forth in the CLF MRA and adding a requirement to require each Member that is approved by CMESC to commence clearing Eligible Securities Transactions to provide information deemed relevant by CMESC in order to determine such Member's Allocated CLF Amount; and (iii) making clarifying changes and removing redundancies to promote readability. As a result of the proposed changes to Rule 410, CMESC is also proposing to make conforming and clarifying changes to Rule 101 (the definition of CLF MRA), the CLF Procedure and the LRMP to maintain consistency among the Rules, the CLF Procedure and LRMP, remove ambiguities and improve clarity.

Each of the proposed changes to Rule 410, Rule 101 (Definition of CLF MRA), the CLF Procedure and LRMP is described in more detail below.

⁷ See Rule 17ad-22(e)(7)(i) and (ii), 17 C.F.R. § 240.17ad-22(e)(7)(i) and (ii).

⁸ The LRMP and CLF Procedure were submitted to the Commission as part of the Application.

Description of the Proposed Rule Change

1. Proposed Amendments to Rule 410

A. Rules-Based CLF MRA: Proposed Amendments to Rule 410(a)

Under existing Rule 410(a), each Member is required to enter into a CLF MRA with CMESC, pursuant to which the Member may be notified by CMESC to enter into repurchase transactions in Eligible Securities with CMESC to purchase Eligible Securities up to the Member's Allocated CLF Amount if and when CMESC declares a CLF Event pursuant to Rule 410(b). Existing Rule 410(a) sets forth the terms of the CLF MRA. To mitigate administrative burdens on both CMESC and the Members in preparing and executing separate agreements and to promote efficiency and consistency, CMESC is proposing to establish a rules-based MRA through the following proposed changes to Rule 410(a).

First, CMESC proposes to modify the first sentence of existing Rule 410(a)(i), which currently requires each Member to enter into a separate CLF MRA with CMESC, to state that each Member is a party to a CLF MRA pursuant to and by operation of Rule 410(a). This new language is designed to make clear that the CLF MRA is established pursuant to and by operation of Rule 410(a) without additional steps taken on either part of CMESC or Members to execute an agreement.

Second, CMESC proposes to modify the first sentence of Rule 410(a)(i) to make clear that the CLF MRA will be on terms set out at the end of Rule 410 and proposes to move existing Rule 410(a)(ii)(A)-(F) that contains the terms of CLF MRA to the end of Rule 410 with certain adjustments, as explained below:

- The proposed CLF MRA set out at the end of Rule 410 will include new

language to provide that the CLF MRA is entered into between CMESC and each Member by operation of Rule 410 and that capitalized terms used but not defined in the CLF MRA have the meanings set forth in the Rules; these provisions are intended to implement the proposed changes to Rule 410(a)(i) that are designed to create a rules-based MRA;

- As a rules-based agreement, the proposed CLF MRA will incorporate by reference the SIFMA Master Repurchase Agreement September 1996 version (“SIFMA MRA”) (without the referenced annexes therein), rather than being established as a separate agreement in a form based on the SIFMA Master Repurchase Agreement as provided in existing Rule 410(a)(ii), and will provide that each CLF Transaction is subject to the terms of the SIFMA MRA and Rule 410(a);
- In addition to incorporating the SIFMA MRA, the proposed CLF MRA will provide that, notwithstanding anything else in the SIFMA MRA, certain terms will apply to CLF Event Transactions between CMESC and the Member. These terms are listed as paragraphs (a) – (g) in the proposed CLF MRA and are described below:
 - Existing Rule 410(a)(ii)(A) will become new paragraph (a) in the proposed CLF MRA except that the reference to “this Rule 410” will be changed to “Rule 410”;
 - Existing Rule 410(a)(ii)(B) will become new paragraph (b) of the proposed CLF MRA and CMESC proposes to create a new defined term “Liquidating Trade” to refer to a trade liquidating the financed securities

in clause (x) of this new paragraph (b);

- Existing Rule 410(a)(ii)(C) will become new paragraph (c) of the proposed CLF MRA and CMESC proposes to add a sentence from existing Rule 410(g) to new paragraph (c), which will provide that “[e]ach CLF Event Transaction will be entered into on an overnight basis, unless otherwise specified by the Corporation”; in addition, CMESC proposes to replace the text of “trade liquidating the financed securities” in clause (x) of this new paragraph (c) with “Liquidating Trade” as a result of the creation of the new defined term described above; CMESC also proposes to add new text “upon expiration of the term of a CLF Event Transaction” to the end of clause (z) of this new paragraph (c) to clarify that each CLF Event Transaction will remain open until the occurrence of the CLF Event Transaction Termination Date upon expiration of the term of a CLF Event Transaction;
- Existing Rule 410(a)(ii)(D) will become new paragraph (d) of the proposed CLF MRA with minor adjustments and will state that “[i]t shall be an “Event of Default” (for purposes of this CLF MRA) with respect to the buyer under a CLF MRA if the Corporation ceases to act for the Member pursuant Rule 901 or 902”;
- Existing Rule 410(a)(ii)(E) will become new paragraph (e) of the proposed CLF MRA with minor adjustments and will state that “[t]here shall be no “Event of Default” (for purposes of this CLF MRA) with respect to the Corporation as the seller other than a Corporation Default

within the meaning of Rule 714”;

- Existing Rule 410(a)(ii)(F) will become new paragraph (f) of the proposed CLF MRA without any changes;
- Finally, CMESC proposes to add a new paragraph (g) in the proposed CLF MRA to deal with any potential conflicts between the CLF MRA and SIFMA MRA, which states that in the event of any inconsistency between the terms of the SIFMA MRA and the CLF MRA, the terms of the CLF MRA will govern.
- After moving existing Rule 410(a)(ii) to the proposed CLF MRA at the end of Rule 410, CMESC proposes to renumber existing Rule 410(a)(i) as Rule 410(a).

Finally, CMESC proposes to make additional clean-up changes to Rule 410(a). First, CMESC proposes to remove a sentence in existing Rule 410(a)(i) regarding the categories of securities CMESC may include as Eligible Securities in the context of a CLF Event Transaction. This sentence repeats the same provision in existing Rule 410(e) (to be renumbered as Rule 410(c) as described below) and its deletion will remove redundancy. Second, CMESC proposes to add a phrase “pursuant to Rule 410(b) below” to the last sentence of Rule 410(a)(i) to clarify that CMESC’s declaration of a CLF Event and the ensuing actions taken by CMESC will be pursuant to Rule 410(b).

*B. Determination of the CLF Size and Calculation of the Allocated CLF Amount:
Proposed Amendments to Rule 410(i)*

In addition to proposed changes to create a rules-based CLF MRA, CMESC also proposes to amend existing Rule 410(i) (to be renumbered as Rule 410(e)) to enhance the description of the calculations of the CLF size and the Allocated CLF Amount. These

amendments do not change the existing methodology and formulae used to size the CLF and calculate each Member's allocation.

i. Proposed Changes to Rule 410(i)(i) to Enhance the Description of the Determination of the CLF Size

Existing Rule 410(i)(i) provides the calculation for the sizing of the CLF. CMESC is proposing the following amendments to Rule 410(i)(i) (renumbered as Rule 410(e)(i)) to enhance the description of the sizing of the CLF.

First, CMESC proposes to clarify the first sentence of Rule 410(i)(i) regarding the assessment it conducts at least quarterly by specifying that CMESC shall conduct an assessment at least every quarter, or more frequently as CMESC deems appropriate, "to determine the required size of the CLF and each Member's Allocated CLF Amount." This additional detail clarifies the purpose of the quarterly assessment (or more frequently as determined appropriate by CMESC) that will determine the size and allocation of the CLF.

Second, CMESC proposes to provide additional details regarding its calculation of the size of the CLF. These proposed changes are designed to provide clarity and transparency in how CMESC calculates the size of the CLF. They do not change the existing methodology CMESC established to size the CLF. Currently, Rule 410(i)(i) provides that CMESC will determine the size of the CLF through the assessment to evaluate its hypothetical liquidity need in the event of a default of a Participant Family (defined as the "Stress Potential Payment Obligation" or "SPPO") to which CMESC would be obligated to make the largest cash payment. CMESC proposes to modify the second sentence of Rule 410(i)(i) to make clear that CMESC would calculate the SPPO of each Participant Family by evaluating the hypothetical cash settlement obligation that CMESC may experience in the event of a Default of such Participant Family in extreme but

plausible market conditions, using a lookback period deemed appropriate by CMESC. In addition, CMESC proposes to add a new sentence to Rule 410(i)(i) to explain that CMESC will use the largest SPPO across all Participant Families (defined as “Cover 1 SPPO”) over the designated lookback period as the starting point in determining the required size of the CLF.

Finally, although CMESC does not propose to change the substance of the last sentence of Rule 410(i)(i) (renumbered as Rule 410(e)(i)), CMESC proposes certain non-substantive changes to clarify the meaning of this sentence. Specifically, CMESC proposes to add certain text to specify that it may “also” consider other factors it deems relevant “in sizing the CLF” to make clear that in addition to assessing the SPPO of each Participant Family over the designated lookback period and to determine the Cover 1 SPPO over the lookback period as the starting point in determining the size of the CLF, CMESC may also consider other factors it deems relevant in its calculation of the size of the CLF. As a result of these proposed revisions, CMESC also proposes to eliminate a redundant phrase “in determining the required size of the CLF (e.g., aggregated Allocated Capped CLF Amounts of all Members)” from the end of this sentence and add “as deemed relevant by the Corporation” to the end of this sentence as a clarifying change.

ii. *Proposed Changes to Rule 410(i)(ii) to Enhance the Description of the Calculation of the Allocated CLF Amount*

CMESC proposes several amendments to Rule 410(i)(ii) (renumbered as Rule 410(e)(ii)) to enhance the description of the calculation of the Allocated CLF Amount for added clarity and transparency. These changes do not change the calculation or methodology used to determine each Member’s Allocated CLF Amount, as described in the Application materials.

First, existing Rule 410(i)(ii) provides that CMESC shall calculate each Member's Allocated CLF Amount at the time CMESC performs its assessment referred to in clause (i) of Rule 410(i). CMESC proposes to make minor changes to this sentence to clarify that CMESC will calculate each Member's Allocated CLF Amount at the time "as" it performs its assessment and change the reference to "clause (i)" in this sentence to Rule 410(e)(i) due to renumbering Rule 410(i) to Rule 410(e).

Second, CMESC proposes certain changes to the second sentence of existing Rule 410(i)(ii) to improve clarity. Currently, the second sentence of Rule 410(i)(ii) states that, each Member's Allocated CLF Amount will be calculated on a pro rata basis, based on the size of each Member's "SPPO" relative to the total aggregate SPPO across all Members. Because "SPPO" is already defined in proposed Rule 410(e)(i) as the hypothetical cash settlement obligation CMESC may experience in the event of a Default of a Participant Family in extreme but plausible market conditions, CMESC proposes to add a new defined term "Maximum SPPO", as described in the paragraph below, and proposes to specify that the Maximum SPPO is determined using "a designated lookback period" in the second sentence of Rule 410(i)(ii). As such, CMESC proposes to modify the second sentence of Rule 410(i)(ii) to provide that "[e]ach Member's Allocated CLF Amount will be calculated on a pro rata basis, based on the size of each Member's Maximum SPPO during the designated lookback period relative to the total aggregate Maximum SPPOs across all Members during the same period." Further, CMESC proposes to define the pro rata ratio described in this sentence as the "Obligation Ratio".

Third, for the same reason stated above, CMESC proposes to amend the third sentence of existing Rule 410(i)(ii) by replacing the first reference to each Member's

“SPPO” with the “Maximum SPPO for purposes of calculating the Member’s Obligation Ratio”. In addition, CMESC proposes to clarify that a Member’s Maximum SPPO is calculated by taking the sum of the Member’s largest SPPO plus the two largest SPPOs among the Users it authorizes, if applicable, over “the” designated lookback period. CMESC is inserting the word “two” before the term “largest SPPO”, while pluralizing the latter reference in the existing text. In the same sentence, CMESC is deleting “of the two” and replacing it with “among the”. Parallel changes are proposed in the subsequent sentence. This formulation of the Rule text is intended to result in a clearer, more precise description of CMESC’s process for incorporating User SPPOs in the calculation of a Member’s Maximum SPPO and aligns with the way the process is described in the CLF Procedures. The process itself is unchanged; only the language in the Rulebook and the CLF Procedures used to describe the calculation process is being updated for additional clarity.

Fourth, CMESC proposes to replace “SPPO” with “Maximum SPPO” in the fourth sentence of existing Rule 410(i)(ii) to conform to the defined term and to add “Obligation Ratio and” in front of Allocated CLF Amount to make clear that CMESC, at its sole discretion, can add a multiplier to a particular Member’s Maximum SPPO as part of determining that Member’s Obligation Ratio and Allocated CLF Amount.

Fifth, CMESC proposes to add a sentence between the fourth sentence and fifth sentence in existing Rule 410(i)(ii) to enhance the description of the allocation of the CLF, which provides that each Member’s Allocated CLF Amount is calculated as the product of the Member’s Obligation Ratio and the required CLF size determined in accordance with Rule 410(e)(i), which provides for at least quarterly resizing (or more frequently as the

Corporation deems appropriate). Although this calculation is implied in the second sentence of existing Rule 410(i)(ii) regarding each Member's Allocated CLF Amount calculated on a pro rata basis, CMESC believes that by explicitly establishing how a Member's Allocated CLF Amount is calculated, the proposed change will provide clarity and transparency with respect to each Member's CLF obligation.

With respect to informing each Member of its individual Allocated CLF Amount, CMESC proposes to clarify that CMESC will provide each Member with its individual Allocated CLF Amount following each re-sizing of the CLF. Therefore, CMESC proposes to delete references to the "periodic report" from the fifth sentence and add "following each resizing of the CLF" to the same sentence.

Finally, CMESC proposes to combine and restate the last two sentences of existing Rule 410(i)(ii). The changes consist of restating CMESC's obligation to notify each Member of its Allocated CLF Amount following each resizing, and to remove a redundancy regarding Members' obligations to enter into CLE Event Transactions upon CMESC's declaration of a CLF Event, which is already provided for in greater detail in Rule 410(b)(i)(B).

iii. *Member Information to Facilitate CLF Calculations*

In addition to the proposed changes described above, which are designed to enhance the description of the CLF allocation, CMESC also proposes modifications to Rule 410(i)(ii) (renumbered as Rule 410(e)(ii)) to provide a new requirement for a Member, in order to commence clearance and settlement of Eligible Securities Transactions, to provide information to CMESC to support CMESC's determination of such Member's Allocated CLF Amount. Specifically, CMESC proposes to insert in Rule 410(i)(ii) a provision that

requires a Member to provide certain information, including, without limitation, the projected volumes and sizes of Eligible Securities Transactions to be submitted for clearance and settlement by the Member and its authorized Users, if any, over a period deemed relevant by CMESC, which will be incorporated as an input into the sizing and allocation calculations for the CLF. This information is intended to facilitate CMESC's assessment of the Cover 1 SPPO as well as a Member's Maximum SPPO for purposes of calculating the Member's Allocated CLF Amount during an initial ramp-up phase. CMESC's Cover 1 SPPO calculations and Maximum SPPO calculations for new Members will leverage this projected data and blend it with data from the Member's actual cleared activity on a going-forward basis, until the appropriate lookback period has lapsed. For avoidance of doubt, the information required under the proposed changes to Rule 410(i)(ii), renumbered as Rule 410(e)(ii), serves as an input to existing methodologies for calculating the size and allocation of the CLF, which are unchanged by the proposed modifications.

*C. Other Proposed Changes to Improve Clarity and Remove Redundancy:
Proposed Amendments to Rule 410(b)-(h)*

CMESC further proposes several non-substantive, clarifying changes to Rule 410 to improve readability and remove redundancies. The table below lists each Rule 410 subsection which CMESC is proposing changes, describing the proposed changes, and indicating the types of changes, *i.e.*, whether the changes are in the nature of clarification, technical, or incorporation of proposed changes to Rule 410.

Rule	Proposed Change	Purpose
Rule 410(b)(i)(A)	To facilitate readability, added the sentence “the Corporation has sole discretion as to the non-Defaulting Members with whom it will enter into CLF Event Transactions upon declaration of a CLF Event and the terms of each such transaction;” from existing Rule 410(c).	Clarification; consolidated existing Rule 410(c) into Rule 410(b)(i)(A)

Rule 410(b)(i)(B)	Added “selected to participate in CLF Event Transactions” to refer more precisely to the Member that is selected by CMESC to participate in CLF Event Transactions. Added “and any additional pertinent information; Upon notice from the Corporation, such Member must enter into the CLF Event Transaction(s) with the Corporation at an aggregate purchase price up to the maximum amount allocated to such Member (‘Allocated CLF Amount’) as calculated by the Corporation” from existing Rule 410(d). Created the defined term “Allocated CLF Amount” to replace existing “Allocated Capped CLF Amount” throughout Rule 410.	Clarification; consolidated existing Rule 410(d) into Rule 410(b)(i)(B)
Rule 410(b)(i)(C)	Replaced “an aggregate purchase price up to the maximum amount allocated to such Member (‘Allocated Capped CLF Amount’)” with “the aggregate purchase price determined by the Corporation, in its sole discretion”.	Clarification; removed redundancy that overlaps with 410(b)(i)(B)
Rule 410(b)(i)(D)	Deleted existing Rule 410(b)(1)(D) in its entirety (<i>i.e.</i>, “Pursuant to the terms of the CLF MRA, each CLF Event Transaction will remain open until the earlier of (x) such time that the Corporation has executed a trade liquidating the financed securities (‘Liquidating Trade’), (y) such time that the Corporation has obtained liquidity through its other available liquid resources and closes the CLF Event Transactions or (z) the CLF Event Transaction Termination Date”). Added “Each CLF Event Transaction will remain open pursuant to and in accordance with the terms of the CLF MRA set forth at the end of this Rule 410” to set out the sequence of events and the timeline of a CLF Event Transaction.	Removed redundancy that overlaps with paragraph (c) of CLF MRA
Rule 410(b)(i)(E)	Added “that is a” to refer to each Member “that is a” party to a CLF Event Transaction. Added “exchange for cash in” to the part that states “each such Member to deliver the related Eligible Securities to the Corporation in exchange for cash in	Technical and Clarification

	order to enable the Corporation to complete settlement....”	
Rule 410(c)	Deleted.	Technical; consolidated into Rule 410(b)(i)(A)
Rule 410(d)	Deleted.	Technical; consolidated into Rule 410(b)(i)(B)
Rule 410(e)	Renumbered as Rule 410(c).	Technical
Rule 410(f)	Renumbered as Rule 410(d).	Technical
Rule 410(g)	Deleted.	Technical; consolidated into CLF MRA paragraph (c)
Rule 410(h)	Deleted.	Technical; removed to reduce redundancy due to overlap with Rule 410(b)(i)(E)
Rule 410(j)	Renumbered as Rule 410(f). Replaced “Allocated Capped CLF Amount” with “Allocated CLF Amount” for consistency with the new proposed defined term.	Technical
Rule 410(k)	Renumbered as Rule 410(g).	Technical
Rule 410(l)	Renumbered as Rule 410(h).	Technical
Rule 410	Added “to” in the legacy text relocated to CLF MRA paragraph (d) for grammatical accuracy.	Technical

2. Proposed Amendments to Rule 101

As a result of the proposed changes to Rule 410(a) described above to create a rules-based CLF MRA, CMESC proposes to amend the definition of “CLF MRA” in Rule 101 to conform to the proposed changes to Rule 410(a). CMESC proposes to add more detail to the definition of “CLF MRA” in Rule 101 to prescribe that “CLF MRA means a Capped

Liquidity Facility Master Repurchase Agreement formed between a Member and the Corporation by operation of Rule 410(a), which governs any CLF Event Transaction between the Member and the Corporation, as defined and further prescribed in Rule 410.” This new definition clarifies that the CLF MRA is a rules-based agreement between a Member and CMESC by operation of Rule 410(a) and that CLF MRA governs CLF Event Transactions between the Member and CMESC as further prescribed in Rule 410.

3. Proposed Amendments to CLF Procedure

The CLF Procedure establishes a framework for the governance, execution and testing of CMESC’s CLF, covering areas such as calculation of the size and apportioning of CLF among Members, administration of CLF Event Transactions, notification to Members, Member attestation, and operational testing. As a result of the proposed amendments to Rule 410 described above, CMESC proposes similar changes to the CLF Procedure that are consistent with the proposed amendments to Rule 410, as described below, for the purpose of aligning provisions of the CLF Procedure with Rule 410.

A. Rules-based CLF MRA

CMESC proposes to amend the Governance section of the CLF Procedure to add that CLF Event Transactions are governed by a CLF MRA, as set out in the Rules. This proposed addition is to align with and acknowledge the proposed amendment to Rule 410 to state that each Member is a party to a CLF MRA pursuant to and by operation of Rule 410(a), without additional steps taken on either part of CMESC or Members to execute an agreement. CMESC also proposes to update within the Governance section the internal governance committee that is responsible for reviewing and approving the CLF Procedure on at least an annual basis.

B. Sizing the CLF

CMESC proposes to amend the Sizing of the Facility section of the CLF Procedure to add that it may consider additional factors in addition to the Cover 1 SPPO amount, including but not limited to information requested from Members. These proposed additions are to align with and acknowledge similar proposed amendments to Rule 410 as described above.

More specifically, CMESC proposes to modify the Sizing of the Facility section of the CLF Procedure to clarify that the objective of its CLF sizing methodology is to use the Cover 1 SPPO as the starting point for estimating CMESC's hypothetical liquidity needs under extreme but plausible market conditions. CMESC proposes to add language to this section to mirror and align with the language at Rule 410(i)(i) (to be renumbered as Rule 410(e)(i)), which provides consideration of these historical and relevant factors in sizing the CLF.

CMESC also proposes that the CLF Procedure expressly state that with respect to a Member approved by CMESC to commence clearance and settlement of Eligible Securities Transactions, a Member's SPPO may be based on information provided by the Member, in accordance with abovementioned amendments to the Rules. This addition would account for circumstances where CMESC does not already have historical trade submission data from the Member to determine that Member's SPPO (*e.g.*, a new Member) and CMESC seeks to request from and rely on appropriate information supplied by a Member in order for CMESC to determine a Member's SPPO. This addition also would bring the CLF Procedure into alignment with Rule 410, as proposed to be amended.

C. Apportioning the CLF

CMESC proposes to amend the Apportioning section of the CLF Procedure to similarly add that CMESC may request information from Members to facilitate CMESC's calculation of each Member's Allocated CLF Amount and to remove the description of how CMESC would otherwise calculate the CLF obligation of a Member that had no transactions during the relevant lookback period. The proposed additions are to align with and acknowledge the proposed amendments to Rule 410(i)(ii).

Consistent with proposed changes to Rule 410(i)(ii) (renumbered as Rule 410(e)(ii)), CMESC proposes that the CLF Procedure provide that a Member's Maximum SPPO may be based on information requested by CMESC, including the Member's projected volumes and sizes of transactions to be cleared, to be calculated using a minimum lookback period as defined in the CLF Procedure. The proposed change is designed to establish a method for CMESC to compute each Member's Allocated CLF Amount in accordance with CMESC Rules.

D. Notification and Attestation

CMESC proposes to modify the Notification and Attestation sections of the CLF Procedure to clarify that on at least a quarterly basis and upon any resizing of the CLF, each Member will be informed of its individual Allocated CLF Amount, as well as the effective date of any amended Allocated CLF Amount. An authorized representative must acknowledge and affirm the Member's potential CLF obligations on at least an annual basis, as well as make other acknowledgments as required to ensure Members are aware of and prepared to meet their relevant obligations.

These proposed changes regarding notice would be consistent with changes proposed for Rule 410. In addition, CMESC believes that these proposed amendments

would enhance clarity on the operation of the CLF and that they are reasonably designed to ensure that CMESC and its Members will engage in meaningful and helpful information exchange in support of assuring that Members meet their obligations under the CMESC Rules, thereby facilitating CMESC meeting its obligations under the Exchange Act and the SEC rules.

E. Other Proposed Clarification and Clean-Up Changes

Finally, CMESC proposes other clarifying, clean-up changes throughout the CLF Procedure. CMESC's proposed clarifying, clean-up changes fall within the following categories: (1) use capitalized terms for consistency with the CMESC Rules and, where indicated, the LRMP and the CLF Procedure;⁹ (2) use precise terminology consistently across the CMESC Rules, the LRMP, and the CLF Procedure;¹⁰ (3) correct minor grammatical or typographical errors; and (4) make clarifying changes intended to improve the readability of the CLF Procedure. While CMESC believes these changes will improve the clarity and readability of the CLF Procedure, these changes do not change the substance of the proposed rule change.

4. Proposed Amendments to LRMP

CMESC proposes several corresponding modifications to the LRMP to align with proposed changes to Rule 410 as discussed above. The LRMP contains CMESC's policies and procedures to monitor, measure, and manage potential liquidity events and resources available to satisfy liquidity obligations in extreme but plausible market conditions.

⁹ As examples, CMESC proposes to use capitalized terms as defined in CMESC's Rules, including "CLF Event Transaction(s)," "Corporation," "Allocated CLF Amount," consistently throughout Sections 3 through 10 of the CLF Procedure.

¹⁰ As examples, CMESC proposes revise Section 3.2 of the CLF Procedure to replace phrases like "financial obligations" with "liquidity needs" and "funding" to "liquidity" to be consistent with the terminology used in the CMESC Rules.

Specifically, CMESC proposes to amend Section 5.5.3.2. provisions on the declaration of a CLF Event to clarify that CMESC will notify Members of their CLF Event Transactions and also the cash amount required to be obtained (in total across Members and per Member), the type and volume of securities to be utilized, and the initial tenor of the CLF Event Transactions, and declare an end to the CLF Event once it has determined that the CLF Event Transactions entered into pursuant to the CLF are no longer necessary. Additionally, CMESC proposes conforming changes to Sections 6.1.1.4.2. and 6.1.1.4.3. to clarify that CLF sizing is based primarily on Cover 1 SPPO, and apportioning is based primarily on the Member's maximum SPPO and the maximum SPPOs across all Members within a defined lookback period, consistent with proposed changes to Rule 410. CMESC proposes additional changes to Section 6.1.1.4.2. to align the description of frequency for determining the size of the CLF at least quarterly, or more frequently if CMESC determines appropriate, with that in Rule 410(e)(i). Finally, CMESC proposes making other non-substantive clarifying, organizational and cleanup changes to the LRMP. These changes are designed to fully align the LRMP with the proposed changes in Rule 410.

2. Statutory Basis

For the reasons set forth below, CMESC believes the proposed rule change is consistent with Section 17A of the Securities Exchange Act of 1934 ("Act"),¹¹ Rule 17ad-22(e)(1)¹² and Rule 17ad-22(e)(7).¹³

Consistency with Section 17A(b)(3)(F) of the Act

¹¹ 15 U.S.C. § 78q-1(b)(3)(F).

¹² 17 C.F.R. § 240.17ad-22(e)(1).

¹³ 17 C.F.R. § 240.17ad-22(e)(7).

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, 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.¹⁴ For reasons described below, CMESC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) because it would enhance CMESC's Rules regarding the CLF, the CLF Procedure and LRMP by providing greater clarity, efficiency, and consistency among the rules, policy and procedure regarding implementation of CMESC's liquidity risk management and in furtherance of the goals of Section 17A(b)(3)(F).¹⁵

First, the primary purpose of the proposed changes in Rule 410(a), corresponding definitional changes proposed in Rule 101, and conforming changes proposed in the CLF Procedure and the LRMP is to establish a rules-based CLF MRA to avoid the need and steps for CMESC to prepare numerous separate bilateral agreements and for Members to review and sign the CLF MRA with CMESC, saving time, costs and resources. Moreover, a rules-based CLF MRA fosters consistency and provides legal certainty by ensuring that all Members are bound by a unified, standardized agreement. As such, the proposed changes to Rule 410(a) facilitate CMESC's implementation of the CLF and promote efficiency and legal certainty, which, in turn, helps promote the prompt and accurate clearance and settlement of securities transactions and the protection of investors and the public interest. Therefore, CMESC believes that the proposed changes to Rule 410(a) are

¹⁴ 15 U.S.C. § 78q-1(b)(3)(F).

¹⁵ 15 U.S.C. § 78q-1(b)(3)(F).

consistent with Section 17A(b)(3)(F) of the Act.¹⁶

Second, the proposed changes in Rule 410(i)(i) and (ii) (renumbered as Rule 410(e)(i) and (ii)) and conforming changes to the CLF Procedure and the LRMP are also consistent with Section 17A(b)(3)(F) of the Act.¹⁷ Specifically, the proposed changes to Rule 410(i)(i) provide more detail regarding how CMESC would calculate the size of the CLF by assessing the SPPO of each Participant Family and then using the Cover 1 SPPO over the designated lookback period as the starting point in determining the required size of the CLF, while taking into consideration other factors as deemed relevant by CMESC. In addition, the proposed changes to Rule 410(i)(ii) enhance the clarity of the calculation of each Member's Allocated CLF Amount and provide more transparency to Members by distinguishing a Member's Maximum SPPO from the Member's SPPO and providing more detail regarding how each Member's Allocated CLF Amount is calculated based on its Obligation Ratio. Finally, the proposed addition of the information requirement for Members to commence clearing Eligible Securities Transactions under Rule 410(i)(ii), renumbered as 410(e)(ii), will enable CMESC to receive the information it deems relevant to assess and determine the Cover 1 SPPO for purposes of sizing the CLF and the Member's Maximum SPPO for purposes of calculating the Member's Allocated CLF Amount. Having clear and consistent rules governing Members' CLF requirements will facilitate CMESC's ability to continue to meet its liquidity needs, which, in turn, will help ensure CMESC continues to meet its settlement obligations, even where a CLF Event has been declared. Therefore, CMESC believes that the proposed rule change to Rule 410(i) is

¹⁶ 15 U.S.C. § 78q-1(b)(3)(F).

¹⁷ 15 U.S.C. § 78q-1(b)(3)(F).

designed to promote the prompt and accurate clearance and settlement of securities transactions, and, in turn, to protect investors and the public interest.

Finally, CMESC also proposes other changes to the current text of Rule 410(b)-(h) and (j), the CLF Procedure, and the LRMP to reduce redundancy and promote clarity, which is critical to CMESC's liquidity risk management. As mentioned above, having clear and consistent rules governing Members' CLF requirements will facilitate CMESC's ability to continue to meet its liquidity needs, which, in turn, will help ensure CMESC continues to meet its settlement obligations, even where a CLF Event has been declared. Therefore, CMESC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F).¹⁸

Consistency with Rule 17ad-22(e)(1)

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.¹⁹ CMESC believes that through the proposed changes to Rule 410 to establish the rules-based CLF MRA and associated definitional changes in Rule 101, as well as the conforming, clarifying and technical changes in the Rules, the CLF Procedure and the LRMP, the proposed rule change, such as the changes described in Section 3.a.3.E above, improves the readability, clarity, and transparency of its Rules by ensuring that defined terms and precise terminology are used

¹⁸ 15 U.S.C. § 78q-1(b)(3)(F).

¹⁹ 17 C.F.R. § 240.17ad-22(e)(1).

consistently throughout, which in turn supports legal certainty and enforceability, consistent with Rule 17ad-22(e)(1).²⁰

Consistency with Rule 17ad-22(e)(7)

Finally, CMESC believes that the proposed rule change is consistent with Rule 17ad-22(e)(7) under the Act. Rule 17ad-22(e)(7) requires generally that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency.²¹ As described above, the proposed changes to Rule 410, Rule 101, the CLF Procedure, and LRMP are intended to facilitate CMESC's implementation of the CLF by creating a rules-based CLF MRA, enhancing the descriptions of the calculation of the CLF and each Member's Allocated CLF Amount, adding the information requirement imposed on Members to allow CMESC to receive information deemed relevant by CMESC to assess the size of the CLF and determine a new Member's Allocated CLF Amount, and making conforming, clarifying and technical changes to reduce redundancy and promote clarity. As such, the proposed rule change will enhance CMESC's liquidity risk management by further supporting CMESC's ability to effectively assess and determine the CLF sizing and allocation and its Members' abilities to effectively manage their liquidity responsibilities and planning. CMESC therefore believes the proposed rule change is consistent with Rule 17ad-22(e)(7).²²

²⁰ 17 C.F.R. § 240.17ad-22(e)(1).

²¹ 17 C.F.R. § 240.17ad-22(e)(7).

²² 17 C.F.R. § 240.17ad-22(e)(7).

B. CMESC's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act²³ requires that the rules of a clearing agency not impose any burden on competition that are not necessary or appropriate in furtherance of the purposes of the Act. 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 will not change the existing methodology used to calculate the CLF size or allocations, nor will it create additional rights and obligations of Members and Users that are not already provided in the existing Rules and policies and procedures. As such, CMESC does not believe the proposed rule change would have any impact on burden on competition 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

²³ 15 U.S.C. 78q-1(b)(3)(I).

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 202-551-5777. 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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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:

- Use the Commission's Internet comment form (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking>); or

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-CMESC-2026-008 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-CMESC-2026-008. This file number should be included on the subject line if e-mail 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 (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking>). Copies of the filing also will be available for inspection and copying at the principal office of CMESC and on CMESC's website (<https://www.cmegroup.com/market-regulation/rule-filings.html>). 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-2026-008 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.²⁴

Sherry R. Haywood,

Assistant Secretary.

²⁴ 17 CFR §200.30-3(a)(12).