EXHIBIT 5

Underlining and strikethroughs are marked against the existing provisions wherever feasible. Text taken from existing provisions of the Rules or Procedures is marked as entirely new where it (i) is derived from multiple existing sources or (ii) results from relocating an existing Rule or Procedure into a newly proposed Rule.

Underlined text indicates new text
~~Strikethrough~~ text indicates deleted text

CHAPTER 1. DEFINITIONS

Rule 101. Definitions

…

The term "Daily Settlement Reports" has the meaning prescribed in Rule 1504(e).

…

The term "Haircut Collateral" means the market value of the Eligible Securities that the securities buyer receives under a Repo Transaction in excess of the value of funds that the securities buyer transfers to the securities seller under the Repo Transaction.

…

The term "Securities Settlement Bank" means an entity that is a bank or trust company, subject to supervision under Federal or State banking laws, ~~and designated by~~ at which the Corporation maintains one or more accounts for the purposes of facilitating the settlement of Eligible Securities Transactions and/or for holding collateral for ~~Repo~~ Clear to Hold Transactions, as applicable and at which a Member or User maintains one or more accounts pursuant to the Rules for the purposes of facilitating the settlement of and holding collateral for Clear to Hold Transactions.

…

CHAPTER 5. MARGIN AND OUTSTANDING EXPOSURE SETTLEMENT

…

Rule 503. Haircut Collateral

(a) Clear to Deliver

(i) If Participants who are parties to a Clear to Deliver Transaction have calculated Haircut Collateral with respect to such transaction, they may but are not required to post the Haircut Collateral to the Corporation.

(ii) The Corporation will calculate and collect initial margin for each Clear to Deliver Transaction submitted to the Corporation for clearance and settlement consistent with the Rules and policies of the Corporation, as applicable.

The Corporation's initial margin calculation for each Clear to Deliver Transaction will be separate from, and will not take into account, Haircut Collateral that the parties calculate and post for the Clear to Deliver Transaction.

(iii) Although initial margin for a Clear to Deliver Transaction will be calculated separately from, and will not take into account, Haircut Collateral calculated and posted to the Corporation for the same Clear to Deliver Transaction, the Corporation will pass Haircut Collateral with respect to the Clear to Deliver Transaction through to the securities buyer.

(b) Clear to Hold

(i) If a Participant~~s~~ who ~~are~~ is a party ~~parties~~ to a Clear to Hold Transaction has ~~have calculated and~~ posted Haircut Collateral with respect to such transaction to the Securities Settlement Bank, the Corporation will deem such ~~Haircut~~ Collateral as pledged to the Corporation~~.~~ to secure obligations of the posting Participant to the Corporation. For each Participant, the ~~The~~ Corporation will ~~then calculate and~~ collect initial margin for ~~each~~ Clear to Hold Transactions ~~Transaction submitted~~ novated to the Corporation ~~for clearance and settlement~~, consistent with the Rules and policies of the Corporation, as applicable, while providing credit for the Haircut Collateral in the calculated initial margin requirement.

…

CHAPTER 6. CLEARANCE AND SETTLEMENT SERVICES

Rule 601. Accounts

Every Member and User shall have Accounts with the Corporation and ~~accounts for settlement of Eligible Securities Transactions as specified and approved by the Corporation as a pre-condition~~ must establish accounts with one or more Banks in accordance with Rule 507 and accounts with one or more Securities Settlement Banks or other banks or trust companies in accordance with Rule 604, as pre-conditions to clearing Eligible Securities Transactions with the Corporation.

…

Rule 604. ~~Designation of~~ Banks for Settling Transactions

(a) The Corporation shall disclose to its Participants the Securities Settlement Bank(s) ~~and Bank(s)~~ that the Corporation ~~are~~ has designated ~~to deliver~~ (i) where the Corporation will hold accounts for the purpose of delivering cash and Eligible

Securities to and ~~receive~~ receiving cash and Eligible Securities from ~~Members and Users to settle Eligible Securities Transactions~~ Participants to settle Cash Treasury Transactions and Clear to Deliver Transactions and (ii) where the Corporation and Participants may hold accounts for the purposes of delivering cash and Eligible Securities to and receiving cash and Eligible Securities from one another to settle Clear to Hold Transactions and to hold Eligible Securities as collateral for such transactions. The Corporation shall provide reasonable notice ~~if~~ of any change in the Corporation's designation of ~~the~~ any such Securities Settlement Bank prior to the effective date of such change. Each Member and User that will clear Cash Treasury Transactions or Clear to Deliver Transactions may establish its accounts to facilitate settlement of such transactions at one or more banks or trust companies, provided that the bank or trust company is subject to supervision under Federal or State banking laws and has access to the Fedwire for securities and funds movements; provided further that the Corporation may, in its reasonable judgment, reject a bank or trust company as notified by a Participant to facilitate settlement of Cash Treasury Transactions or Clear to Deliver Transactions due to operational or risk management considerations and require the Participant to establish its account(s) at a different bank or trust company meeting the criteria set forth above.

(b) Each Member and User must notify the Corporation, in such manner as the Corporation may prescribe, prior to or as soon as reasonably practicable after their approval as a Member or User, of the Securities Settlement Bank(s) ~~or Bank(s)~~ (for Clear to Hold Transactions) or banks or trust companies (for Cash Treasury Transactions and/or Clear to Deliver Transactions), as applicable that will act on its behalf with respect to handling settlement of Eligible Securities Transactions. ~~Each Member and User must immediately notify the Corporation of any change in such regard.~~ Each Member and User that will clear Clear to Hold Transactions is required to enter into an agreement with a Securities Settlement Bank ~~or Bank~~ from a list of institutions designated by the Corporation for the settlement of ~~Eligible Securities Transactions~~ such transactions. Each Member and User must immediately notify the Corporation of any change, as applicable, in any of its Securities Settlement Banks for settling and holding collateral for Clear to Hold Transactions or in any of the banks or trust companies where it maintains accounts to facilitate settlement of its Cash Treasury Transactions or Clear to Deliver Transactions.

…

CHAPTER 15. INTEREST RATE SECURITIES CLEARING SERVICE

…

Rule 1503. Novation of Transactions

(a) A Member or User is deemed to represent that any Repo Transaction or Cash

Treasury Transaction it submits to the Corporation for clearing is a Repo Transaction or Cash Treasury Transaction, as applicable, within the meaning of Rule 101, Rules 1501 and 1502. Upon completion of the confirmations set forth in Rule 1502(b), the Corporation shall novate the Repo Transaction or the Cash Treasury Transaction, as applicable, and the Corporation shall be substituted as, and assume the position of, the seller to the buyer and the buyer to the seller of the relevant Repo Transaction or Cash Treasury Transaction. As a result, each Member or User shall become the direct legal counterparty to the Corporation for its Repo Transaction or Cash Treasury Transaction, and the Member or User will be deemed to have bought the underlying Eligible Securities from or sold such Eligible Securities to the Corporation, as applicable. Furthermore, the Corporation novates Repo Transactions and Cash Treasury Transactions in accordance with the agreed-upon terms of the counterparties to the original transaction; accordingly, the Corporation shall have all the rights and be subject to all the liabilities of a counterparty with respect to such Member or User under such transactions, except as set forth in the Rules.

(b) Upon novation by the Corporation, each Member or User shall be responsible to the Corporation for the Repo Transactions and Cash Treasury Transactions in which such Member or User is identified as a buyer or a seller, whether or not such transaction information was correct.

(c) A Repo Transaction or a Cash Treasury Transaction that the Corporation has rejected for clearing shall be treated in accordance with Rule 602(d).

(d) Settlement Modification. Prior to the ~~appointed settlement~~ applicable cutoff time ~~of~~ for a Cash Treasury Transaction or a Start Leg of a Repo Transaction, or at a later time established in the Corporation's sole discretion, both of the original counterparties to the Repo Transaction or the Cash Treasury Transaction submitted to the Corporation for clearing and novated may mutually agree to cancel or modify such transaction. In such case, the settlement obligations of the original counterparties and the Corporation are terminated.

(i) Settlement Modification of Cleared Repo Transactions by Original Counterparties. The Member(s) and/or User(s) that were the two counterparties to an original Repo Transaction submitted to the Corporation for clearing may, at any time prior to the submission deadline for the Business Day on which such Repo Transaction is settling or at such later time as approved by the Corporation, mutually agree to modify the Repo Transaction pursuant to these settlement modification procedures under Rule 1503(d). If a Repo Transaction is modified pursuant to Rule 1503(d), the Corporation's Rules for failures and ceasing to act for a Member or User do not apply to the original Repo Transaction. If, however, the counterparties fail to notify the Corporation about modification of a Repo Transaction submitted for clearing before delivery of securities is due relating to such transaction, the Corporation may impose fail charges pursuant to Rule 1506 for failure to

deliver such securities or may take action in accordance with its Rules for ceasing to act for a Member of User. At the discretion of the Corporation, the Member(s) and/or User(s) that were the two counterparties to an original Repo Transaction submitted to the Corporation for clearing may also mutually agree to terminate a Repo Transaction after settlement of the Start Leg of the Repo Transaction, but before the end-of-cycle on the Business Date prior to the settlement date of the Off Leg of the Repo Transaction, pursuant to Rule 1503(d)(i).

(ii) Settlement Modification of Cash Treasury Transactions by Original Counterparties. The Member(s) and/or User(s) that were the two counterparties to an original Cash Treasury Transaction submitted to the Corporation for clearing may, at any time prior to the submission deadline for the Business Day on which such Cash Treasury Transaction is settling or at such later time as approved by the Corporation, mutually agree to modify the Cash Treasury Transaction pursuant to these settlement modification procedures under Rule 1503(d). If a Cash Treasury Transaction is modified pursuant to Rule 1503(d), the Corporation's Rules for failures and ceasing to act for a Member or User do not apply to the original Cash Treasury Transaction. If, however, the counterparties fail to notify the Corporation about modification of a Cash Treasury Transaction submitted for clearing before delivery of securities is due relating to such transaction, the Corporation may impose fail charges pursuant to Rule 1506 for failure to deliver such securities and/or may take action in accordance with its Rules for ceasing to act for a Member of User.

(iii) Previously Executed Settlement Modification Agreement. To modify a Cash Treasury Transaction or Repo Transaction previously submitted for clearing, the original counterparties thereto must have executed a settlement modification agreement, stating that the original counterparties may modify Cash Treasury Transactions or Repo Transactions submitted for clearing pursuant to Rule 1503(d).

(iv) Notification to the Corporation. If the original counterparties to a Repo Transaction or Cash Treasury Transaction agree to modify the transaction, the original counterparties must notify the Corporation as follows.

(A) A Member or User that is a counterparty to the original Repo Transaction or Cash Treasury Transaction must notify the Corporation, by email or through such a system as the Corporation shall designate, by the applicable deadlines described in Rules 1503(d)(i)-(ii).

(B) Such notification must include the identification number for the original Repo Transaction or Cash Treasury Transaction and the terms of the modifications to which the counterparties to the original Repo Transaction or Cash Treasury Transaction have agreed.

(v) Cancellation of Original Repo Transaction or Cash Treasury Transaction and New Repo Transaction or Cash Treasury Transaction. If the Corporation receives a valid notification to modify or terminate a Repo Transaction or Cash Treasury Transaction pursuant to Rule 1503(d) from both counterparties to the original Repo Transaction or Cash Treasury Transaction, the Corporation will cancel the original Repo Transaction or Cash Treasury Transaction. The Corporation will cancel all settlement instructions with respect to the canceled transaction, including Cash Treasury or Off Leg settlement instructions in the case of the Off Leg of a terminated Repo Transaction, and the Corporation will no longer have any clearing obligations with respect to that transaction. If the counterparties to the original Repo Transaction or Cash Treasury Transaction agree to a new Repo Transaction or Cash Treasury Transaction to replace the original Repo Transaction or Cash Treasury Transaction, the counterparties must submit a new Repo Transaction or Cash Treasury Transaction for clearing to the Corporation. The Corporation may impose fees on Members and Users for modification and termination of Repo Transactions or Cash Treasury Transactions in such amounts as the Corporation may determine from time to time.

(vi) Notification to Original Repo and Cash Treasury Counterparties. The Corporation will notify the counterparties to the original Repo Transaction or Cash Treasury Transaction that the Corporation has canceled the transaction and, if applicable, cleared a new Repo Transaction or Cash Treasury Transaction.

(e) The Corporation shall provide each Member and/or User that was party to the original Repo Transaction or Cash Treasury Transaction, as well as the Eligible Platform and Securities Settlement Bank system, as applicable, with a Clearing Confirmation. The Clearing Confirmation shall:

(i) State that the original Repo Transaction or Cash Treasury Transaction has been novated as of the time of the Clearing Confirmation, with a trade status of "Cleared", which confirms the creation of the Repo Transaction or Cash Treasury Transaction, as applicable, between the Corporation and the Member or User;

(ii) Serve as confirmation that the Corporation has become either (x) the cash borrower or cash lender in the Repo Transaction, or (y) the securities seller or securities buyer in the Cash Treasury Transaction. The status of the Member or User as cash lender or cash borrower under the novated transaction shall not change relative to the original Cash Treasury or Repo Transaction, but such status shall be

indicated in the Clearing Confirmation;

(iii) Set out the terms of the Repo Transaction or Cash Treasury Transaction, which shall match the terms of the original Repo Transaction or Cash Treasury Transaction, as applicable, submitted to the Corporation for clearing; and

(iv) Serves as indication that the novated Repo Transaction or Cash Treasury Transaction is eligible for settlement pursuant to Rule 1504.

Rule 1504. Settlement Obligations for Transactions

(a) Members. A Member shall be a principal pursuant to the Rules with respect to: (A) the Start Leg and Off Leg settlement obligations only for the Member's proprietary Repo Transactions in its Member Account; and (B) settlement obligations only for the Member's proprietary Cash Treasury Transactions in its Member Account.

(b) Users. A User shall be principal pursuant to the Rules with respect to: (A) the Start Leg and Off Leg settlement obligations only for the User's Repo Transactions in its User Account; and (B) settlement obligations for the User's Cash Treasury Transactions in its User Account.

(c) Settlement Accounts. Prior to submitting any Repo Transaction or Cash Treasury Transaction to the Corporation for clearing, the Member or User must establish accounts in accordance with the requirements of Rule 604 for the purposes of delivering cash and Eligible Securities to and/or receiving cash and Eligible Securities from the Corporation~~a settlement account at the Corporation's Securities Settlement Bank for the relevant transactions. For Members and Users that are cash lenders, such Members and Users must establish a collateral account in its name and for its exclusive benefit at the Corporation's Securities Settlement Bank~~. For Clear to Hold Transactions, each ~~Each~~ Member and User shall make available to the Corporation upon request copies of its agreement with any Securities Settlement Bank~~ settlement account and collateral account agreements, as applicable~~. For a Clear to Hold Transaction, a cash lender shall not remove collateral from its collateral account at the Securities Settlement Bank except as otherwise permitted under these Rules.

(d) Settlement; Netting. ~~The Corporation will settle Repo Transactions for same-day settlement (T+0) in real-time on a gross basis. Except as otherwise provided in this Rule 1504(d), the Corporation will settle Cash Treasury Transactions and Repo Transactions that settle other than same-day and have the same CUSIP on a net basis. With respect to Clear to Hold Transactions, the Corporation will net settlement obligations only against additional Clear to Hold Transactions in the same General Collateral Bucket with the same scheduled settlement date. For avoidance of doubt, the Corporation will~~

~~not net such Clear to Hold Transactions against Cash Treasury Transactions or Clear to Deliver Transactions. The procedures for settlement and netting are detailed in Rules 1504(f) and (g), respectively.~~ The Corporation may settle Eligible Securities Transactions in real time or on a deferred basis and may net settlement obligations in accordance with the procedures for settlement and netting of Clear to Hold Transactions and for Clear to Deliver Transactions and Cash Treasury Transactions in Rules 1504(f) and (g) below.

(e) Daily Settlement Reports. ~~In addition to the requirements set out in Rule 616, the Daily Settlement Report will~~ The Corporation will issue one or more settlement reports daily ("Daily Settlement Reports") that indicate the amounts of any cash and securities delivery obligations for that day and the amounts of any cash and securities receipt entitlements for that day with respect to any Repo Transactions and/or Cash Treasury Transactions of such Member or User. The Daily Settlement Reports shall ~~also~~ indicate whether the obligations and entitlements listed therein relate to Clear to Hold Transactions or to the settlement of deliverable Clear to Deliver Transactions and Cash Treasury Transactions ~~with respect to Clear to Deliver Transactions, whether settlement shall occur on a real-time gross basis or on a net basis~~. With respect to securities delivery obligations and securities receipt entitlements, the Daily Settlement ~~Report~~ Reports shall also indicate the applicable CUSIP(s) and/or General Collateral Bucket(s).

(f) Settlement Procedure.

(i) The Corporation shall issue standing settlement instructions to the Corporation's Securities Settlement Bank(s) to settle Clear to Deliver Transactions and any Cash Treasury Transactions submitted for T+0 settlement in real-time on a gross basis, except that the Corporation may settle two offsetting Clear to Deliver Transactions or Cash Treasury Transactions for same-day settlement (T+0) having the same CUSIPs, same purchase price and same Participant acting as riskless principal in each offsetting transaction by settling directly with the other Participants in the offsetting transactions without delivering securities or making payment to the riskless principal. The Corporation will instruct the Corporation's Securities Settlement Bank(s) to effect the movement of collateral against cash upon receipt of securities from the Member's or User's settlement bank(s), as notified by the Member or User ~~Securities Settlement Bank, designated~~ pursuant to Rule 604(b). The Corporation will instruct the Corporation's Securities Settlement Bank(s) to notify the Corporation upon the settlement of any Clear to Deliver Transaction. The Corporation's Securities Settlement Bank(s) shall issue a settlement confirmation of each Clear to Deliver Transaction in real-time to the Member and/or User that is the original counterparty on the transaction.

(ii) The Corporation shall calculate settlement obligations on Clear to Deliver Transactions and Cash Treasury Transactions submitted for ~~T+1~~ settlement other than on same day (T+0) on a net basis pursuant to Rule 1504(g). The Corporation shall issue settlement instructions to the Corporation's Securities Settlement Bank(s) for ~~netted~~ the net settlement obligation resulting from the aggregate of each Participant's Clear to Deliver Transactions and Cash Treasury Transactions scheduled for delivery on the next eligible settlement date following the deadline to submit Clear to Deliver Transactions for ~~T+1~~ settlement other than same day (T+0), as permitted by the schedule of the Corporation's Securities Settlement Bank(s). The Corporation will instruct the Corporation's Securities Settlement Bank(s) to effect the movement of collateral against cash upon receipt of securities from the Member's or User's settlement bank(s), as notified by the Member or User ~~Securities Settlement Bank, designated~~ pursuant to Rule 604(b). The Corporation will require its Securities Settlement Bank(s) to notify the Corporation upon completing the settlement of any ~~netted~~ Clear to Deliver Transaction, Cash Treasury Transaction or combination of the two.

(iii) The Corporation shall calculate settlement obligations on Clear to Hold Transactions on a net basis pursuant to Rule 1504(g). The Corporation shall issue settlement instructions to its Securities Settlement Bank(s) for Clear to Hold Transactions submitted for T+0 settlement following the deadline to submit Clear to Hold Transactions for T+0 settlement. The Corporation shall issue settlement instructions to its Securities Settlement Bank(s) for Clear to Hold Transactions submitted for T+1 settlement on a net basis on the next eligible settlement date following the schedule for T+0 settlement on that date. The Corporation will instruct its Securities Settlement Bank(s) to move securities against cash once Members and Users have ~~funded~~ satisfied their cash and securities ~~security~~ obligations ~~in their settlement accounts at~~ by transferring cash and securities to the Corporation's settlement accounts at its Securities Settlement Bank(s).

(iv) The Corporation shall provide Members and Users with instructions for transferring cash and securities to, and receiving cash and securities from, the Corporation's settlement ~~account~~ accounts at its Securities Settlement Bank(s).

(v) Deadlines.

(A) The Securities Clearing System will open each week for submission of Cash Treasury Transactions and Repo Transactions Sunday at 5:00 p.m. Eastern Time and will remain open for submission until 8 p.m. Eastern Time Friday.

(B) The submission window for T+0 Clear to Deliver ~~Repo~~ Transactions opens at 5:00 p.m. Eastern Time Sunday until 2:55 p.m. Eastern Time on Monday. The Securities Clearing System will reopen for T+0 submission at 8:00 p.m. Eastern Time and after the date has rolled in the Securities Clearing System. The Securities Clearing System will reopen for T+0 trade submission each Business Day after the system date has rolled.

(C) The submission window for T+0 Clear to Hold ~~Repo~~ Transactions opens at 5:00 p.m. Eastern Time Sunday to 1:00 p.m. Eastern Time on a Monday. The Securities Clearing System will reopen for T+0 submission at 8:00 p.m. Eastern Time and after the date has rolled in the Securities Clearing System. The Securities Clearing System will reopen for T+0 trade submission each Business Day after the system date has rolled.

(D) The submission window for T+1 Cash Treasury Transactions, Clear to Deliver Transactions, and Clear to Hold ~~Repo~~ Transactions opens at 5:00 p.m. Eastern Time Sunday to 8:00 p.m. Eastern Time on a Monday. The Securities Clearing System will reopen for T+1 submission at 8:00 p.m. Eastern Time and after the date has rolled in the system. The Securities Clearing System will reopen for T+1 trade submission each Business Day after the system date has rolled.

(E) At approximately 2:00 p.m. Eastern Time, the Corporation shall calculate net Clear to Hold Transaction settlement requirements for each Member and User that has submitted a Clear to Hold Transaction for T+0 settlement.

(F) The Corporation shall issue ~~a~~ Daily Settlement ~~Report~~ Reports to each Member and User via the Securities Clearing System with respect to netted Clear to Hold Transaction settlement obligations and netted Clear to Deliver Transaction and Cash Treasury settlement obligations on each Business Day by such time(s) as the Corporation shall determine in its sole discretion. A Member's or User's settlement obligations shall include both its Repo Transaction Start Leg and Off Leg and Cash Treasury settlement obligations.

(G) Members and Users must ensure that Clear to Deliver Transactions and Cash Treasury Transactions submitted for T+0 settlement, and the net collateral settlement ~~obligations for T+1~~ obligation for the aggregate of their other Cash Treasury Transactions and Clear to Deliver

Transactions ~~from the previous~~ settling on that Business Day, settle by 3:00 p.m. Eastern Time. Consequently, Members and Users must comply with the settlement requirements of Rule 1504(f)(vii)(A)(b) by such time. Following settlement, the Corporation will issue a settlement confirmation to the Member or User counterparty to such transaction via the Securities Clearing System and/or through such other means as the Corporation shall determine in its sole discretion. If a Member or User fails to deliver cash or securities to the Corporation's account at the Corporation's Securities Settlement Bank(s) by the deadline, the Corporation shall issue a failure notice to such Member or User identifying the details of such failure via the Securities Clearing System.

(H) Members and Users must ensure that Clear to Hold Transactions submitted for T+0 settlement settle by 6:30 p.m. Eastern Time. Consequently, Members and Users must comply with the settlement requirements of Rule 1504(f)(vii)(A)~~(a)~~. by such time. Following settlement, the Corporation will issue a settlement confirmation to the Member or User counterparty to such transaction via the Securities Clearing System and/or through such other means as the Corporation shall determine in its sole discretion. If a Member or User fails to deliver cash or securities to the Corporation's account at the Corporation's Settlement Bank by the deadline, the Corporation shall issue a failure notice to such Member or User identifying the details of such failure via the Securities Clearing System.

(I) The Corporation shall work to resolve fails to deliver for Cash Treasury and Clear to Deliver Transactions from 3:00 p.m. Eastern Time to approximately 3:30 p.m. Eastern Time. The Corporation shall work to resolve fails to deliver for Clear to Hold Transactions for T+0 settlement from ~~6~~5:~~30~~00 p.m. Eastern Time to approximately ~~7:00 p.m~~6:30 p.m. Eastern Time. The Corporation shall contact, via such means as the Corporation deems appropriate, Members and Users that have failed to deliver as such to determine the reasons for such failure and to assist in resolving such failure. The Corporation will coordinate with the Corporation's Securities Settlement ~~Banks~~ Bank(s), the Members' and Users' settlement banks and other stakeholders, as necessary, to resolve the failure to deliver, including by assessing whether operational issues exist that can be resolved to allow the delivery of cash or securities.

(J) If fails to deliver cash are not resolved by the time periods set forth in Rules 1504(f)(v)(G)-(H), the Corporation, in its sole discretion, may act in accordance with its Rules for ceasing to act for a Member of

User.

(K) At approximately 8:00 p.m. Eastern Time, the Corporation shall calculate each Participant's net collateral settlement ~~obligations for netted~~ obligation resulting from the aggregate of such Participant's Clear to Deliver Transactions and Cash Treasury Transactions ~~submitted for T+1 settlement~~ that are scheduled to settle the next Business Day. The Corporation shall provide updated Daily Settlement Reports at such time(s) as the Corporation shall determine. The Corporation will notify Members and Users of such time(s) via an Advisory.

(L) The Corporation's deadlines may be modified on certain holidays and non-Business Days. The Corporation will notify Members and Users of the holiday calendar and any modified deadlines via an Advisory or on the Corporation's website.

(vi) Confirmations. The Corporation's Securities Settlement Bank(s) shall provide confirmation to the Corporation immediately upon settlement of any Repo Transaction, Cash Treasury Transaction, or netted settlement obligation. The Corporation shall make confirmations available to each Member and User that is counterparty to a Repo Transaction and Clearing Treasury Transaction through the Securities Clearing System and/or through such other means as the Corporation shall determine. The Corporation shall provide such confirmations as soon as reasonably practicable upon settlement of the Repo Transaction or Cash Treasury Transaction and shall include such information as the Corporation shall determine from time to time.

(vii) Transfers of Cash and Securities Upon Settlement.

(A) ~~By~~ In accordance with the settlement ~~deadline~~ deadlines set forth in Rule 1504(f)(v), a Member or User shall comply with the following settlement obligations.

a. For Clear to Hold Transactions, the Member or User will ensure that sufficient securities and/or cash equal to its net settlement obligations are deposited in the Member's or User's account(s) at the Corporation's Securities Settlement Bank(s). By the settlement deadline set forth in Rule 1504(f)(v)(H), the Member or User must instruct the Corporation's Securities Settlement Bank(s) to deliver securities and/or cash equal to its net settlement obligation from its account(s) at the Corporation's Securities

Settlement Bank(s) to the Corporation's account(s) at the Corporation's Securities Settlement Bank.

b. For each Clear to Deliver Transaction, Cash Treasury Transaction, or netted settlement obligation, the Member or User will ensure that sufficient securities and/or cash equal to its settlement obligations are deposited in the Member's or User's account(s) at the Member's or User's ~~Securities Settlement Bank~~ settlement bank(s). Upon notification of novation and by the settlement deadline set forth in Rule 1504(f)(v)(G), the Member or User must instruct the Member's or User's ~~Securities Settlement Bank~~ settlement bank(s) to deliver securities or cash Delivery Versus Payment ("DvP") or Receipt Versus Payment ("RvP") to/from its account(s) at its ~~Securities Settlement Bank~~ settlement bank(s) to/from the Corporation's account(s) at the Corporation's Securities Settlement Bank(s), as applicable.

(B) ~~By~~ In accordance with the settlement deadlines set forth in Rule 1504(f)(v), and subject to the Corporation receiving the securities required to settle the transaction in its relevant Corporation accounts, the Corporation shall instruct the Corporation's Securities Settlement Bank(s) to transfer cash from its account, in such amount as required to meet its cash delivery obligations as set out in the Daily Settlement ~~Report~~ Reports, to:

a. the Member's or User's account at the Corporation's Securities Settlement Bank(s), for Clear to Hold Transactions, if such Member or User has a cash receipt entitlement; or

b. the Member's or User's account at such Member's or User's ~~Securities Settlement Bank~~ settlement bank(s) for Cash Treasury Transactions and/or Clear to Deliver Transactions, if such Member or User has a cash receipt entitlement resulting from such transactions that are scheduled to settle on that Business Day.

(C) ~~By~~ In accordance with the settlement ~~deadline~~ deadlines set forth in Rule 1504(f)(v), and, with respect to Clear to Hold Transactions, subject to the Corporation receiving the cash required to settle the transaction in its relevant Corporation accounts, the Corporation shall transfer or cause to be transferred securities, in such amount as required to meet its settlement obligations as set out in the Daily Settlement ~~Report~~ Reports, to:

a. the Member's or User's account at the Corporation's Securities Settlement Bank(s), for Clear to Hold Transactions, if such Member or User has a securities receipt entitlement. Such account shall be maintained in the name of, and for the exclusive benefit of, the Member or User that is a party to the Clear to Hold Transaction with the Corporation; or

b. the Member's or User's account at such Member's or User's ~~Securities Settlement Bank~~ settlement bank(s), for Cash Treasury Transactions and/or Clear to Deliver Transactions, if such Member or User has a securities receipt entitlement resulting from such transactions that are scheduled to settle on that Business Day.

(viii) Additional ~~Clear to Deliver~~ Settlement Procedures for Clear to Deliver Transactions and Cash Treasury Transactions. With respect to all Clear to Deliver Transactions ~~settling on a real-time gross basis~~, Cash Treasury Transactions and combinations of the two, and except as set forth below:

(A) The Corporation will send RvP and DvP instructions to the Corporation's Securities Settlement Bank(s) along with a binding instruction to facilitate automated settlement. With respect to Clear to Deliver Transactions and Cash Treasury Transactions settling on the same day (T+0) on a real-time gross basis, the ~~The~~ Member or User shall settle its obligations with the Corporation only after it has received confirmation that the same day (T+0) Clear to Deliver Transaction or Cash Treasury ~~Repo~~ Transaction has been novated by the Corporation.

(B) If a Member or User cannot satisfy its entire collateral settlement obligation and intends to provide only a portion of ~~the~~ a collateral settlement obligation established by the Corporation, it must immediately contact the Corporation. The Corporation will only permit partial deliveries ~~that~~ of a collateral settlement obligation that are agreed to by the contra party and which comply with the Corporation's Rules and the rules, policies, procedures, and practices of the relevant Securities Settlement Bank(s) used to settle such obligations~~, such as by satisfying one or more exact expected delivery amounts of a total larger delivery obligation, as dictated by the Daily Settlement Report~~. If the other party accepts this partial offer, and at the discretion of the Corporation, the Corporation's staff may update ~~the Corporation's settlement instructions to process the applicable transaction(s) partially, leaving the outstanding~~ portion(s) open and to be

~~settled when final delivery is made~~ its settlement instructions to accept partial processing of the applicable collateral settlement obligation(s). Any portion(s) of the collateral settlement obligation that are outstanding following this process will remain open until the Business Day on which the Corporation receives the outstanding Eligible Securities from the failing Member or User.

...

(ix) Charges for Fails to Deliver. The Corporation shall determine any fail charge imposed by the Corporation for failure to deliver securities pursuant to Rule 1506, communicate such charges to Members and Users and collect such charges on a monthly basis.

(g) Netting Procedure.

(i) Netting of Clear to Hold Transaction Settlement Obligations, Generally. The Corporation shall separately net cash borrower and cash lender settlement obligations each Business Day for each Member and each User for all Clear to Hold Transactions by General Collateral Bucket. The Corporation shall net Start Leg and Off Leg collateral settlement obligations of those transactions only where the Member or User is acting in the same capacity (either as a cash borrower or cash lender). The Corporation shall not net cash settlement obligations against collateral settlement obligations.

(ii) Cash Netting – Clear to Hold Transactions.

(A) The Corporation shall separately net a Member's or User's cash delivery obligations and receipt entitlements by General Collateral Bucket for those ~~Repo~~ Clear to Hold Transactions in which the Member or User is either acting as a cash borrower or a cash lender.

(B) For those ~~Repo~~ Clear to Hold Transactions in which a Member or User is acting as a cash borrower, the Corporation determines the Member's or User's cash delivery obligations and receipt entitlements for a given Business Day by:

a. determining the amount of cash, if any, a Member or User is entitled to receive as a cash borrower with respect to the Start Leg of all Clear to Hold Transactions ~~which begin on a given Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day;

b. determining the amount of cash, if any, a Member or User is obligated to return as a cash borrower with respect to the Off Leg of all Clear to Hold Transactions ~~terminating on that same Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day; and

c. netting the amounts in Rules 1504(g)(ii)(B)(a)-(b) to determine a net cash settlement delivery obligation or receipt entitlement for each General Collateral Bucket with respect to those ~~Repo~~ Clear to Hold Transactions in which the Member or User is acting as a cash borrower.

(C) For those ~~Repo~~ Clear to Hold Transactions in which a Member or User is acting as a cash lender, the Corporation determines the Member's or User's cash delivery obligations and receipt entitlements for a given Business Day by:

a. determining the amount of cash, if any, a Member or User is obligated to deliver as a cash lender with respect to the Start Leg of all Clear to Hold Transactions ~~which begin on a given Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day;

b. determining the amount of cash, if any, a Member or User is entitled to receive as a cash lender with respect to the Off Leg of all Clear to Hold Transactions ~~terminating on that same Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day; and

c. netting the amounts in Rules 1504(g)(ii)(C)(a)-(b) to determine a net cash settlement delivery obligation or receipt entitlement for each General Collateral Bucket with respect to those ~~Repo~~ Clear to Hold Transactions in which the Member or User is acting as a cash lender.

(iii) Securities Netting – Clear to Hold Transactions.

(A) The Corporation shall separately net a Member's or User's collateral delivery obligations and receipt entitlements by General Collateral Bucket for those ~~Repo~~ Clear to Hold Transactions in which the Member or User is either acting as a cash borrower or a cash lender.

(B) For those ~~Repo~~ Clear to Hold Transactions in which a

Member or User is acting as a cash borrower, the Corporation determines the Member's or User's collateral delivery obligations and receipt entitlements for a given Business Day by:

a. determining the amount of securities, if any, a Member or User is obligated to deliver as a cash borrower with respect to the Start Leg of all Clear to Hold Transactions ~~which begin on a given Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day;

b. determining the amount of securities, if any, a Member or User is entitled to receive as a cash borrower with respect to the Off Leg of all Clear to Hold Transactions ~~terminating on that same Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day; and

c. netting the amounts in Rules 1504(g)(iii)(B)(a)-(b) ~~on a General Collateral Bucket basis~~ to determine a net collateral settlement delivery obligation or receipt entitlement for each General Collateral Bucket with respect to those ~~Repo~~ Clear to Hold Transactions in which the Member or User is acting as a cash borrower. ~~Netting on a "General Collateral Bucket basis" shall mean that securities delivery obligations involving securities in a General Collateral Bucket are netted against securities receipt entitlements involving securities in the same General Collateral Bucket.~~

(C) For those ~~Repo~~ Clear to Hold Transactions in which a Member or User is acting as a cash lender, the Corporation determines the Member's or User's collateral delivery obligations and receipt entitlements for a given Business Day by:

a. determining the amount of securities, if any, a Member or User is entitled to receive as a cash lender with respect to the Start Leg of all Clear to Hold Transactions ~~which begin on a given Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day;

b. determining the amount of securities, if any, a Member or User is obligated to return as a cash lender with respect to the Off Leg of all Clear to Hold Transactions ~~terminating on that~~

~~same Business Day~~ in the same General Collateral Bucket which are scheduled to settle on that Business Day; and

c. netting the amounts in Rules 1504(g)(iii)(C)(a)-(b) on a General-Collateral-Bucket basis to determine a net collateral settlement delivery obligation or receipt entitlement for each General Collateral Bucket with respect to those ~~Repo~~ Clear to Hold Transactions in which the Member or User is acting as a cash lender.

(iv) Netting of Cash Treasury Transaction~~s~~ and Clear to Deliver Transaction Settlement Obligations.

(A) With respect to Clear to Deliver Transactions and Cash Treasury Transactions submitted for settlement on or after T+1, the Corporation shall net a Member's or User's cash and securities settlement obligations each Business Day for obligations to be settled on the next eligible Settlement Date. The Corporation shall net Clear to Deliver Transaction Start Leg, Clear to Deliver Transaction Off Leg, and Cash Treasury Transaction collateral settlement obligations for the same CUSIP and determine the corresponding net cash settlement obligation for the aggregate of the resulting net collateral settlement obligations. The Corporation determines the Member's or User's netted collateral delivery obligation~~s~~ and receipt entitlement~~s~~ (i.e., the collateral settlement obligation) per CUSIP, and the associated cash settlement obligation for each clearing account for a given Business Day by:

a. determining the amount of securities, if any, a Member or User is obligated to deliver as a seller with respect to the Start Leg of all Clear to Deliver Transactions, the ~~End~~Off Leg of all Clear to Deliver Transactions, and Cash Treasury Transactions, including failed settlement obligations from a prior settlement day to be attempted for re-delivery, which are scheduled ~~for settlement on a given Business Day~~ to settle on that Business Day;

b. determining the amount of securities, if any, a Member or User is obligated to receive as a buyer with respect to the Start Leg of all Clear to Deliver Transactions, the ~~End~~ Off Leg of all Clear to Deliver Transactions, and Cash Treasury Transactions, including failed-against settlement obligations from a prior settlement day to be attempted for re-receipt, which are scheduled ~~for settlement on a given Business Day~~ to settle on that

Business Day; and

c. netting the amounts in Rules 1504(g)(iv)(A)(a)-(b) on a CUSIP basis to determine a net collateral settlement delivery obligation or receipt entitlement with respect to those ~~transactions~~ Cash Treasury Transactions and/or Clear to Deliver Transactions in which the Member or User has ~~an~~ a collateral settlement obligation.

d. The netted settlement obligation per CUSIP will be instructed to be delivered or received against a cash settlement, based on a single market price per CUSIP, the settlement Price, as determined by the Corporation.

e. The cash settlement value for each cash settlement obligation will equal the collateral par amount of securities multiplied by the Corporation's settlement price to determine the settlement value cash amount to be received on ~~each~~ the relevant collateral delivery obligation or paid on ~~each~~ the relevant collateral receipt entitlement, as applicable.

(v) ~~For purposes of Rule 1504(g), a Repo Transaction is considered to "begin on a given Business Day" if the settlement of the Start Leg of such Repo Transaction is to occur on such Business Day.~~

Rule 1505. Outstanding Exposure Settlement for Eligible Securities Transactions; Reports

(a) General. The Corporation shall collect any net deficit (debit), and pay any net gain (credit), in relation to Outstanding Exposure Settlement, as determined pursuant to this Rule 1505 for the novated Eligible Securities Transactions of each Member or User (as applicable) in such amount as indicated in the Daily Margin Report. For such purposes, a negative amount will be considered a debit from the relevant Account due to the Corporation, and a positive amount will be considered a credit due from the Corporation to the relevant Account. For Clear to Deliver and Cash Treasury Transactions, Outstanding Exposure Settlement obligations must be met in cash, unless otherwise permitted by the Corporation. For Clear to Hold Transactions, Outstanding Exposure Settlement obligations will be met in the form(s) permitted by the Corporation and the relevant Securities Settlement Bank(s).

(b) Clear to Deliver Transactions. Outstanding Exposure Settlement for Clear to Deliver Transactions includes the following components:

(i) Settlement Variation. Each Member for its Member Account and its Supported User Account(s), and each Independent User for its Independent User Account, shall pay to or collect from the Corporation any loss or profit for such Account as a settlement variation payment, as the case may be, represented by the difference between the settlement prices for the ~~current and preceding~~ applicable clearing cycles, multiplied by the par amount of the securities. For the first clearing cycle after novation of a Clear to Deliver Transaction, the settlement variation payment amount shall be represented by the difference between the current settlement price versus the price at which the Start Leg was purchased or sold, multiplied by the par amount of the securities. For subsequent settlement cycles for open Clear to Deliver positions, the settlement variation payment amount shall be represented by the difference between the settlement price determined during the current settlement cycle versus the settlement price determined during the previous settlement cycle, multiplied by the par amount of the securities. For Clear to Deliver Transactions, the settlement price will include accrued coupon interest for the Business Day on which the settlement variation is ~~calculated~~ to be settled. ~~Where a Clear to Deliver Transaction is netted against another obligation~~ Where the Corporation settles one or more Clear to Deliver Transactions and/or Cash Treasury Transactions on a net basis as provided in Rule 1504(g), settlement variation will be calculated based on the resulting net delivery settlement obligation~~,~~ and ~~any~~ subsequent settlement variation calculations for subsequent settlement cycles will use the settlement price for the net delivery settlement obligation determined during the previous settlement cycle as the starting price. For Clear to Deliver Transactions for which additional purchased securities in the form of Haireut Collateral are held by the purchaser of the transaction, as indicated on the original transaction, the Haircut Collateral amount will be subtracted from the par amount when determining the settlement value (i.e., settlement price multiplied by the par amount of the securities) for each calculation of the settlement variation.

(ii) Repo Rate Accrual. The Corporation shall collect the daily repo rate accrual from a Member or User that is a funds borrower, and pay the daily repo rate accrual to a Member or User that is a funds lender, or in the event of negative repo rates, collect the daily repo rate accrual from a Member or User that is a funds lender, and pay the daily repo rate accrual to a Member or User that is a funds borrower. The parties shall agree on the repo accrual rate before the transaction is submitted for clearing and novated by the Corporation. ~~The~~ Except as otherwise provided in

the Rules, the daily repo rate accrual will be calculated by the Corporation as the original ~~Start Cash~~ start cash submitted on the Repo Transaction, multiplied by the repo rate submitted on such Repo Transaction, for each calendar day beginning with the prior Business Day on which the daily repo rate accrual had been processed and following the day count convention standard for the relevant Eligible Securities. For positions transferred between Accounts pursuant to the Rules, the aggregate repo rate accrual from the start date to the transfer date may be processed alongside a contrary cash adjustment at the time of the transfer.

(iii) Collateral Coupon Payment. For Clear to Deliver Transactions, where a coupon payment is made on collateral deposited as the securities leg of a Repo Transaction, the Corporation shall debit the amount of any coupon payment from the relevant Account that is the funds lender for the respective Repo Transactions, and credit the amount of any coupon payment to the relevant Account that is the funds borrower for the respective Repo Transactions. For delivery settlement obligations of Clear to Deliver Transactions, if a failure has occurred on a collateral delivery scheduled on or before the date of record for a coupon payment date, where a coupon payment is made on collateral yet to be delivered by the Member or User who has failed to deliver the collateral, the Corporation shall debit the amount of any coupon payment from the relevant Account that has failed to deliver the collateral, and credit the amount of any coupon payment to the Account that was failed against in the delivery of the collateral, as determined by the Corporation.

(iv) Price Alignment Amount. The Price Alignment Amount component is determined as follows:

(A) Price Alignment Amount will be calculated as (x) a debit on transactions that were the receivers (a credit) in respect of the sum of the settlement variation and repo rate accrual since the novation of the transaction to the Corporation and held from one Business Day to the next, and (y) a credit on transactions that were the payers (a debit) of the sum of settlement variation and repo rate accrual since novation.

(B) The Price Alignment Amount will be calculated by the Corporation as the sum of the settlement variation and repo rate accrual since novation of the transaction to the Corporation, multiplied by the applicable overnight investment rate as determined by the Corporation, and calculated for each calendar day from the prior Business Day on which the Price Alignment Amount had been processed.

(C) ~~The~~ Where the Corporation settles one or more Clear to Deliver Transactions and/or Cash Treasury Transactions on a net basis as provided in Rule 1504(g), the calculations for the Price Alignment Amount will be reset ~~when a transaction is netted against another obligation for~~ such that it is based on the resulting net settlement obligation~~,~~ and any subsequent Price Alignment Amount calculations will ~~only~~ include settlement variation received or paid related to the net delivery settlement obligation.

(v) Maturity Adjustment. For Clear to Deliver Transactions, if collateral is held to maturity before it can be delivered, which results in the redemption of the securities upon maturity, a maturity adjustment will be made. The maturity adjustment will be calculated as the difference between the scheduled settlement value of the securities to be delivered to the Account that is the scheduled purchaser of the securities, and the amount of the redemption of the securities paid to the Account that is scheduled to deliver the securities.

(v) Transfer Cash. Outstanding Exposure Settlement for Clear to Deliver Transactions may include a transfer cash component. The transfer cash can originate on transfers or other atypical transactions, such as those originating from managing a Default. The transfer cash may also be inclusive of other miscellaneous cash adjustment amounts.

(vii) Haircut Collateral Collection or Return. Outstanding Exposure Settlement for Clear to Deliver Transactions may include collection or return of Haircut Collateral where a haircut amount is specified on the original transaction submitted for clearing.

(A) Collection of Haircut Collateral will be facilitated through Outstanding Exposure Settlement for T+1 settlement, where the Haircut Collateral cannot be collected through gross settlement as would be the case for T+0 settlement. Collection of Haircut Collateral will be reflected as a debit of the current cash value of Haircut Collateral ~~cash~~ submitted on the transaction for the funds borrower and a credit for the funds lender.

(B) Return of Haircut Collateral will be facilitated through Outstanding Exposure Settlement on the date of the Off Leg. Return of Haircut Collateral will be reflected as a debit of the current cash value of Haircut Collateral ~~cash~~ submitted on the transaction for the funds lender and a credit for the funds borrower.

(c) Cash Treasury Transactions. Outstanding Exposure Settlement for Cash Treasury Transactions includes the following components:

(i) Settlement Variation. Each Member for its Member Account and its Supported User Account(s), and each Independent User for its Independent User Account, shall pay to or collect from the Corporation any loss or profit for such Account as a settlement variation payment, as the case may be, represented by the difference between the settlement price versus the settlement price for the preceding clearing cycle, multiplied by the par amount of the securities. For the first clearing cycle after novation of a Cash Treasury Transaction, the settlement variation payment amount shall be represented by the difference between the settlement price versus the price at which the Cash Treasury Transaction was purchased or sold. For subsequent settlement cycles for open Cash Treasury Transaction positions, the settlement variation payment amount shall be represented by the difference between the settlement price determined during the current settlement cycle versus the settlement price determined during the previous settlement cycle, multiplied by the par amount of the securities. For Cash Treasury Transactions, the settlement price will be inclusive of accrued coupon interest to the settlement date of the Cash Treasury Transaction. Where ~~a Cash Treasury Transaction is netted against another obligation~~ the Corporation settles one or more Cash Treasury Transactions and/or Clear to Deliver Transactions on a net basis as provided in Rule 1504(g), settlement variation will be calculated based on the resulting net delivery settlement obligation~~,~~ and ~~any~~ subsequent settlement variation calculations for subsequent settlement cycles will use the settlement price for the net delivery settlement obligation determined during the previous settlement cycle as the starting price.

(ii) Collateral Coupon Payment. The Outstanding Exposure Settlement for Cash Treasury Transactions includes a collateral coupon component. For delivery settlement obligations of Cash Treasury Transactions, if a failure has occurred on a collateral delivery scheduled on or before the date of record for a coupon payment date, where a coupon payment is made on collateral yet to be delivered by the Member or User who has failed to deliver the collateral, the Corporation shall debit the amount of any coupon payment from the relevant Account that has failed to deliver the collateral, and credit the amount of any coupon payment to the Account that was failed against in the delivery of the collateral, as determined by the Corporation.

(iii) Price Alignment Amount. The Price Alignment Amount component for a Cash Treasury Transaction is calculated in the same manner as explained in Rule 1505(b)(iv) with respect to Clear to Deliver Transactions.

(iv) Maturity Adjustment. For Cash Treasury Transactions, if collateral is held to maturity before it can be delivered, which results in the redemption of the securities upon

maturity, a maturity adjustment will be made. The maturity adjustment will be calculated as the difference between the scheduled settlement value of the securities to be delivered to the Account that is the scheduled purchaser of the securities, and the amount of the redemption of the securities paid to the Account that is scheduled to deliver the securities.

(v) Transfer Cash. Outstanding Exposure Settlement for Cash Treasury Transactions may include a transfer cash component. The transfer cash can originate on transfers or other atypical transactions, such as those originating from managing a Default. The transfer cash may also be inclusive of other miscellaneous cash adjustment amounts.

(d) Outstanding Exposure Settlement for Clear to Hold Transactions. For Clear to Hold Transactions, Outstanding Exposure Settlement shall include the components determined pursuant to the procedures of the relevant Securities Settlement Bank(s) that operates the service for Clear to Hold Transactions, including settlement variation and those components listed in subparagraphs (i)-(~~iii~~v) below, and shall be calculated in the manner established by such Securities Settlement Bank(s). For Clear to Hold Transactions, Eligible Securities or cash may be delivered as Outstanding Exposure Settlement~~,~~ subject to applicable procedures of the Corporation and the Corporation's Securities Settlement Bank(s), and Eligible Securities that are of a different maturity from the Eligible Securities initially delivered to settle such transactions may be delivered as long as they comply with the specifications of the General Collateral Bucket as indicated on the original transaction.

(i) For Clear to Hold Transactions for which Haircut Collateral is delivered, the Haircut Collateral amount will be used in the calculation of Outstanding Exposure Settlement to determine any deficit.

(ii) The Outstanding Exposure Settlement for Clear to Hold Transactions includes the repo rate accrual. The daily repo rate accrual is collected from a Member or User that is a funds borrower, and the daily repo rate accrual is paid to a Member or User that is a funds lender, or in the event of negative repo rates, the daily repo rate accrual is collected from a Member or User that is a funds lender, and the daily repo rate accrual is paid to a Member or User that is a funds borrower.

(iii) The Outstanding Exposure Settlement for Clear to Hold Transactions includes coupon payments. Where a coupon payment is made on collateral deposited as the securities leg of a Clear to Hold Transaction, any such coupon payment from the relevant Account of the funds lender is transferred to the relevant Account of the funds borrower.

(iv) Except as otherwise permitted by the Corporation and applicable procedures of the relevant Securities Settlement Bank, the Settlement Variation

component of Outstanding Exposure Settlement for Clear to Hold Transactions shall be exchanged at least twice daily in the form of Eligible Securities collateral and at times that coincide with the processing of Outstanding Exposure Settlement for Clear to Deliver Transactions and Cash Treasury Transactions set forth in Rule 508(c)(i) and (ii).

(v) Outstanding Exposure Settlement for Clear to Hold Transactions that are subject to a delivery failure, default management or transfers may include a transfer cash component or other miscellaneous cash adjustment amount to be paid or collected, at the Corporation's instruction and on the timelines consistent with the Clear to Deliver timeline for settling Outstanding Exposure Settlement, through a Bank or a Securities Settlement Bank designated by the Corporation.

(e) Additional Information Included in Daily Margin Report. The Daily Margin Report will indicate additional information beyond the items specified in Rule 508, including but not limited to the amounts to be paid or received, as applicable, for any settlement variation, repo rate accrual, collateral coupon payments, Price Alignment Amount, and maturity adjustments for collateral that expires before securities settlement.

(f) Intraday Clearing Cycle. During the intraday clearing cycle on each Business Day as described in Rule 508(c):

(i) For Clear to Deliver Transactions and Cash Treasury Transactions, Outstanding Exposure Settlement will be exchanged ~~and will only be inclusive of~~ in cash, unless otherwise determined or permitted by the Corporation, will include the settlement variation calculation as detailed in this Rule 1505 and may include other cash adjustments as determined by the Corporation, including repo rate accrual adjustments in special cases involving the transfer or close out of relevant transactions.

(ii) For Clear to Hold Transactions, Outstanding Exposure Settlement, including transfers of securities, will follow the Outstanding Exposure Settlement procedures for the Securities Settlement Bank(s) as indicated in Rule 1505(~~c~~d).

Rule 1506. Eligible Securities ~~Security~~ Transaction Fails

(a) General. A Member's or User's failure to deliver Qualified Securities to the Corporation to settle a novated Eligible Securities Transaction, by itself, shall not be grounds for the Corporation to declare a Default pursuant to Rule 902; however, the Corporation, in its discretion, may determine that a Member's or User's repeated failure to deliver securities to settle novated Eligible Securities Transactions is grounds for the Corporation to declare a Default with respect to such Member or User pursuant to Rule 902.

(b) Start Leg Repo Transaction Fails. If a Member or a User fails to deliver Eligible Securities in satisfaction of its Repo Transaction settlement obligations with respect to the Start Leg of a Repo Transaction, the Corporation will:

(i) for Clear to Deliver Transactions, allocate the fail to one or more Member(s) or User(s) that are entitled to receive the Eligible Securities from the Member(s) or User(s) that failed, and for Clear to Hold Transactions, allocate the fail to one or more Member(s) or User(s) that are entitled to receive securities in the same General Collateral Bucket that the failing Member or failing User was obligated to deliver;

(ii) assess against the failing Member or User the repo rate based on the full delivery obligation; and

(iii) for Clear to Deliver Transactions, assess against the failing Member or User a fail charge as determined by the Corporation for each day that such Member or User fails to deliver Eligible Securities.

(c) Off Leg Repo Transaction Fails. If a Member or a User fails to deliver Eligible Securities in satisfaction of its Repo Transaction settlement obligations with respect to the Off Leg of a Repo Transaction, the Corporation will:

(i) allocate the fail to one or more Member(s) or User(s) that are entitled to receive the same Eligible Securities that the failing Member or failing User was obligated to deliver, and

(ii) for Clear to Deliver Transactions, assess against the failing Member or User a fail charge as determined by the Corporation for each day that such Member or User fails to deliver Eligible Securities.

(d) Cash Treasury Transaction Fails. If a Member or a User fails to deliver Eligible Securities in satisfaction of its Cash Treasury Transaction settlement obligations, the Corporation will:

(i) allocate the fail to one or more Member(s) or User(s) that are entitled to receive the Eligible Securities from the Member(s) or User(s) that failed; and

~~(ii) assess against the failing Member or User the repo rate based on the full delivery obligation; and~~

(ii) ~~(iii)~~ assess against the failing Member or User a fail charge as determined by the Corporation for each day that such Member or User fails to deliver Eligible Securities.

(e) Corporation Obligations. If a Member or User completely fails to satisfy its obligation to deliver Eligible Securities to settle a Repo Transaction or a Cash Treasury Transaction, the Corporation shall not be obligated to deliver such Eligible Securities to the Member or User allocated the fail until the Business Day on which the Corporation has received such Eligible Securities from the failing Member or User. Where the Corporation does not deliver Eligible Securities to the Member or User allocated the fail to settle the Start Leg of a Repo Transaction due to a settlement failure, the Member or User shall have no obligation to deliver Eligible Securities to the Corporation on the portion of the Off Leg of such Repo Transaction that was subject to settlement failure.

(f) Fail Charges. If a non-Defaulting Member or a non-Defaulting User fails to deliver Eligible Securities in satisfaction of its settlement obligations for ~~Repo~~ Clear to Deliver Transactions or Cash Treasury Transactions, the Corporation shall assess against the failing Member or User a fail charge as determined by the Corporation for each day that such Member or User fails to deliver Eligible Securities. The Corporation will pay collected fail charges for Clear to Deliver Transactions or Cash Treasury Transactions pro rata to the Members or Users to which the Corporation allocates the fail. If a Defaulting Member or Defaulting User does not pay a fail charge owed to the Corporation, the Member(s) or User(s) entitled to receive the fail charge proceeds will have such proceeds reduced pro rata by the Defaulting Member or Defaulting User's unpaid amount.

(g) Partial Deliveries.

(i) Clear to Deliver Transactions; Cash Treasury Transactions. ~~In the event that a Member or User fails in part to satisfy its obligation to deliver Eligible Securities to settle a Repo Transaction or a Cash Treasury Transaction, the Corporation, in its sole discretion and when it has received written agreement from the Participant(s) to whom the Corporation will onward deliver the securities, may allow for a partial delivery of an obligation; provided that such partial deliveries comply with Corporation Rules and the rules, policies, procedures and practices of the relevant Securities Settlement Bank(s) and Bank(s) used to settle such obligations such as by satisfying one or more exact expected delivery amounts of a total larger delivery obligation, as dictated by the Daily Settlement Report.~~ If a Member or User delivers Eligible Securities in an amount that partially satisfies its obligation to deliver Eligible Securities to settle a Clear to Deliver ~~Repo~~ Transaction or a Cash Treasury Transaction, in accordance with the provisions of Rule 1504(f)(viii)(B) (x) the Corporation shall deliver such Eligible Securities to the

Member or User allocated the fail, (y) the failing Member or failing User will receive cash equal to the value of Eligible Securities delivered, and (z) the failing Member or failing User will be assessed a fail charge based on the size of the unsatisfied delivery obligation. If a Member or User partially fails to satisfy its obligation to deliver Eligible Securities to settle the Start Leg or Off Leg of a Clear to Deliver ~~Repo~~ Transaction or a Cash Treasury Transaction, the Corporation's obligation to deliver Eligible Securities to the Member or User allocated the fail shall be reduced by the amount of the failing Member's or failing User's unsatisfied delivery obligation, until the Business Day on which the Corporation has received such Eligible Securities from the failing Member or User. If the Corporation delivers Eligible Securities to the Member or User allocated the fail to settle the Start Leg of a Repo Transaction in an amount that partially satisfies the Member's or User's securities receipt entitlement with respect to such Repo Transaction, the Member's or User's obligation to deliver Eligible Securities to the Corporation on the Off Leg of such Repo Transaction shall be reduced by the amount of the Member's or User's unsatisfied securities receipt entitlement.

(ii) Clear to Hold Transactions. In the event that a Member or User fails in part to satisfy its obligation to deliver Eligible Securities to settle the Start Leg of a Clear to Hold Transaction, the Corporation will allow for partial delivery of an obligation; provided that such partial deliveries comply with the rules, policies, procedures and practices of the Corporation and the relevant Securities Settlement Bank(s) and Bank(s) used to settle such obligations. If a Member or User delivers Eligible Securities in an amount that partially satisfies its obligation to deliver Eligible Securities to settle the Start Leg of a Clear to Hold Transaction, (x) the Corporation shall deliver such Eligible Securities to the Member or User allocated the fail, and (y) the failing Member or failing User will receive cash equal to the value of Eligible Securities delivered. If a Member or User partially fails to satisfy its obligation to deliver Eligible Securities to settle the Start Leg of a Clear to Hold Transaction, the Corporation's obligation to deliver Eligible Securities to the Member or User allocated the fail shall be reduced by the amount of the failing Member's or failing User's unsatisfied delivery obligation, until the Business Day on which the Corporation has received such Eligible Securities from the failing Member or User. If the Corporation delivers Eligible Securities to the Member or User allocated the fail to settle the Start Leg of a Clear to Hold Transaction in an amount that partially satisfies the Member's or User's securities receipt entitlement with respect to such Repo Transaction, the Member's or User's obligation to deliver Eligible Securities to the Corporation on the Off Leg of such Repo Transaction shall be reduced by the amount of the Member's or User's unsatisfied securities receipt entitlement.

(h) Corporation Buy-in; Clear to Deliver Transactions and Cash Treasury Transactions.

With respect to Cash Treasury Transactions and/or Clear to Deliver Transactions:

(i) The Corporation shall be permitted at any time to buy in a Member or User that has failed to satisfy its obligations to deliver Eligible Securities to the Corporation. In such a scenario, the Corporation will issue a notice to the failing Member or User ("Notice of Buy-In"). The Notice of Buy-In shall state that the Corporation is purchasing collateral to satisfy its settlement obligations. After purchasing the collateral, the Corporation will pay to the failing Member or User cash equal to the amount by which the market value of the collateral purchased, plus any reasonable transaction fees incurred in making such purchase, were less than the amount of cash transferred to the Corporation. If the market value of the collateral purchased in effecting the buy-in, plus any reasonable transaction fees incurred in making such purchase, is greater than the amount of cash ~~loaned to~~ owed by the Corporation, the failing Member or User shall settle the buy-in by paying such difference to the Corporation in cash.

(ii) A Member or User to whom a fail has been allocated may submit a buy-in request to the Corporation not earlier than one (1) day after such allocation has been made upon notice to the Corporation of the Member's or User's intention to buy in the failed securities delivery ("Notice of Intention to Buy In"). The Notice of Intention to Buy In shall state that the Member or User is purchasing collateral and must represent that it shall effect the buy-in at prevailing market prices. The Corporation shall transmit its acceptance or rejection of the Notice of Intention to Buy In to the submitting Member or User. The Corporation shall have the sole discretion to accept or reject the Notice of Intention to Buy In.

(iii) A Member or User that effects a buy-in must notify the Corporation of the price at which the securities were purchased promptly thereafter. If the Corporation accepts the Notice of Intention to Buy In, the Corporation shall settle such buy-in no later than the next Business Day after such acceptance. The Corporation shall settle the buy-in of a Member or User by delivering to the Member's or User's settlement account at the Member's or User's Settlement Bank cash equal to the amount by which the market value of the collateral purchased, plus any reasonable transaction fees incurred in making such purchase, exceed the amount of cash ~~borrowed from~~ owed by the Corporation. If the market value of the collateral purchased in effecting the buy-in, plus any reasonable transaction fees incurred in making such purchase, is less than the amount of cash ~~borrowed from~~ owed by the Corporation, the Member or User that ~~was~~ is the ~~cash borrower~~

failing party shall settle the buy-in by delivering such difference in cash to the Corporation's settlement account at the Corporation's Securities Settlement Bank(s).

(iv) As an alternative to the settlement procedure in Rule 1506(h)(iii), the Member or User may submit a request to the Corporation to effect a cash settlement by giving the Corporation credit for the cash retained by the Member or User against the value of the securities that the failing Member or failing User failed to deliver. Such value shall be determined based on the price of the securities on the date of such notice, where the price has been obtained from a generally recognized source utilized by the Corporation. A Member or User that effects a cash settlement must notify the Corporation of the value of the securities promptly thereafter. On the first Business Day after the Corporation receives such notice, the Corporation shall ~~pay such~~ collect from the failing Member or failing User, and pay to the non-failing Member or User, any reasonable loss or cost, as determined by the Corporation, incurred in connection with such cash settlement, and such non-failing Member or User shall pay the Corporation any profit or gain made in connection therewith.