

**Bold and underlined text** indicates proposed added language

~~**Bold and strikethrough text**~~ indicates proposed deleted language

**FIXED INCOME CLEARING CORPORATION**  
**GOVERNMENT SECURITIES DIVISION RULEBOOK**

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**RULE 3A—SPONSORING MEMBERS AND SPONSORED MEMBERS**

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Section 17 —Other Applicable Rules, Schedules, Interpretations and Statements

(a) **Rule 22D (Wind-down of the Corporation)**, Rule 27 (Admission to Premises of the Corporation, Powers of Attorney, Etc.), Rule 28 (Forms), Rule 29 (Release of Clearing Data), Rule 30 (Lists to be Maintained), Rule 31 (Distribution Facilities), Rule 32 (Signatures), Rule 33 (Procedures), Rule 34 (Insurance), Rule 35 (Financial Reports), Rule 36 (Rule Changes), Rule 37 (Hearing Procedures), Rule 38 (Governing Law and Captions), Rule 39 (Limitations of Liability), Section 3 of Rule 40 (General Provisions), Rule 41 (Cross-Guaranty Agreements), Rule 42 (Suspension of Rules), Rule 44 (Action by the Corporation), Rule 45 (Notices), Rule 46 (Interpretation of Terms), Rule 47 (Interpretation of Rules), ~~and~~ Rule 48 (Disciplinary Proceedings), **and Rule 50 (Market Disruption and Force Majeure)** shall apply to, or with respect to, Sponsored Members and Sponsoring Members.

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**RULE 3B – CENTRALLY CLEARED INSTITUTIONAL TRIPARTY SERVICE**

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Section 17 – Other Applicable Rules, Schedules, Interpretations and Statements

(a) Rule 1 (Definitions), Rule 22B (Corporation Default), Rule 22C (Interpretation in Relation to the Federal Deposit Insurance Corporation Act of 1991), **Rule 22D (Wind-down of the Corporation)**, Rule 23 (Fine Payments), Rule 25 (Bills Rendered), Rule 27 (Admission to Premises of the Corporation, Powers of Attorney, Etc.), Rule 28 (Forms), Rule 29 (Release of Clearing Data), Rule 31 (Distribution Facilities), Rule 32 (Signatures), Rule 33 (Procedures), Rule 34 (Insurance), Rule 35 (Financial Reports), Rule 36 (Rule Changes), Rule 37 (Hearing Procedures), Rule 38 (Governing Law and Captions), Rule 39 (Limitations of Liability), Rule 40 (General Provisions), Rule 41 (Cross Guaranty Agreements), Rule 42 (Suspension of Rules),

Rule 44 (Action by the Corporation), Rule 45 (Notices), Rule 46 (Interpretation of Terms), Rule 47 (Interpretation of Rules) ~~and~~, Rule 48 (Disciplinary Proceedings), and Rule 50 (Market Disruption and Force Majeure) shall apply to CCIT Members with respect to CCIT Transactions in the same way as these provisions apply to Netting Members.

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## **RULE 13 - FUNDS-ONLY SETTLEMENT**

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### Section 4 – Funds-Only Settling Bank Members

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(1) In addition to this Rule 13 and applicable provisions of Rule 1, the following Rules and any relevant schedules cited therein shall apply to Funds-Only Settling Bank Members in the same manner as they apply to Netting Members: Rule 22D (Wind-down of the Corporation), Rule 29 (Release of Clearing Data), Rule 32 (Signatures), Rule 33 (Procedures), Rule 36 (Rule Changes), Rule 37 (Hearing Procedures), Rule 38 (Governing Law and Captions), Rule 39 (Limitations of Liability), Rule 42 (Suspension of Rules), Rule 44 (Action by the Corporation), Rule 45 (Notices), Rule 46 (Interpretation of Terms), Rule 47 (Interpretation of Rules) ~~and~~, Rule 48 (Disciplinary Proceedings), and Rule 50 (Market Disruption and Force Majeure).

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## **RULE 22D - WIND-DOWN OF THE CORPORATION**

### Section 1. Defined Terms

**(a) For purposes of this Rule 22D:**

**“Bridge Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).**

**“Business” means the Critical Services and any Non-Critical Services of the Corporation included in a Transfer.**

**“Comparability Period” means a period of time following the Transfer, to be agreed between the Corporation and a Transferee, during which the Business transferred from the Corporation to the Transferee shall be operated by the Transferee in a manner comparable to the manner in which the Business was previously operated by the Corporation, as more specifically set forth in Section 9 of this Rule 22D.**

**“Corporation Default Rule” means Rule 22B of the Rules of the Government Securities Division of the Corporation.**

**“Critical Services” means the services of the Corporation described in the Rules and Procedures of the Government Securities Division of the Corporation and the rules, procedures and other regulations of the Mortgage-Backed Securities Division of the Corporation that have been identified as critical services in the Recovery and Wind-down Plan.**

**“Delinquent Limited Member” means a Limited Member that is delinquent in the performance of any of its obligations to the Corporation (as determined by the Corporation).**

**“Delinquent Member” means a Member that is delinquent in the performance of any of its obligations to the Corporation (as determined by the Corporation).**

**“DTCC” means The Depository Trust & Clearing Corporation.**

**“Eligible Limited Member” means a Limited Member other than a Non-Eligible Limited Member.**

**“Eligible Member” means a Member other than a Non-Eligible Member.**

**“Failover Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).**

**“Guaranteed Transaction” means a transaction that is processed through the facilities of the Government Securities Division of the Corporation that has been subject to Novation.**

**“Last Settlement Date” has the meaning given to such term in Section 2(c)(3) of this Rule 22D.**

**Last Transaction Acceptance Date” has the meaning given to such term in Section 2(c)(2) of this Rule 22D.**

**“Limited Member” means a Comparison-Only Member, Sponsored Member or CCIT Member of the Government Securities Division of the Corporation or a Comparison-Only Member, Sponsored Member or CCIT Member of the Government Securities Division of the Transferee, as the context requires.**

**“Limited Member Agreement” means the form of agreement between a Limited Member and the Corporation or between a Limited Member and the Transferee, as the context requires, providing, inter alia, for the Limited Member to be bound by the Rules and Procedures of the Government Securities Division of the Corporation or the Rules and Procedures of the**

Government Securities Division of the Transferee, as applicable to such Limited Member.

“Member” means a Netting Member or Sponsoring Member of the Government Securities Division of the Corporation or a Netting Member or Sponsoring Member of the Government Securities Division of the Transferee, as the context requires.

“Member Agreement” means the form of agreement between a Member and the Corporation or between a Member and the Transferee, as the context requires, providing, inter alia, for the Member to be bound by the Rules and Procedures of the Government Securities Division of the Corporation or the Rules and Procedures of the Government Securities Division of the Transferee, as applicable to such Member.

“Non-Critical Services” means the services of the Corporation described in the Rules and Procedures of the Government Securities Division of the Corporation and the rules, procedures and other regulations of the Mortgage-Backed Securities Division of the Corporation other than the Critical Services.

“Non-Eligible Limited Member” means a Limited Member that is a Delinquent Limited Member or Withdrawing Limited Member.

“Non-Eligible Member” means a Member that is a Delinquent Member or Withdrawing Member.

“Recovery and Wind-down Plan” means the plan for the recovery and orderly wind-down of the Corporation necessitated by credit losses, liquidity shortfalls, losses from general business risk or any other losses, adopted by the Corporation pursuant to Rule 17Ad-22(e)(3)(ii) under the Exchange Act.

“Recovery Plan” means the portion of the Recovery and Wind-down Plan addressing recovery.

“Risk Reducing Transaction” means a Guaranteed Transaction that offsets one or more other Guaranteed Transactions, and thereby reduces the potential exposure of the Corporation with respect to such Guaranteed Transactions.

“Rules and Procedures” means the Rules and Procedures of the Government Securities Division of the Corporation or the Rules and Procedures of the Government Securities Division of the Transferee, as the context requires.

“Settling Bank” means a Funds-Only Settling Bank or Funds-Only Settling Bank Member for Members and Limited Members of the Government Securities Division of the Corporation or a Funds-Only Settling Bank or Funds-Only Settling Bank Member for Members and Limited Members of

the Government Securities Division of the Transferee, as the context requires.

“Settling Bank Agreement” means the form of agreement between a Settling Bank and the Corporation or between a Settling Bank and the Transferee, as the context requires, providing, inter alia, for the Settling Bank to be bound by the Rules and Procedures of the Government Securities Division of the Corporation or the Rules and Procedures of the Government Securities Division of the Transferee, as applicable to such Settling Bank.

“Third Party Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).

“Transfer” means a transfer of the Business of the Corporation pursuant to the Wind-down Plan.

“Transferee” means an entity to which the Business of the Corporation is transferred pursuant to the Wind-down Plan, and may include (i) a failover entity established by DTCC (a “Failover Entity”), (ii) a then-existing or newly-established third party entity (a “Third Party Entity”) or (iii) a bridge entity formed to operate the Business on an interim basis (a “Bridge Entity”). The Transferee shall be an entity that is legally, financially and operationally qualified to continue to operate the Business that is to be transferred from the Corporation to the Transferee.

“Transferee Documents” means the Rules and Procedures, Member Agreement, Limited Member Agreement and Settling Bank Agreement of the Government Securities Division of the Transferee.

“Transfer Notice” has the meaning given to such term in Section 3 of this Rule 22D.

“Transfer Time” has the meaning given to such term in Section 2(c)(1) of this Rule 22D.

“Wind-down Plan” means the portion of the Recovery and Wind-down Plan addressing wind-down.

“Withdrawing Limited Member” means a Limited Member of the Government Securities Division of the Corporation that has given notice to the Corporation of its election to withdraw as a Limited Member but that, at the Transfer Time, has not yet ceased to be a Limited Member (as determined by the Corporation).

“Withdrawing Member” means a Member of the Government Securities Division of the Corporation that has given notice to the Corporation of its election to withdraw as a Member but that, at the Transfer Time, has not yet ceased to be a Member (as determined by the Corporation).

- (b) Capitalized terms that are used in this Rule 22D but not defined in Section 1(a) above shall have the meanings given to such terms in other Rules and Procedures of the Government Securities Division of the Corporation.**

**Section 2. Initiation of Wind-down Plan**

- (a) The Board of Directors may authorize the initiation of the Wind-down Plan and a transfer of the Business from the Corporation to a Transferee if the Board of Directors determines, in the exercise of its business judgment and subject to its fiduciary duties:**

- (1) that the application of some or all of the recovery tools set forth in the Recovery Plan, necessitated by credit losses, liquidity shortfalls, losses from general business risk or any other losses:**

- A. has not restored the Corporation to viability as a going concern, able to continue to provide its Critical Services to Members and Limited Members of the Government Securities Division of the Corporation and Mortgage-Backed Securities Division Participants in a safe and efficient manner; or**
- B. will not likely restore the Corporation to viability as a going concern, able to continue to provide its Critical Services to Members and Limited Members of the Government Securities Division of the Corporation and Mortgage-Backed Securities Division Participants in a safe and efficient manner; and**

- (2) that the implementation of the Wind-down Plan and a Transfer of the Business from the Corporation to a Transferee is in the best interests of the Corporation, its shareholders and creditors, Members and Limited Members of the Government Securities Division of the Corporation, Mortgage-Backed Securities Division Participants and the US financial markets.**

- (b) The Board of Directors shall identify:**

- (1) the Critical Services and any Non-Critical Services that shall be transferred from the Corporation to the Transferee at the Transfer Time; and**

- (2) any Non-Critical Services that shall not be transferred from the Corporation to the Transferee.**

**The Critical Services and any Non-Critical Services that are transferred from the Corporation to the Transferee at the Transfer Time shall be provided by the Transferee following the Transfer Time. Any Non-Critical Services that are not transferred from the Corporation to the Transferee shall be terminated at the Transfer Time.**

**(c) The Board of Directors shall establish:**

- (1) the date and time (the “Transfer Time”) of the Transfer;**
- (2) the last day that transactions may be submitted to the Government Securities Division of the Corporation for processing (the “Last Transaction Acceptance Date”); and**
- (3) the last day that transactions submitted to the Government Securities Division of the Corporation for processing will be settled (the “Last Settlement Date”).**

**The Government Securities Division of the Corporation shall not accept any transactions (i) for processing after the Last Transaction Acceptance Date or (ii) which have a Scheduled Settlement Date that occurs after the Last Settlement Date. All transactions to be processed and/or settled after the Transfer Time shall be submitted to the Government Securities Division of the Transferee in accordance with the Rules and Procedures of the Government Securities Division of the Transferee, and the Corporation shall have no responsibility for such transactions.**

**(d) To the extent that the Board of Directors deems it to be practicable based on the available resources of the Corporation, the Board of Directors may provide for pending transactions to be run off and settled prior to the Transfer Time, with the objective of facilitating the settlement of transactions in the ordinary course. In furtherance of this objective, so long as a Corporation Default has not occurred, the Board of Directors may provide for how such transactions accepted by the Government Securities Division of the Corporation on or prior to the Last Transaction Acceptance Date shall be processed and settled, including:**

- (1) whether such transactions must be Risk Reducing Transactions; and**
- (2) whether such transactions will be processed (i) in the ordinary course or (ii) in accordance with any special or exception processing procedures that will apply through the close of business on the Last Settlement Date.**

**Section 3. Notice of Transfer of the Business**

**If the Board of Directors determines to implement a Transfer of the Business from the Corporation to a Transferee in accordance with this Rule 22D and the terms and conditions of the Wind-down Plan, the Corporation shall, in such manner as may be provided by the Rules and Procedures of the Government Securities Division of the Corporation and subject to any required regulatory or judicial approval or consent:**

- (a) provide Members, Limited Members and Settling Banks with a notice (a “Transfer Notice”) setting forth:**

- (1) the decision taken by the Board of Directors to Transfer the Business from the Corporation to the Transferee and a brief statement of the reasons therefor;**
  - (2) the name of the Transferee and basic information about the Transferee;**
  - (3) a description of the material financial and operational terms of the Transfer;**
  - (4) the (i) Transfer Time, (ii) Last Transaction Acceptance Date and (iii) Last Settlement Date;**
  - (5) a summary of the matters described in Sections 4 through 8 of this Rule 22D;**
  - (6) a list setting forth (i) which Members and Limited Members are Eligible Members and Limited Members and (ii) which Members and Limited Members are Non-Eligible Members and Limited Members; and**
  - (7) a list setting forth (i) the Critical Services and any Non-Critical Services that will be transferred from the Corporation to the Transferee at the Transfer Time and (ii) any Non-Critical Services that will not be transferred from the Corporation to the Transferee; and**
- (b) make available to Members, Limited Members and Settling Banks a copy of the Transferee Documents.**

**No delay or failure on the part of the Corporation to provide a Transfer Notice or make available a copy of the Transferee Documents to any Member, Limited Member or Settling Bank shall alter the timing or effectiveness of the Transfer. The Corporation shall also furnish the Transfer Notice and a copy of the Transferee Documents to its regulators.**

**Section 4. Transfer of Members, Limited Members and Settling Banks**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, at the Transfer Time, by operation of this Rule 22D and with no further action required by any party;**

- (a) each Eligible Member of the Government Securities Division of the Corporation shall become (i) a Member of the Government Securities Division of the Transferee and (ii) a party to a Member Agreement with the Transferee;**



- (b) each Eligible Limited Member of the Government Securities Division of the Corporation shall become (i) a Limited Member of the Government Securities Division of the Transferee and (ii) a party to a Limited Member Agreement with the Transferee; and**
- (c) each Settling Bank for Members and Limited Members of the Government Securities Division of the Corporation shall become (i) a Settling Bank for Members and Limited Members of the Government Securities Division of the Transferee and (ii) a party to a Settling Bank Agreement with the Transferee.**

**Section 5. Status of Members, Limited Members and Settling Banks**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, from and after the Transfer Time:**

- (a) An Eligible Member of the Government Securities Division of the Corporation that has become a Member of the Government Securities Division of the Transferee shall have all of the rights and be subject to all of the obligations of a Member set forth in the Rules and Procedures of the Government Securities Division of the Transferee, including the legal, financial, operational and collateral requirements of the Government Securities Division of the Transferee applicable to such Member.**
- (b) An Eligible Limited Member of the Government Securities Division of the Corporation that has become a Limited Member of the Government Securities Division of the Transferee shall have all of the rights and be subject to all of the obligations of a Limited Member set forth in the Rules and Procedures of the Government Securities Division of the Transferee, including the legal, financial and operational requirements of the Government Securities Division of the Transferee applicable to such Limited Member.**
- (c) A Settling Bank for Members and Limited Members of the Government Securities Division of the Corporation that has become a Settling Bank for Members and Limited Members of the Government Securities Division of the Transferee shall have all of the rights and be subject to all of the obligations of a Settling Bank set forth in the Rules and Procedures of the Government Securities Division of the Transferee, including the operational requirements of the Government Securities Division of the Transferee applicable to such Settling Bank.**

**Section 6. Right of Non-Eligible Members and Limited Members to Apply to the Transferee**

**Nothing contained in this Rule 22D shall:**

- (a) preclude a Non-Eligible Member of the Government Securities Division of the Corporation from applying after the Transfer Time to become a Member of the Government Securities Division of the Transferee in accordance with such eligibility requirements and procedures as may be prescribed by the Transferee, but such Non-Eligible Member shall not have the benefit of the automatic admission arrangements provided in Section 4(a) of this Rule 22D; or**
- (b) preclude a Non-Eligible Limited Member of the Government Securities Division of the Corporation from applying after the Transfer Time to become a Limited Member of the Government Securities Division of the Transferee in accordance with such eligibility requirements and procedures as may be prescribed by the Transferee, but such Non-Eligible Limited Member shall not have the benefit of the automatic admission arrangements provided in Section 4(b) of this Rule 22D.**

**Section 7. Right to Withdraw from the Transferee**

**Nothing contained in this Rule 22D shall:**

- (a) preclude an Eligible Member of the Government Securities Division of the Corporation that has become a Member of the Government Securities Division of the Transferee pursuant to Section 4(a) of this Rule 22D from electing to withdraw as a Member from the Government Securities Division of the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Government Securities Division of the Transferee;**
- (b) preclude an Eligible Limited Member of the Government Securities Division of the Corporation that has become a Limited Member of the Government Securities Division of the Transferee pursuant to Section 4(b) of this Rule 22D from electing to withdraw as a Limited Member from the Government Securities Division of the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Government Securities Division of the Transferee; or**
- (c) preclude a Settling Bank for Members and Limited Members of the Government Securities Division of the Corporation that has become a Settling Bank for Members and Limited Members of the Government Securities Division of the Transferee pursuant to Section 4(c) of this Rule 22D from electing to withdraw as a Settling Bank from the Government Securities Division of the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Government Securities Division of the Transferee.**

**Section 8. Disposition of Pending Transactions**

**At the Transfer Time, any pending transactions shall be treated as provided in the Corporation Default Rule.**

**Section 9. Certain Ex Ante Matters**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, with respect to the Critical Services and any Non-Critical Services that are transferred from the Corporation to the Transferee, for at least the duration of the Comparability Period, in order to facilitate a smooth Transfer of the Business from the Corporation to the Transferee:**

- (a) the Rules and Procedures, Member Agreement, Limited Member Agreement and Settling Bank Agreement of the Government Securities Division of the Transferee shall be comparable in substance and effect to the Rules and Procedures, Member Agreement, Limited Member Agreement and Settling Bank Agreement of the Government Securities Division of the Corporation;**
- (b) the rights and obligations of Members, Limited Members and Settling Banks under the Rules and Procedures of the Government Securities Division of the Transferee shall be comparable in substance and effect to the rights and obligations of Members, Limited Members and Settling Banks under the Rules and Procedures of the Government Securities Division of the Corporation; and**
- (c) the Critical Services and any Non-Critical Services provided by the Transferee shall be provided in a manner that is comparable in substance and effect to the manner in which such Critical Services and Non-Critical Services were provided by the Corporation.**

**Section 10. Subordination of Claims**

**In the event of any insolvency of the Corporation following the commencement of any Event Period (as defined in Rule 4 of the Rules of the Government Securities Division of the Corporation), the unsecured claims (if any) of Members and Limited Members of the Government Securities Division of the Corporation that failed to pay or perform any obligation to the Corporation or elected to withdraw as Members or Limited Members from and after such time shall (i) rank pari passu with each other and (ii) be subordinate to the claims of other unsecured creditors of the Corporation.**

**Section 11. Further Assurances; Additional Powers; Miscellaneous Matters**

- (a) Members, Limited Members and Settling Banks of the Government Securities Division of the Corporation shall assist and cooperate with the Corporation to effectuate any Transfer of the Business from the Corporation to a Transferee, including without limitation (i) by complying with the terms and conditions of this Rule 22D and their obligations hereunder and (ii) by providing the Corporation and the Transferee with such financial and operational information as they may request. The Corporation may provide to a Transferee any financial and operational information it has with respect**

to Members, Limited Members and Settling Banks of the Government Securities Division of the Corporation as may be necessary and appropriate to effectuate an orderly Transfer of the Business from the Corporation to the Transferee.

- (b) The Corporation may take such other actions and enter into such other arrangements (on behalf of itself and Members, Limited Members and Settling Banks of the Government Securities Division of the Corporation) as may be necessary and appropriate to effectuate an orderly Transfer of the Business from the Corporation to a Transferee, and otherwise accomplish the purposes of the Wind-down Plan.
- (c) As a condition to receiving, and by virtue of accepting, the continuing benefits of being Members, Limited Members and Settling Banks of the Government Securities Division of the Corporation, such Members, Limited Members and Settling Banks (i) hereby expressly agree to the arrangements set forth in this Rule 22D relating to their becoming Members, Limited Members and Settling Banks, as the case may be, of the Government Securities Division of the Transferee in the circumstances described herein and (ii) hereby expressly grant to the Corporation an irrevocable power of attorney to execute and deliver on their behalf such documents and instruments as the Transferee may request for this purpose. As Members, Limited Members and Settling Banks of the Government Securities Division of the Corporation, such Members, Limited Members and Settling Banks are subject to the Rules and Procedures.
- (d) No actions taken or omitted to be taken by the Corporation pursuant to this Rule 22D shall be deemed to constitute a default by the Corporation in the performance of any of its other obligations to Members, Limited Members and Settling Banks pursuant to any other Rules and Procedures.
- (e) The Corporation shall have no liability to any Members, Limited Members or Settling Banks for any actions taken or omitted to be taken by the Corporation pursuant to this Rule 22D.
- (f) The Corporation shall have no liability to any third parties, including any customers or clients of any Members, Limited Members or Settling Banks, for any actions taken or omitted to be taken by the Corporation pursuant to this Rule 22D.
- (g) In connection with the Transfer of the Business from the Corporation to the Transferee, (i) the Corporation shall assign all of its Member Agreements, Limited Member Agreements and Settling Bank Agreements to the Transferee and (ii) the Transferee shall assume such Member Agreements, Limited Member Agreements and Settling Bank Agreements.

- (h) All rights of the Corporation that are not assigned to the Transferee in connection with the Transfer of the Business from the Corporation to the Transferee, including any claims of the Corporation against Members, Limited Members and Settling Banks arising at any time prior to the Transfer Time, shall remain rights of the Corporation, enforceable by the Corporation in accordance with their terms and subject to applicable law (including insolvency law).**
- (i) All obligations and liabilities of the Corporation that are not assigned to and assumed by the Transferee in connection with the Transfer of the Business from the Corporation to the Transferee shall remain obligations and liabilities of the Corporation, enforceable against the Corporation in accordance with their terms and subject to applicable law (including insolvency law).**
- (j) In the event of any conflict between the provisions of this Rule 22D and any other Rules and Procedures, the provisions of this Rule 22D shall prevail.**

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## **RULE 50 - MARKET DISRUPTION AND FORCE MAJEURE**

### **Section 1. Market Disruption Events**

**On the happening of any one or more of the events or circumstances set out below (each a “Market Disruption Event”) which, in any case, is likely to materially affect or has materially affected the business, operations, safeguarding of securities or funds, or physical functions of the Corporation, including performance by the Corporation of any obligations under the Rules and Procedures, the Corporation shall be entitled to take such action as is set out in this Rule 50:**

- (a) a general suspension or limitation of trading on the New York Stock Exchange, NASDAQ, or any other exchange or market relevant to the pricing or trading of securities cleared and settled through the Corporation;**
- (b) the declaration of a trading or banking moratorium in the United States or New York State;**
- (c) any international organization, the government of any nation, state, or territory, or any institution or agency thereof, or any self-regulatory organization taking action of a nature likely to affect the normal course of business, including performance by the Corporation of obligations under the Rules and Procedures;**
- (d) the unavailability, failure, malfunction, overload, or restriction (whether partial or total) of any payment, bank transfer or wire, or securities settlement system;**

- (e) the unavailability, failure, malfunction, overload, or restriction (whether partial or total) of any cash or securities depository, custodian or clearing bank, or any material variation of such depository's, custodian's or clearing bank's processing or turnaround times, whether or not occasioned by action of such depository, custodian or clearing bank; or
- (f) any Force Majeure, which shall include (without limitation) any terrorist or other criminal action, war or hostilities between any nations, national emergency, riot, civil unrest, acts of God or the public enemy, fire or other casualty, flood, accident, disaster (including any nuclear, atomic, environmental, or natural disaster), sabotage, bomb threat, labor dispute, embargo, the unavailability, failure, malfunction, or restriction of communication, computer, or data processing systems or facilities, or of software or technology, cyber attack, lack of transportation facilities, interruption (whether partial or total) of power supplies or other utility or service, or any event, situation, or circumstance beyond the reasonable control of the parties (whether or not similar to any of the foregoing), including those imminent or threatened.

## Section 2. Powers of the Corporation

If the Board of Directors or any officer of the Corporation listed below determines, in its, his, or her judgment that there is a Market Disruption Event, the Corporation shall be entitled to act (or refrain from acting) as prescribed in Section 3 of this Rule 50. To the extent practicable, the determination of the existence of a Market Disruption Event, and the actions to be taken in response thereto, shall be made by the Board of Directors at a meeting where a quorum is present and acting. However, if the Corporation is unable to convene a Board meeting promptly and timely in such event, then such determination may be made by either the Chief Executive Officer, the Chief Financial Officer, the Group Chief Risk Officer, or the General Counsel, or by any management committee on which all of the foregoing officers serves (an "Officer Market Disruption Event Action"), provided that the Corporation shall convene a Board meeting as soon as practicable thereafter (and in any event within 5 Business Days following such determination) to ratify, modify or rescind such Officer Market Disruption Event Action.

## Section 3. Authority to take Actions

Upon the determination that there is a Market Disruption Event, the Corporation shall be entitled, during the pendency of such Market Disruption Event, to:

- (a) suspend the provision of any or all services of the Corporation; and
- (b) take, or refrain from taking, or require Members (whether or not they are affected by the Market Disruption Event) to take or refrain from taking, any and all action which the Corporation considers appropriate to prevent, address, correct, mitigate or alleviate the event and facilitate the continuation of services as may be practicable, and, in that context, issue instructions to Members.

#### **Section 4. Notifications**

**4.1 Each Member shall notify the Corporation immediately upon becoming aware of any Market Disruption Event.**

**4.2 The Corporation shall promptly notify Members of any action the Corporation takes or intends to take pursuant to Section 3 of this Rule 50.**

**4.3 The Corporation shall attempt to consult with officials of the SEC prior to the Corporation taking any action pursuant to Section 3 of this Rule 50; provided, however, that the authority contained herein shall not be conditioned by such consultation.**

**The Corporation shall advise the SEC as soon as practicable by telephone, and confirmed in writing, of any action taken by the Corporation pursuant to Section 3 of this Rule 50, and a record of such writing shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Member during regular business hours on Business Days.**

**The Corporation shall also advise the SEC as soon as practicable by telephone, and confirmed in writing, at such time it determines that there is no longer a Market Disruption Event and the Corporation terminates the actions taken by the Corporation pursuant to Section 3 of this Rule 50. A record of such writing shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Member during regular business hours on Business Days.**

#### **Section 5. Certain Miscellaneous Matters**

**(a) Without limiting any other provisions in the Rules and Procedures concerning limitations on liability, none of the Corporation, its directors, officers, employees, agents, or contractors shall be liable to a Member or any other person (including any customer or client thereof) for:**

**(i) any failure, hindrance, interruption or delay in performance in whole or in part of the obligations of the Corporation under the Rules or Procedures, if that failure, hindrance, interruption or delay arises out of or relates to a Market Disruption Event; or**

**(ii) any loss, liability, damage, cost or expense arising from or relating in any way to any actions taken, or omitted to be taken, pursuant to this Rule 50.**

**(b) The power of the Corporation to take any action pursuant to this Rule 50 also includes the power to repeal, rescind, revoke, amend, or vary any such action.**

**(c) The powers of the Corporation pursuant to this Rule 50 shall be in addition to, and not in derogation of, authority granted elsewhere in the Rules and Procedures to take action as specified therein.**

**(d) In the event of any conflict between the provisions of this Rule 50 and any other Rules or Procedures, the provisions of this Rule 50 shall prevail.**

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## MORTGAGE-BACKED SECURITIES DIVISION

### CLEARING RULES

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#### RULE 3A - CASH SETTLEMENT BANK MEMBERS

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(1) In addition to the applicable provisions of these Rules where Cash Settling Bank Members are mentioned, the following Rules and any relevant schedules cited therein shall apply to Cash Settling Bank Members in the same manner as they apply to Members: **Rule 17B, “Wind-down of the Corporation,”** Rule 22, “Release of Clearing Data,” Rule 24, “Signatures,” Rule 27, “Rule Changes,” Rule 28, “Hearing Procedures,” Rule 29, “Governing Law and Captions,” Rule 30, “Limitations of Liability,” Rule 33, “Suspension of Rules in Emergency Circumstances,” Rule 34, “Action by the Corporation,” Rule 35, “Notices,” Rule 36, “Interpretation of Terms,” Rule 37, “Interpretation of Rules,” ~~and~~ Rule 38 “Disciplinary Proceedings,” **and Rule 40 “Market Disruption and Force Majeure.”**

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#### RULE 17B - WIND-DOWN OF THE CORPORATION

##### Section 1. Defined Terms

**(a) For purposes of this Rule 17B:**

**“Bridge Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).**

**“Business” means the Critical Services and any Non-Critical Services of the Corporation included in a Transfer.**

**“Comparability Period” means a period of time following the Transfer, to be agreed between the Corporation and a Transferee, during which the Business transferred from the Corporation to the Transferee shall be**



operated by the Transferee in a manner comparable to the manner in which the Business was previously operated by the Corporation, as more specifically set forth in Section 9 of this Rule 17B.

“Corporation Default Rule” means Rule 17A of the Clearing Rules of the Mortgage-Backed Securities Division of the Corporation.

“Critical Services” means the services of the Corporation described in the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation and the rules, procedures and other regulations of the Government Securities Division of the Corporation that have been identified as critical services in the Recovery and Wind-down Plan.

“Delinquent Member” means a Member that is delinquent in the performance of any of its obligations to the Corporation (as determined by the Corporation).

“DTCC” means The Depository Trust & Clearing Corporation.

“Eligible Member” means a Member other than a Non-Eligible Member.

“Failover Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).

“Guaranteed Transaction” means a transaction that is processed through the facilities of the Mortgage-Backed Securities Division of the Corporation that has been subject to Novation.

“Last Settlement Date” has the meaning given to such term in Section 2(c)(3) of this Rule 17B.

“Last Transaction Acceptance Date” has the meaning given to such term in Section 2(c)(2) of this Rule 17B.

“Limited Member” means a user of the EPN Service of the Mortgage-Backed Securities Division of the Corporation that does not use any other services of the Mortgage-Backed Securities Division of the Corporation or a user of the EPN Service of the Mortgage-Backed Securities Division of the Transferee that does not use any other services of the Mortgage-Backed Securities Division of the Transferee, as the context requires.

“Limited Member Agreement” means the form of agreement between a Limited Member and the Corporation or between a Limited Member and the Transferee, as the context requires, providing, *inter alia*, for the Limited Member to be bound by the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation or the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, as applicable to such Limited Member.

**“Member” means a Member of the Mortgage-Backed Securities Division of the Corporation (other than a Limited Member or Cash Settling Bank Member) or a Member of the Mortgage-Backed Securities Division of the Transferee (other than a Limited Member or Cash Settling Bank Member), as the context requires.**

**“Member Agreement” means the form of agreement between a Member and the Corporation or between a Member and the Transferee, as the context requires, providing, *inter alia*, for the Member to be bound by the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation or the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, as applicable to such Member.**

**“Non-Critical Services” means the services of the Corporation described in the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation and the rules, procedures and other regulations of the Government Securities Division of the Corporation other than the Critical Services.**

**“Non-Eligible Member” means a Member that is a Delinquent Member or Withdrawing Member.**

**“Recovery and Wind-down Plan” means the plan for the recovery and orderly wind-down of the Corporation necessitated by credit losses, liquidity shortfalls, losses from general business risk or any other losses, adopted by the Corporation pursuant to Rule 17Ad-22(e)(3)(ii) under the Exchange Act.**

**“Recovery Plan” means the portion of the Recovery and Wind-down Plan addressing recovery.**

**“Risk Reducing Transaction” means a Guaranteed Transaction that offsets one or more other Guaranteed Transactions, and thereby reduces the potential exposure of the Corporation with respect to such Guaranteed Transactions.**

**“Rules and Procedures” means the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation or the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, as the context requires.**

**“Settling Bank” means a Cash Settling Bank or Cash Settling Bank Member for Members of the Mortgage-Backed Securities Division of the Corporation or a Cash Settling Bank or Cash Settling Bank Member for Members of the Mortgage-Backed Securities Division of the Transferee, as the context requires.**

**“Settling Bank Agreement” means the form of agreement between a Settling Bank and the Corporation or between a Settling Bank and the Transferee, as**

the context requires, providing, *inter alia*, for the Settling Bank to be bound by the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation or the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, as applicable to such Settling Bank.

“Third Party Entity” has the meaning given to such term in the definition of “Transferee” in this Section 1(a).

“Transfer” means a transfer of the Business of the Corporation pursuant to the Wind-down Plan.

“Transferee” means an entity to which the Business of the Corporation is transferred pursuant to the Wind-down Plan, and may include (i) a failover entity established by DTCC (a “Failover Entity”), (ii) a then-existing or newly-established third party entity (a “Third Party Entity”) or (iii) a bridge entity formed to operate the Business on an interim basis (a “Bridge Entity”). The Transferee shall be an entity that is legally, financially and operationally qualified to continue to operate the Business that is to be transferred from the Corporation to the Transferee.

“Transferee Documents” means the Rules and Procedures, Member Agreement, Limited Member Agreement and Settling Bank Agreement of the Mortgage-Backed Securities Division of the Transferee.

“Transfer Notice” has the meaning given to such term in Section 3 of this Rule 17B.

“Transfer Time” has the meaning given to such term in Section 2(c)(1) of this Rule 17B.

“Wind-down Plan” means the portion of the Recovery and Wind-down Plan addressing wind-down.

“Withdrawing Member” means a Member of the Mortgage-Backed Securities Division of the Corporation that has given notice to the Corporation of its election to withdraw as a Member but that, at the Transfer Time, has not yet ceased to be a Member (as determined by the Corporation).

- (b)** Capitalized terms that are used in this Rule 17B but not defined in Section 1(a) above shall have the meanings given to such terms in other Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation.

## Section 2. Initiation of Wind-down Plan

- (a)** The Board of Directors may authorize the initiation of the Wind-down Plan and a transfer of the Business from the Corporation to a Transferee if the

**Board of Directors determines, in the exercise of its business judgment and subject to its fiduciary duties:**

- (1) that the application of some or all of the recovery tools set forth in the Recovery Plan, necessitated by credit losses, liquidity shortfalls, losses from general business risk or any other losses:**
  - (A) has not restored the Corporation to viability as a going concern, able to continue to provide its Critical Services to Members and Limited Members of the Mortgage-Backed Securities Division of the Corporation and Government Securities Division Members in a safe and efficient manner; or**
  - (B) will not likely restore the Corporation to viability as a going concern, able to continue to provide its Critical Services to Members and Limited Members of the Mortgage-Backed Securities Division of the Corporation and Government Securities Division Members in a safe and efficient manner; and**
- (2) that the implementation of the Wind-down Plan and a Transfer of the Business from the Corporation to a Transferee is in the best interests of the Corporation, its shareholders and creditors, Members and Limited Members of the Mortgage-Backed Securities Division of the Corporation, Government Securities Division Members and the US financial markets.**

**(b) The Board of Directors shall identify:**

- (1) the Critical Services and any Non-Critical Services that shall be transferred from the Corporation to the Transferee at the Transfer Time; and**
- (2) any Non-Critical Services that shall not be transferred from the Corporation to the Transferee.**

**The Critical Services and any Non-Critical Services that are transferred from the Corporation to the Transferee at the Transfer Time shall be provided by the Transferee following the Transfer Time. Any Non-Critical Services that are not transferred from the Corporation to the Transferee shall be terminated at the Transfer Time.**

**(c) The Board of Directors shall establish:**

- (1) the date and time (the “Transfer Time”) of the Transfer;**

- (2) the last day that transactions may be submitted to the Mortgage-Backed Securities Division of the Corporation for processing (the “Last Transaction Acceptance Date”); and
- (3) the last day that transactions submitted to the Mortgage-Backed Securities Division of the Corporation for processing will be settled (the “Last Settlement Date”).

The Mortgage-Backed Securities Division of the Corporation shall not accept any transactions (i) for processing after the Last Transaction Acceptance Date or (ii) which have a Contractual Settlement Date that occurs after the Last Settlement Date. All transactions to be processed and/or settled after the Transfer Time shall be submitted to the Mortgage-Backed Securities Division of the Transferee in accordance with the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, and the Corporation shall have no responsibility for such transactions.

- (d) To the extent that the Board of Directors deems it to be practicable based on the available resources of the Corporation, the Board of Directors may provide for pending transactions to be run off and settled prior to the Transfer Time, with the objective of facilitating the settlement of transactions in the ordinary course. In furtherance of this objective, so long as a Corporation Default has not occurred, the Board of Directors may provide for how such transactions accepted by the Mortgage-Backed Securities Division of the Corporation on or prior to the Last Transaction Acceptance Date shall be processed and settled, including:
  - (1) whether such transactions must be Risk Reducing Transactions; and
  - (2) whether such transactions will be processed (i) in the ordinary course or (ii) in accordance with any special or exception processing procedures that will apply through the close of business on the Last Settlement Date.

### Section 3. Notice of Transfer of the Business

If the Board of Directors determines to implement a Transfer of the Business from the Corporation to a Transferee in accordance with this Rule 17B and the terms and conditions of the Wind-down Plan, the Corporation shall, in such manner as may be provided by the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation and subject to any required regulatory or judicial approval or consent:

- (a) provide Members, Limited Members and Settling Banks with a notice (a “Transfer Notice”) setting forth:
  - (1) the decision taken by the Board of Directors to Transfer the Business from the Corporation to the Transferee and a brief statement of the reasons therefor;

- (2) the name of the Transferee and basic information about the Transferee;
  - (3) a description of the material financial and operational terms of the Transfer;
  - (4) the (i) Transfer Time, (ii) Last Transaction Acceptance Date and (iii) Last Settlement Date;
  - (5) a summary of the matters described in Sections 4 through 8 of this Rule 17B;
  - (6) a list setting forth (i) which Members are Eligible Members and (ii) which Members are Non-Eligible Members; and
  - (7) a list setting forth (i) the Critical Services and any Non-Critical Services that will be transferred from the Corporation to the Transferee at the Transfer Time and (ii) any Non-Critical Services that will not be transferred from the Corporation to the Transferee; and
- (b) make available to Members, Limited Members and Settling Banks a copy of the Transferee Documents.

No delay or failure on the part of the Corporation to provide a Transfer Notice or make available a copy of the Transferee Documents to any Member, Limited Member or Settling Bank shall alter the timing or effectiveness of the Transfer. The Corporation shall also furnish the Transfer Notice and a copy of the Transferee Documents to its regulators.

**Section 4. Transfer of Members, Limited Members and Settling Banks**

Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, at the Transfer Time, by operation of this Rule 17B and with no further action required by any party:

- (a) each Eligible Member of the Mortgage-Backed Securities Division of the Corporation shall become (i) a Member of the Mortgage-Backed Securities Division of the Transferee and (ii) a party to a Member Agreement with the Transferee;
- (b) each Limited Member of the Mortgage-Backed Securities Division of the Corporation shall become (i) a Limited Member of the Mortgage-Backed Securities Division of the Transferee and (ii) a party to a Limited Member Agreement with the Transferee; and

- (c) each Settling Bank for Members of the Mortgage-Backed Securities Division of the Corporation shall become (i) a Settling Bank for Members of the Mortgage-Backed Securities Division of the Transferee and (ii) a party to a Settling Bank Agreement with the Transferee.**

**Section 5. Status of Members, Limited Members and Settling Banks**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, from and after the Transfer Time:**

- (a) An Eligible Member of the Mortgage-Backed Securities Division of the Corporation that has become a Member of the Mortgage-Backed Securities Division of the Transferee shall have all of the rights and be subject to all of the obligations of a Member set forth in the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, including the legal, financial, operational and collateral requirements of the Mortgage-Backed Securities Division of the Transferee applicable to such Member.**
- (b) A Limited Member of the Mortgage-Backed Securities Division of the Corporation that has become a Limited Member of the Mortgage-Backed Securities Division of the Transferee shall have all of the rights and be subject to all of the obligations of a Limited Member set forth in the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, including the operational requirements of the Mortgage-Backed Securities Division of the Transferee applicable to such Limited Member.**
- (c) A Settling Bank for Members of the Mortgage-Backed Securities Division of the Corporation that has become a Settling Bank for Members of the Mortgage-Backed Securities Division of the Transferee shall have all of the rights and be subject to all of the obligations of a Settling Bank set forth in the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee, including the operational requirements of the Mortgage-Backed Securities Division of the Transferee applicable to such Settling Bank.**

**Section 6. Right of Non-Eligible Members to Apply to the Transferee**

**Nothing contained in this Rule 17B shall preclude a Non-Eligible Member of the Mortgage-Backed Securities Division of the Corporation from applying after the Transfer Time to become a Member of the Mortgage-Backed Securities Division of the Transferee in accordance with such eligibility requirements and procedures as may be prescribed by the Transferee, but such Non-Eligible Member shall not have the benefit of the automatic admission arrangements provided in Section 4(a) of this Rule 17B.**

**Section 7. Right to Withdraw from the Transferee**

**Nothing contained in this Rule 17B shall:**

- (a) preclude an Eligible Member of the Mortgage-Backed Securities Division of the Corporation that has become a Member of the Mortgage-Backed Securities Division of the Transferee pursuant to Section 4(a) of this Rule 17B from electing to withdraw as a Member from the Mortgage-Backed Securities Division of the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee;**
- (b) preclude a Limited Member of the Mortgage-Backed Securities Division of the Corporation that has become a Limited Member of the Mortgage-Backed Securities Division of the Transferee pursuant to Section 4(b) of this Rule 17B from electing to withdraw as a Limited Member from the Mortgage-Backed Securities Division of the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee; or**
- (c) preclude a Settling Bank for Members of the Mortgage-Backed Securities Division of the Corporation that has become a Settling Bank for Members of the Mortgage-Backed Securities Division of the Transferee pursuant to Section 4(c) of this Rule 17B from electing to withdraw as a Settling Bank from the Mortgage-Backed Securities Division of the Transferee at any time after the Transfer Time, subject to the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee.**

**Section 8. Disposition of Pending Transactions**

**At the Transfer Time, any pending transactions shall be treated as provided in the Corporation Default Rule.**

**Section 9. Certain Ex Ante Matters**

**Prior to the Transfer Time, the Corporation shall enter into arrangements with a Transferee that is a Failover Entity, or shall use commercially reasonable efforts to enter into arrangements with a Transferee that is a Third Party Entity or Bridge Entity, providing in either case that, with respect to the Critical Services and any Non-Critical Services that are transferred from the Corporation to the Transferee, for at least the duration of the Comparability Period, in order to facilitate a smooth Transfer of the Business from the Corporation to the Transferee:**

- (a) the Rules and Procedures, Member Agreement, Limited Member Agreement and Settling Bank Agreement of the Mortgage-Backed Securities Division of the Transferee shall be comparable in substance and effect to the Rules and Procedures, Member Agreement, Limited Member Agreement and Settling**



**Bank Agreement of the Mortgage-Backed Securities Division of the Corporation;**

- (b) the rights and obligations of Members, Limited Members and Settling Banks under the Rules and Procedures of the Mortgage-Backed Securities Division of the Transferee shall be comparable in substance and effect to the rights and obligations of Members, Limited Members and Settling Banks under the Rules and Procedures of the Mortgage-Backed Securities Division of the Corporation; and**
- (c) the Critical Services and any Non-Critical Services provided by the Transferee shall be provided in a manner that is comparable in substance and effect to the manner in which such Critical Services and Non-Critical Services were provided by the Corporation.**

**Section 10. Subordination of Claims**

**In the event of any insolvency of the Corporation following the commencement of any Event Period (as defined in Rule 4 of the Clearing Rules of the Mortgage-Backed Securities Division of the Corporation), the unsecured claims (if any) of Members of the Mortgage-Backed Securities Division of the Corporation that failed to pay or perform any obligation to the Corporation or elected to withdraw as Members from and after such time shall (i) rank *pari passu* with each other and (ii) be subordinate to the claims of other unsecured creditors of the Corporation.**

**Section 11. Further Assurances; Additional Powers; Miscellaneous Matters**

- (a) Members, Limited Members and Settling Banks of the Mortgage-Backed Securities Division of the Corporation shall assist and cooperate with the Corporation to effectuate any Transfer of the Business from the Corporation to a Transferee, including without limitation (i) by complying with the terms and conditions of this Rule 17B and their obligations hereunder and (ii) by providing the Corporation and the Transferee with such financial and operational information as they may request. The Corporation may provide to a Transferee any financial and operational information it has with respect to Members, Limited Members and Settling Banks of the Mortgage-Backed Securities Division of the Corporation as may be necessary and appropriate to effectuate an orderly Transfer of the Business from the Corporation to the Transferee.**
- (b) The Corporation may take such other actions and enter into such other arrangements (on behalf of itself and Members, Limited Members and Settling Banks of the Mortgage-Backed Securities Division of the Corporation) as may be necessary and appropriate to effectuate an orderly Transfer of the Business from the Corporation to a Transferee, and otherwise accomplish the purposes of the Wind-down Plan.**

- (c) As a condition to receiving, and by virtue of accepting, the continuing benefits of being Members, Limited Members and Settling Banks of the Mortgage-Backed Securities Division of the Corporation, such Members, Limited Members and Settling Banks (i) hereby expressly agree to the arrangements set forth in this Rule 17B relating to their becoming Members, Limited Members and Settling Banks, as the case may be, of the Mortgage-Backed Securities Division of the Transferee in the circumstances described herein and (ii) hereby expressly grant to the Corporation an irrevocable power of attorney to execute and deliver on their behalf such documents and instruments as the Transferee may request for this purpose. As Members, Limited Members and Settling Banks of the Mortgage-Backed Securities Division of the Corporation, such Members, Limited Members and Settling Banks are subject to the Rules and Procedures.**
- (d) No actions taken or omitted to be taken by the Corporation pursuant to this Rule 17B shall be deemed to constitute a default by the Corporation in the performance of any of its other obligations to Members, Limited Members and Settling Banks pursuant to any other Rules and Procedures.**
- (e) The Corporation shall have no liability to any Members, Limited Members or Settling Banks for any actions taken or omitted to be taken by the Corporation pursuant to this Rule 17B.**
- (f) The Corporation shall have no liability to any third parties, including any customers or clients of any Members, Limited Members or Settling Banks, for any actions taken or omitted to be taken by the Corporation pursuant to this Rule 17B.**
- (g) In connection with the Transfer of the Business from the Corporation to the Transferee, (i) the Corporation shall assign all of its Member Agreements, Limited Member Agreements and Settling Bank Agreements to the Transferee and (ii) the Transferee shall assume such Member Agreements, Limited Member Agreements and Settling Bank Agreements.**
- (h) All rights of the Corporation that are not assigned to the Transferee in connection with the Transfer of the Business from the Corporation to the Transferee, including any claims of the Corporation against Members, Limited Members and Settling Banks arising at any time prior to the Transfer Time, shall remain rights of the Corporation, enforceable by the Corporation in accordance with their terms and subject to applicable law (including insolvency law).**
- (i) All obligations and liabilities of the Corporation that are not assigned to and assumed by the Transferee in connection with the Transfer of the Business from the Corporation to the Transferee shall remain obligations and liabilities of the Corporation, enforceable against the Corporation in**

accordance with their terms and subject to applicable law (including insolvency law).

- (j) In the event of any conflict between the provisions of this Rule 17B and any other Rules and Procedures, the provisions of this Rule 17B shall prevail.

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## RULE 40 - MARKET DISRUPTION AND FORCE MAJEURE

### Section 1. Market Disruption Events

On the happening of any one or more of the events or circumstances set out below (each a “Market Disruption Event”) which, in any case, is likely to materially affect or has materially affected the business, operations, safeguarding of securities or funds, or physical functions of the Corporation, including performance by the Corporation of any obligations under the Rules and the procedures and other regulations (“Procedures”) of the Corporation, the Corporation shall be entitled to take such action as is set out in this Rule 40:

- (a) a general suspension or limitation of trading on the New York Stock Exchange, NASDAQ, or any other exchange or market relevant to the pricing or trading of securities cleared and settled through the Corporation;
- (b) the declaration of a trading or banking moratorium in the United States or New York State;
- (c) any international organization, the government of any nation, state, or territory, or any institution or agency thereof, or any self-regulatory organization taking action of a nature likely to affect the normal course of business, including performance by the Corporation of obligations under the Rules and Procedures;
- (d) the unavailability, failure, malfunction, overload, or restriction (whether partial or total) of any payment, bank transfer or wire, or securities settlement system;
- (e) the unavailability, failure, malfunction, overload, or restriction (whether partial or total) of any cash or securities depository, custodian or clearing bank, or any material variation of such depository’s, custodian’s or clearing bank’s processing or turnaround times, whether or not occasioned by action of such depository, custodian or clearing bank; or
- (g) any Force Majeure, which shall include (without limitation) any terrorist or other criminal action, war or hostilities between any nations, national emergency, riot, civil unrest, acts of God or the public enemy, fire or other casualty, flood, accident, disaster (including any nuclear, atomic, environmental, or natural disaster), sabotage, bomb threat, labor dispute, embargo, the unavailability, failure, malfunction, or restriction of communication, computer, or data processing systems

or facilities, or of software or technology, cyber attack, lack of transportation facilities, interruption (whether partial or total) of power supplies or other utility or service, or any event, situation, or circumstance beyond the reasonable control of the parties (whether or not similar to any of the foregoing), including those imminent or threatened.

## Section 2. Powers of the Corporation

If the Board of Directors or any officer of the Corporation listed below determines, in its, his, or her judgment that there is a Market Disruption Event, the Corporation shall be entitled to act (or refrain from acting) as prescribed in Section 3 of this Rule 40. To the extent practicable, the determination of the existence of a Market Disruption Event, and the actions to be taken in response thereto, shall be made by the Board of Directors at a meeting where a quorum is present and acting. However, if the Corporation is unable to convene a Board meeting promptly and timely in such event, then such determination may be made by either the Chief Executive Officer, the Chief Financial Officer, the Group Chief Risk Officer, or the General Counsel, or by any management committee on which all of the foregoing officers serves (an "Officer Market Disruption Event Action"), provided that the Corporation shall convene a Board meeting as soon as practicable thereafter (and in any event within 5 Business Days following such determination) to ratify, modify or rescind such Officer Market Disruption Event Action.

## Section 3. Authority to take Actions

Upon the determination that there is a Market Disruption Event, the Corporation shall be entitled, during the pendency of such Market Disruption Event, to:

- (a) suspend the provision of any or all services of the Corporation; and
- (c) take, or refrain from taking, or require Members (whether or not they are affected by the Market Disruption Event) to take or refrain from taking, any and all action which the Corporation considers appropriate to prevent, address, correct, mitigate or alleviate the event and facilitate the continuation of services as may be practicable, and, in that context, issue instructions to Members.

## Section 4. Notifications

4.1 Each Member shall notify the Corporation immediately upon becoming aware of any Market Disruption Event.

4.2 The Corporation shall promptly notify Members of any action the Corporation takes or intends to take pursuant to Section 3 of this Rule 40.

4.3 The Corporation shall attempt to consult with officials of the SEC prior to the Corporation taking any action pursuant to Section 3 of this Rule 40; provided, however, that the authority contained herein shall not be conditioned by such consultation.

The Corporation shall advise the SEC as soon as practicable by telephone, and confirmed in writing, of any action taken by the Corporation pursuant to Section 3 of this Rule 40, and a record of such writing shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Member during regular business hours on Business Days.

The Corporation shall also advise the SEC as soon as practicable by telephone, and confirmed in writing, at such time it determines that there is no longer a Market Disruption Event and the Corporation terminates the actions taken by the Corporation pursuant to Section 3 of this Rule 40. A record of such writing shall be promptly made and filed with the Corporation's records and shall be available for inspection by any Member during regular business hours on Business Days.

#### Section 5. Certain Miscellaneous Matters

- (a) Without limiting any other provisions in the Rules and Procedures concerning limitations on liability, none of the Corporation, its directors, officers, employees, agents, or contractors shall be liable to a Member or any other person (including any customer or client thereof) for:
- (i) any failure, hindrance, interruption or delay in performance in whole or in part of the obligations of the Corporation under the Rules or Procedures, if that failure, hindrance, interruption or delay arises out of or relates to a Market Disruption Event; or
  - (ii) any loss, liability, damage, cost or expense arising from or relating in any way to any actions taken, or omitted to be taken, pursuant to this Rule 40.
- (b) The power of the Corporation to take any action pursuant to this Rule 40 also includes the power to repeal, rescind, revoke, amend, or vary any such action.
- (c) The powers of the Corporation pursuant to this Rule 40 shall be in addition to, and not in derogation of, authority granted elsewhere in the Rules and Procedures to take action as specified therein.
- (d) In the event of any conflict between the provisions of this Rule 40 and any other Rules or Procedures, the provisions of this Rule 40 shall prevail.

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## MORTGAGE-BACKED SECURITIES DIVISION

### EPN RULES

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### ARTICLE III EPN USERS

#### Rule 1. Requirements Applicable to EPN Users

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#### Sec. 5. EPN Users Bound by EPN Rules, EPN Procedures and Applicable Laws

Subject to the provisions of Rule 12 of Article V, the use of the facilities of the Corporation by an EPN User shall constitute such EPN User's agreement with the Corporation and with all other EPN Users to be bound by the provisions of, and by any action taken or order issued by the Corporation pursuant to, (i) these EPN Rules and any amendment thereto, ~~and to~~ (ii) such EPN Procedures as the Corporation from time to time may adopt, (iii) Rule 17B of the Clearing Rules of the Mortgage-Backed Securities Division (Wind-down of the Corporation), to the extent specified therein, and (iv) Rule 40 of the Clearing Rules of the Mortgage-Backed Securities Division (Market Disruption and Force Majeure), as if references to "Members", "Rules" and "Procedures" therein were references to "EPN Users", "EPN Rules" and "EPN Procedures", respectively (items (iii) and (iv), as the same may be amended from time to time, collectively being referred to in these EPN Rules as the "Incorporated Clearing Rules"). In addition, in connection with their use of the Corporation's services, an EPN User must comply with all applicable laws, including applicable laws relating to securities, taxation, and money laundering.

#### Sec. 6. EPN Rules and EPN Procedures Incorporated in EPN User Messages

These EPN Rules, ~~and~~ the EPN Procedures adopted from time to time by the Corporation, and the Incorporated Clearing Rules shall be deemed incorporated in each Message that occurs through the EPN Service. To the extent that the terms contained in any other agreement between EPN Users are inconsistent with the provisions of these EPN Rules or the EPN Procedures, these EPN Rules and the EPN Procedures shall be controlling. In the event of any inconsistency between the Incorporated Clearing Rules and any EPN Rules or EPN Procedures, the Incorporated Clearing Rules shall be controlling.

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