

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

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**Bold, underlined and shaded text** indicates proposed language added in connection with a separate proposal that has not yet been approved (SR-FICC-2017-002 and SR-FICC-2017-802, filed on March 1, 2017)

**FIXED INCOME CLEARING CORPORATION**

**GOVERNMENT SECURITIES DIVISION RULEBOOK**

## RULE 1 – DEFINITIONS

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the meanings herein specified.

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### **Applicant Questionnaire**

The term “Applicant Questionnaire” means the questionnaire required ~~in Rule 2~~ by these Rules to be completed and delivered to the Corporation by ~~each~~ an applicant, as applicable, to become a Member, including a CCIT Member, as applicable.

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### **CCIT<sup>TM</sup>\***

The term “CCIT” means Centrally Cleared Institutional Triparty.

### **CCIT Account**

The term “CCIT Account” shall have the meaning assigned to it in Section 9(b) of Rule 3B.

### **CCIT Daily Repo Interest**

The term “CCIT Daily Repo Interest” means the interest amount that is collected from or paid to a Netting Member, as applicable, and collected from or paid to a CCIT Member, as applicable, on a daily basis resulting from a CCIT Transaction.

### **CCIT MRA Account**

The term “CCIT MRA Account” shall have the meaning assigned to it in Section 9(b) of Rule 3B.

### **CCIT Transaction**

The term “CCIT Transaction” means a transaction that is processed by the Corporation in the CCIT Service. Because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service, a CCIT Transaction must be: (i) in a Generic CUSIP Number approved for the GCF Repo Service and (ii) between a CCIT Member and a Netting Member who participates in the GCF Repo Service where the CCIT Member is the cash lender in the transaction.

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\* CCIT is a trademark of The Depository Trust & Clearing Corporation.

### **Centrally Cleared Institutional Triparty Member or CCIT Member**

**The terms “Centrally Cleared Institutional Triparty Member” and “CCIT Member” mean a legal entity other than a Registered Investment Company approved to participate in the Corporation’s CCIT Service as a cash lender.**

### **Centrally Cleared Institutional Triparty Service or CCIT Service**

**The terms “Centrally Cleared Institutional Triparty Service” and “CCIT Service” mean the service offered by the Corporation to clear institutional triparty repurchase agreement transactions, as more fully described in Rule 3B.**

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### **Contract Value**

The term “Contract Value” means, as regards a trade other than a Repo Transaction, the dollar value at which the trade is entered into. The term “Contract Value” means, as regards a Start or Close Leg, the dollar value at which such Leg is to be settled on **the** Scheduled Settlement Date. For a GCF Repo Transaction **or a CCIT Transaction**, the Contract Value of the Start Leg is the principal value, and the Contract Value of the Close Leg is the principal value plus accrued interest.

### **Controlling Management**

The term “Controlling Management” shall mean the Chief Executive Officer, the Chief Financial Officer, and the Chief Operations Officer, or their equivalents, of an applicant or Member **or such other individuals or entities with direct or indirect control over the applicant or Member; provided that with respect to a Registered Investment Company Netting Member or an applicant to become a Registered Investment Company Netting Member, the term “Controlling Management” shall include the investment manager.**

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### **GCF Net Funds Borrower Position**

The term “GCF Net Funds Borrower Position” means, with respect to a particular Generic CUSIP Number, both the amount of funds that a Netting Member has borrowed as the net result of its outstanding GCF Repo Transactions **and CCIT Transactions** and the equivalent amount of Eligible Netting Securities and/or cash that such Netting Member is obligated, pursuant to Rule 20, to allocate to the Corporation to secure such borrowing **(such Netting Member holding a GCF Net Funds Borrower Position, a “GCF Net Funds Borrower”).**

### **GCF Net Funds Lender Position**

The term “GCF Net Funds Lender Position” means, with respect to a particular Generic CUSIP Number, both the amount of funds that a Netting Member **or CCIT Member** has lent as the result of its outstanding GCF Repo Transactions **or its outstanding CCIT Transactions, as applicable,** and the equivalent amount of Eligible Netting Securities and/or cash that such Netting Member **or CCIT Member, as applicable,** is entitled, pursuant to Rule 20, to be allocated for its benefit to secure such loan **(such Netting Member or CCIT Member holding a GCF Net Funds Lender Position, a “GCF Net Funds Lender”)**).

### **GCF Net Settlement Position**

The term “GCF Net Settlement Position” means, on a particular Business Day as regards a Netting Member’s GCF Repo Transaction activity **and CCIT Transaction activity** in a particular Generic CUSIP Number, either a GCF Net Funds Lender Position or a GCF Net Funds Borrower Position, as the context requires.

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### **GCF Repo Security**

The term “GCF Repo Security” means an Eligible Security or an Eligible Netting Security that is only eligible for submission to the Corporation in connection with the comparison, netting and/or settlement of GCF Repo Transactions **or CCIT Transactions.**

### **GCF Repo<sup>†</sup> Service**

**The term “GCF Repo Service” means the service offered by the Corporation to compare, net and settle GCF Repo Transactions.**

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### **Invoice Amount**

The term “Invoice Amount” means all fee amounts due and owing from a Netting Member **or CCIT Member, as applicable,** to the Corporation on a particular Business Day.

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<sup>†</sup> **GCF Repo is a registered trademark of the Fixed Income Clearing Corporation.**

**Joint Account**

**The term “Joint Account” means two or more CCIT Members represented by a Joint Account Submitter.**

**Joint Account Submitter**

**The term “Joint Account Submitter” means an authorized entity that (i) is acting as agent for two or more CCIT Members who are trading and submitting CCIT Transactions as a Joint Account and (ii) has been appointed by each such CCIT Member pursuant to a Joint Account Submitter Agreement.**

**Joint Account Submitter Agreement**

**The term “Joint Account Submitter Agreement” means the agreement required in Rule 3B to be signed and delivered to the Corporation by each CCIT Member that elects to appoint a Joint Account Submitter.**

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**Member**

The term “Member” means a Comparison-Only Member or a Netting Member. The term “Member” shall include a Sponsoring Member in its capacity as a Sponsoring Member and a Sponsored Member, each to the extent specified in Rule 3A. **The term “Member” shall include a CCIT Member to the extent specified in Rule 3B.**

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**Miscellaneous Adjustment Amount**

The term “Miscellaneous Adjustment Amount” means the net total of all miscellaneous funds-only amounts that, on a particular Business Day, are required to be paid by a Netting Member **or CCIT Member, as applicable**, to the Corporation and/or are entitled to be collected by a Member **(including a CCIT Member, as applicable)** from the Corporation.

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**Net Assets**

The term “Net Assets” shall mean the difference between the total assets and the total liabilities of a Netting Member **or CCIT Member, as applicable**.

\* \* \* \*

**SIFMA MRA**

**The term “SIFMA MRA” means the September 1996 Securities Industry and Financial Markets Association Master Repurchase Agreement, available at <http://www.sifma.org/services/standard-forms-and-documentation/mra-gmra-msla-and-msftas/>.**

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**Tier Two ~~Netting~~ Member**

The term “Tier Two Member” means a Netting Member whose membership category has been designated as such by the Corporation pursuant to Rule 2A for loss allocation purposes **or a CCIT Member**.

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## RULE 2 – MEMBERS

(a) The Corporation shall make its services, or certain of its services, available to Persons which (i) apply for membership to the Corporation for the use of its services, (ii) meet the qualifications specified in these Rules, (iii) are approved by the Corporation or the Board, as applicable, and (iv) if required, have contributed to the Clearing Fund as provided in Rule 4.

(b) The Corporation shall have the following membership types:

(i) Comparison-Only Members;

(ii) Netting Members;

(iii) Sponsoring Members and Sponsored Members; **and**

**(iv) CCIT Members; and**

**(iv)(v)** Funds-Only Settling Bank Members.

With respect to item (ii) above, there shall be the following categories of Netting Members: Bank Netting Members, Dealer Netting Members, Inter-Dealer Broker Netting Members, Futures Commission Merchant Netting Members, Foreign Netting Members, Government Securities Issuer Netting Members, Insurance Company Netting Members, Registered Clearing Agency Netting Members and Registered Investment Company Netting Members.

        With respect to items (iii), **and** (iv) **and** (v) above, Sponsored Members and Sponsoring Members shall be governed by Rule 3A, **CCIT Members shall be governed by Rule 3B** and Funds-Only Settling Bank Members shall be governed by Rule 13.

(c) Except as otherwise provided in these Rules, a Member that compares and nets through the Corporation any contract or transaction on behalf of a Non-Member shall, so far as the rights of the Corporation and all other Members are concerned, be liable as a principal.

## **RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS**

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### Section 2 – Eligibility for Membership: Netting Members

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Applicants in categories (i) through (vii) above that are admitted into membership shall be Tier One Netting Members. Applicants in category (viii) above that are admitted into membership shall be Tier Two ~~Netting~~ Members. With respect to applicants in category (ix), the Corporation shall make a determination as to whether such applicant shall be a Tier One **Netting Member** or Tier Two ~~Netting~~ Member.

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### Section 3 – Admission Criteria Membership Qualifications and Standards for Comparison-Only Members

The Corporation may approve an application to become a Comparison-Only Member by a Person that is eligible to apply to become a Comparison-Only Member pursuant to this Rule upon a determination that such applicant meets the following requirements:

(a) **Operational Capability** – The applicant must be able to satisfactorily communicate with the Corporation, fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy, and conform to any **operational** condition and requirement that the Corporation reasonably deems necessary for its protection or that of its Members. The applicant agrees that it must fulfill, within the timeframes established by the Corporation, operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the applicant.

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## RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

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### Section 7 – General Continuance Standards

A Member shall promptly inform the Corporation, both orally and in writing, if it no longer is in compliance with any of the relevant qualifications and standards for admission to membership set forth in Rule 2 and in this Rule, including whether it is subject to any of the criteria set forth in subsection (d) of Section 3 of Rule 2A. Notification must take place within two ~~B~~**business** ~~D~~**days** from the date on which the Member first learns of its non-compliance. The Corporation shall assess a fine against any Member who fails to so notify the Corporation. In addition, a Member shall notify the Corporation within two ~~B~~**business** ~~D~~**days** of learning ~~that of~~ an investigation or proceeding to which it is or is becoming ~~the~~ **the** subject ~~of that~~ would cause the Member to fall out of compliance with any of the relevant qualifications and standards for membership set forth in Rules 2, 2A and 3. Notwithstanding the previous sentence, the Member shall not be required to notify the Corporation if doing so would cause the Member to violate an applicable law, rule or regulation. If, with respect to any type of Member: (a) it fails to maintain the relevant standards and qualifications for admission to membership, including but not limited to minimum capital standards and operational testing and related reporting requirements imposed by the Corporation from time to time; (b) it violates any Rule of the Corporation or other agreement with the Corporation; (c) it fails to satisfy in a timely manner any obligation to the Corporation; (d) there is ~~a~~ Reportable Event relating to such Member; or (e) the Corporation otherwise deems it necessary or advisable, in order to protect the Corporation, its other Members, or its creditors or investors, to safeguard securities and funds in the custody or control of the Corporation ~~or for which the Corporation is responsible~~, or to promote the prompt and accurate processing, clearance or settlement of securities transactions, the Corporation will undertake appropriate action to determine the status of the Member and its continued eligibility. In addition, the Corporation may review the financial responsibility and operational capability of the Member to the extent provided in these Rules and otherwise require from the Member additional reporting of its financial or operational condition at such intervals and in such detail as the Corporation shall determine, and shall make a determination as to whether such Member should be placed on the Watch List by the Corporation consistent with the provisions of Section 12 of this Rule.

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### Section 10 - Books and Records

~~The books and records of Aa Member's books and records and, in the case of a Registered Investment Company Netting Member, its Controlling Management,~~ insofar as they relate to transactions processed through the Corporation, shall be open to the inspection of the duly authorized representatives of the Corporation upon reasonable prior notice and during the Member's ~~or its Controlling Management's~~ normal business hours, ~~as applicable~~. The Corporation shall be furnished with all such information about the ~~Member's~~ business and transactions ~~of the Member and, in the case of a Registered Investment Company Netting Member, its Controlling Management,~~ as it may require; provided that (i) the aforesaid rights

of the Corporation shall be subject to any applicable laws or rules or regulations of regulatory bodies having jurisdiction over the Member which relate to the confidentiality of records, and (ii) if the Member ceases membership, the Corporation shall have no right to inspect the Member's **or its Controlling Management's** books and records, **as applicable**, or to require information relating to transactions wholly subsequent to the time when the Member ceases membership.

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### Section 13 – Voluntary Termination

A Member that is a Comparison-Only Member may elect to terminate such membership, and a Netting Member may elect to terminate its membership in either the Corporation or in just the Netting System (and to become a Comparison-Only Member), by providing the Corporation with 10 days written notice of such termination; however, the Corporation, in its discretion, may accept such termination within a shorter notice period. Such termination will not be effective until accepted by the Corporation, **which shall be no later than 10 Business Days after the receipt of the written notice from such Member**. The Corporation's acceptance shall be evidenced by a notice to Members announcing the Member's termination and the effective date of the termination of the Member (hereinafter the "Termination Date"). As of the Termination Date, a Netting Member that terminates its membership in the Netting System, or a Comparison-Only Member or Netting Member that terminates its membership in the Corporation, shall no longer be eligible or required to submit to the Corporation data on trades and shall no longer be eligible to have its trade data submitted by an authorized submitter, notwithstanding any provision of Rule 5, Rules 6A through 6C, or Rule 11 to the contrary, unless the Board determines otherwise in order to ensure an orderly liquidation of the Member's Net Settlement Positions. A Member's voluntary termination of membership shall not affect its obligations to the Corporation, or the rights of the Corporation, with respect to transactions submitted to the Corporation before the Termination Date.

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

**Section 1 – General**

**The rights, liabilities and obligations of CCIT Members shall be governed by this Rule 3B. References to a “Member” in other Rules shall not apply to CCIT Members, unless specifically noted as such in this Rule 3B or in such other Rules.**

**In order for a Netting Member to participate in the CCIT Service as a trading counterparty to CCIT Members in CCIT Transactions, the Netting Member must be a participant in the GCF Repo Service. In addition to the Rules governing Netting Members, Netting Members who submit CCIT Transactions shall be subject to the provisions of this Rule 3B and to such other Rules applicable to CCIT Transactions.**

**Section 2 – Eligibility for Membership: CCIT Member**

**(a) The Corporation may approve an application to become a CCIT Member upon a determination that:**

**(i) Financial Responsibility – The applicant has sufficient financial ability to meet all of its obligations to the Corporation in a timely manner.**

**(ii) (A) Except as otherwise provided in subsection (B), (C) or (D) below, the applicant has minimum Net Assets of \$100 million. The Corporation, based upon the level of the anticipated positions and obligations of the applicant, the anticipated risk associated with the volume and types of transactions the applicant proposes to process through the Corporation and the overall financial condition of the applicant, may impose greater standards.**

**(B) For applicants whose financial statements are prepared in accordance with International Financial Reporting Standards, the Companies Act of 1985 (UK generally accepted accounting principles) or Canadian generally accepted accounting principles, the minimum financial requirements shall be one and one-half times the applicable requirements set forth in subsection (A) above.**

**(C) For applicants whose financial statements are prepared in accordance with the generally accepted accounting principles of a European Union country other than the United Kingdom, the minimum financial requirements shall be five times the applicable requirements set forth in subsection (A) above.**

**(D) For applicants whose financial statements are prepared in accordance with any other type of generally accepted accounting principles, the minimum financial requirements shall be seven times the applicable requirements set forth in subsection (A) above.**

- (iii) Operational Capability – The applicant or its Joint Account Submitter, as applicable, must be able to satisfactorily communicate with the Corporation, fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy, and conform to any operational condition and requirement that the Corporation reasonably deems necessary for its protection or that of its Members (including CCIT Members).**
- (iv) Fees – The applicant agrees to make, and has sufficient financial ability to make, all anticipated fee payments required to be made to the Corporation that may be set forth in these Rules.**
- (v) Disqualification Criteria – The Corporation must have received no substantial information that would reasonably and adversely reflect on the applicant, or its Controlling Management, if applicable, to such an extent that the applicant should be denied membership in the Corporation. The Corporation, in its sole discretion, shall determine whether any of the following criteria should be the basis for denial of the membership application:**

  - (A) the applicant is subject to Statutory Disqualification (as defined in Section 3(a)(39) of the Exchange Act), or an order of similar effect issued by a Federal or State banking authority, or other examining authority or regulator, including a non-U.S. examining authority or regulator;**
  - (B) the applicant or its Controlling Management has been responsible for (I) making a misstatement of a material fact or omitting to state a material fact to the Corporation, in connection with its application to become a Member or thereafter or (II) fraudulent acts or violation of the Securities Act of 1933, the Exchange Act, the Investment Company Act, the Investment Advisers Act or the Government Securities Act of 1986, or any rule or regulation promulgated thereunder;**
  - (C) the applicant or its Controlling Management has been convicted within the ten years preceding the filing of the application or at any time thereafter of (I) any criminal offense involving the purchase, sale or delivery of any security, bribery, perjury, burglary or conspiracy to commit any offense referred to in this subparagraph, (II) the larceny, theft, robbery, embezzlement, extortion, fraudulent conversion, fraudulent concealment, forgery or misappropriation of funds, securities or other property, (III) any violation of Sections 1341, 1342 or 1343 of Title 18, United States Code or (IV) any other criminal offense involving breach of fiduciary obligation, or arising out of the conduct of business as a broker, dealer, investment**

company, adviser or underwriter, bank, trust company, fiduciary, insurance company or other financial institution;

(D) the applicant or its Controlling Management has been permanently or temporarily enjoined or prohibited by order, judgment or decree of any court or other governmental authority of competent jurisdiction from acting as a broker, dealer, investment company, adviser or underwriter, bank, trust company, fiduciary, insurance company or other financial institution, or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase, sale or delivery of any security, and the enforcement of such injunction or prohibition has not been stayed; or

(E) the applicant has been expelled or suspended from or had its participation terminated by a national securities association or exchange registered under the Exchange Act, a Self-Regulatory Organization or an entity that engages in clearance and settlement activities or a securities depository, or has been barred or suspended from being associated with any member of such an exchange, association, organization, entity or securities depository.

(vi) Enforceability Opinion – The applicant provides the Corporation with an opinion of counsel acceptable to the Corporation in its sole discretion that the Corporation’s Rules will be enforceable against such applicant if it becomes a CCIT Member.

(vii) Insolvency Opinion – The Corporation has (or is able to obtain from the applicant or otherwise) an opinion of counsel acceptable to the Corporation in its sole discretion that, in the event the Corporation ceases to act for the applicant after such applicant becomes a CCIT Member, the Corporation will be able to exercise the remedies described in these Rules, including those specified in Section 11(e) of this Rule 3B. The Corporation may determine in its discretion that the opinion described in this Section 2(a)(vii) is not required in respect of an applicant.

(b) Two or more CCIT Members may be represented by a Joint Account Submitter that has been approved by the Corporation subject to such CCIT Member signing and delivering a Joint Account Submitter Agreement to the Corporation in such form as may be prescribed by the Corporation. If the Corporation terminates the Joint Account Submitter Agreement, the Joint Account Submitter will no longer be permitted to represent the CCIT Members in the Joint Account. Each such CCIT Member will be required to assume the duties of the Joint Account Submitter or appoint a new Joint Account Submitter subject to the requirements of these Rules.

(c) In addition to the criteria set forth in subsection (a) above, the Corporation shall retain the right to deny membership to an applicant if the Corporation becomes aware of any factor or circumstance about the applicant or its Controlling Management which may impact the suitability of that particular applicant as a Member of the Corporation. Further, applicants are required to inform the Corporation as to any member of their Controlling Management that is or becomes subject to Statutory Disqualification (as defined in Section 3(a)(39) of the Exchange Act).

### Section 3 – Membership Application Process to Become a CCIT Member

(a) Each applicant to become a CCIT Member shall, as required by the Corporation from time to time, complete and deliver to the Corporation an Applicant Questionnaire in such form as may be prescribed by the Corporation and shall also deliver to the Corporation the financial reports, other reports, opinions and other information as the Corporation determines appropriate.

(b) Each applicant to become a CCIT Member or its Joint Account Submitter, as applicable, must also fulfill, within the timeframes established by the Corporation, any operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the operational capability of the applicant.

(c) Each applicant shall complete and deliver to the Corporation a FATCA Certification as part of its membership application. Without limiting the generality of the foregoing, if an applicant is a FFI Member, the Corporation shall require such applicant to certify and periodically recertify to the Corporation that it is FATCA Compliant under such procedures as are set forth under FATCA, unless such requirements have been explicitly waived in writing by the Corporation; provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property. In addition, as part of its membership application, such applicant must agree that it shall indemnify the Corporation for any loss, liability or expense sustained by the Corporation as a result of its failing to be FATCA Compliant.

(d) Except as otherwise provided in Rule 29 (Release of Clearing Data), any information furnished to the Corporation pursuant to this Rule shall be held in at least the same degree of confidence as may be required by law or the rules and regulations of the appropriate regulatory body having jurisdiction over the applicant or Member.

(e) In evaluating a membership application, the Corporation may:

(i) if applicable, contact the applicant's primary regulatory authority, other examining authority or regulator or any self-regulatory organization of which the applicant is a member and request from such authority or organization any records, reports, or other

information that, in their judgment, may be relevant to the application;

- (ii) examine the books, records and operational procedures of, and inspect the premises of, the applicant or its Controlling Management as they may be related to the business to be conducted through the Corporation; and
- (iii) take such other evidence or make such other inquiries as is necessary, including sworn or unsworn testimony, to ascertain relevant facts bearing upon the applicant's qualifications.

The Corporation shall approve an application to become a CCIT Member only upon a determination that the applicant meets the standards set forth in this Rule. In addition, with regard to any applicant that is an FFI Member, such applicant must be FATCA Compliant.

Notwithstanding that an application to become a CCIT Member shall have been approved by the Corporation, if a material change in the condition of the applicant or its Controlling Management occurs, which in the judgment of the Corporation could bring into question the applicant's ability to perform as a CCIT Member, and such material change becomes known to the Corporation prior to the applicant's commencing use of the Corporation's services, the Corporation shall have the right to stay commencement by the applicant of use of the Corporation's services until a reconsideration by the Corporation of the applicant's financial responsibility and operational capability can be completed. As a result of such reconsideration, the Corporation may determine to withdraw approval of an application to become a CCIT Member or condition the approval upon the furnishing of additional information or assurances.

The Corporation may deny an application to become a CCIT Member upon the Corporation's determination that the Corporation does not have adequate personnel, space, data processing capacity or other operational capability at that time to perform its services for the applicant without impairing the ability of the Corporation to provide services for its existing Members (including CCIT Members), to assure the prompt, accurate and orderly processing and settlement of securities transactions or to otherwise carry out its functions; provided, however, that any such applications which are denied pursuant to this paragraph shall be approved as promptly as the capabilities of the Corporation permit.

Upon the Corporation's denial of an application to become a CCIT Member pursuant to this Rule, the Corporation shall furnish the applicant with a concise written statement setting forth the specific grounds under consideration upon which any such denial may be based and shall notify the applicant of its right to request a hearing before the Board, such request to be filed by the applicant with the Corporation pursuant to Rule 37 (Hearing Procedures).

#### Section 4 – Membership Agreement

Each applicant to become a CCIT Member shall sign and deliver to the Corporation a membership agreement whereby the applicant shall agree, as applicable:

(a) to abide by the Rules of the Corporation and to be bound by all the provisions thereof;

(b) to pay to the Corporation in a timely manner the compensation provided for by the Rules of the Corporation for services rendered and such costs and fines as may be imposed in accordance with such Rules of the Corporation for the failure to comply therewith;

(c) to be bound by any amendment to the Rules of the Corporation with respect to any transaction occurring subsequent to the time such amendment takes effect as fully as though such amendment were now a part of the Rules of the Corporation;

(d) to continue to be bound by the Rules of the Corporation, notwithstanding that it may have terminated its membership, as to all matters and transactions occurring while it was a CCIT Member;

(e) to fulfill its settlement obligations to the Corporation in accordance with the Rules of the Corporation and pay or deliver to the Corporation in a timely manner all amounts due and any loss or liability allocated to it pursuant to the Rules of the Corporation;

(f) that the determination of the Board as to any questions arising with regard to any payment, charge, fee, deposit, or fine to which it may be subject shall be final and conclusive, except as may be otherwise provided in these Rules;

(g) if the applicant is represented at any time by a Joint Account Submitter and is participating through a Joint Account, (i) to cause the Joint Account Submitter to fulfill all obligations of a Joint Account Submitter under these Rules, (ii) that the failure of the Joint Account Submitter to fulfill the requirements of the CCIT Member and/or the Joint Account under these Rules shall not excuse such CCIT Member's obligations to the Corporation pursuant to the Rules and (iii) that the Joint Account may be liable for the failure of the Joint Account Submitter to fulfill the obligations of a Joint Account Submitter under these Rules;

(h) if the applicant is represented at any time by a Joint Account Submitter and is participating through a Joint Account, (i) to specify its Joint Account Submitter in advance of such Joint Account Submitter submitting its first trade on behalf of the applicant, (ii) to provide the Corporation with advance notice in writing of a change in its Joint Account Submitter and (iii) to not revoke the authority of its Joint Account Submitter without providing the Corporation with advance written notice; and

(i) to any other terms and conditions deemed by the Corporation to be necessary in order to protect itself and its Members (including CCIT Members), including



all agreements, opinions of counsel and other legal documentation required by the Corporation.

Each applicant to become a CCIT Member that plans to participate through a Joint Account must enter into a Joint Account Submitter Agreement with the Corporation.

Each CCIT Member that is represented by a Joint Account Submitter shall only be entitled to and liable for rights and obligations arising under or in connection with CCIT Transactions allocated to such CCIT Member. To the extent a Joint Account or Joint Account Submitter incurs obligations to the Corporation that are unallocated, each CCIT Member represented by such Joint Account Submitter shall only be liable for its pro rata share of such obligations.

The Corporation may terminate a Joint Account Submitter Agreement if: (i) the relevant Joint Account or any CCIT Member that participates in the Joint Account fails to satisfy the requirements applicable to it under these Rules; (ii) the Joint Account Submitter fails to satisfy the requirements of these Rules relating to such Joint Account Submitter; or (iii) the Corporation determines, in its sole discretion, that such action is necessary for the protection of the Corporation or its Members (including CCIT Members).

#### Section 5 – On-going Membership Requirements

(a) The eligibility qualifications and standards set forth above in this Rule shall be continuing membership requirements. In addition, each CCIT Member shall comply with the ongoing requirements set forth below in this Section.

(b) Each CCIT Member shall submit to the Corporation disclosure on at least an annual basis regarding such CCIT Member's Net Assets, any financial statements the CCIT Member makes publicly available and such other reports, financial and other information as the Corporation from time to time may reasonably require. The time periods prescribed by the Corporation for such disclosure are set forth in the form of notices posted at the Corporation's website and/or distributed by the Corporation from time to time. It shall be the CCIT Member's responsibility to retrieve all notices daily from the Corporation's website.

(c) Each CCIT Member shall submit to the Corporation written notice of any CCIT Reportable Event. A CCIT Reportable Event means:

- (i) an event that would, after giving effect thereto, cause a material change in the control, ownership or management of the CCIT Member, or that could have a material impact on such CCIT Member's business and/or financial condition;
- (ii) material changes in the CCIT Member's business lines, including new business lines undertaken; or

- (iii) any litigation which could reasonably be anticipated to have a material negative effect on the CCIT Member’s financial condition or ability to conduct business.

A CCIT Member must submit to the Corporation written notice of any CCIT Reportable Event at least 90 calendar days prior to the effective date of such CCIT Reportable Event, unless the CCIT Member demonstrates that it could not have reasonably done so, and provides notice, both orally and in writing, to the Corporation as soon as possible.

Each CCIT Member that is an FFI Member shall inform the Corporation, both orally and in writing, if it (i) undergoes a change in circumstance that would affect its FATCA Certification or (ii) otherwise has reason to know that it is not, or will not be, FATCA Compliant, in each case, within two days of knowledge thereof.

(d) A CCIT Member that fails to submit the above listed information within the timeframes required by guidelines issued by the Corporation from time to time and in the manner requested shall be subject to the fine(s) noted under “Failure to Timely Provide Financial and Related Information” and “Reportable Events—Fine for Failure of Timely Notification”, as applicable, in the Fine Schedules in these Rules.

(e) Operational Testing Requirements

(i) The Corporation may, from time to time, require CCIT Members or their Joint Account Submitters, as applicable, to fulfill, within the timeframes established by the Corporation, certain operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of such CCIT Members. The Corporation will assess a fine or terminate the membership of any CCIT Member that does not fulfill any such operational testing and related reporting requirements within the timeframes established by the Corporation. If a Joint Account Submitter does not fulfill any such operational testing and related reporting requirements within the timeframes established by the Corporation, the Corporation may terminate all Joint Account Submitter Agreements for any or all CCIT Members that such Joint Account Submitter represents.

(ii) The Corporation has established standards for designating those CCIT Members or Joint Account Submitters, as applicable, who shall be required to participate in annual business continuity and disaster recovery testing that the Corporation reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event that business continuity and disaster

recovery plans are required to be activated. The standards shall take into account factors such as: (A) activity-based thresholds; (B) significant operational issues of the CCIT Member during the twelve months prior to the designation; and (C) past performance of the CCIT Member or its Joint Account Submitter, as applicable, with respect to operational testing. The specific standards adopted by the Corporation and any updates or modifications thereto shall be published to CCIT Members and applied on a prospective basis.

Upon notification that the CCIT Member or its Joint Account Submitter, as applicable, has been designated to participate in the annual business continuity and disaster recovery testing, as described above, the CCIT Member or its Joint Account Submitter, as applicable, shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner determined by the Corporation).

(f) A CCIT Member shall promptly inform the Corporation, both orally and in writing, if it no longer is in compliance with any of the relevant qualifications and standards for admission to membership set forth in this Rule, including the criteria set forth in Section 2(a) of this Rule. Notification must take place within two Business Days from the date on which the CCIT Member first learns of its non-compliance. The Corporation shall assess a \$1,000.00 fine against any CCIT Member which fails to so notify the Corporation. In addition, a CCIT Member shall notify the Corporation within two Business Days of learning that an investigation or proceeding to which it is or is becoming the subject of would cause the CCIT Member to fall out of compliance with any of the relevant qualifications and standards for membership set forth in this Rule. Notwithstanding the previous sentence, the CCIT Member shall not be required to notify the Corporation if doing so would cause the CCIT Member to violate an applicable law, rule or regulation. If, with respect to a CCIT Member: (i) it fails to maintain the relevant standards and qualifications for admission to membership, including but not limited to minimum capital standards and operational testing and related reporting requirements imposed by the Corporation from time to time; (ii) it violates any Rule of the Corporation or other agreement with the Corporation; (iii) it fails to satisfy in a timely manner any obligation to the Corporation; (iv) there is any CCIT Reportable Event relating to such Member; or (v) the Corporation otherwise deems it necessary or advisable, in order to protect the Corporation, its other Members (including CCIT Members), or its creditors or investors, to safeguard securities and funds in the custody or control of the Corporation or for which the Corporation is responsible, or to promote the prompt and accurate processing, clearance or settlement of securities transactions, the Corporation will undertake appropriate action to determine the status of the CCIT Member and its continued eligibility. In addition, the Corporation may review the financial responsibility and operational capability of the CCIT Member and/or its Controlling Management to the extent provided in these Rules and otherwise require from the CCIT Member additional

reporting of its financial or operational condition at such intervals and in such detail as the Corporation shall determine, and shall make a determination as to whether such CCIT Member should be placed on the Watch List by the Corporation consistent with the provisions of Section 5(l) of this Rule.

(g) In addition, if the Corporation has reason to believe that a CCIT Member may fail to comply with any of the Rules, it may require the CCIT Member to provide it, within such timeframe, in such detail, and pursuant to such manner as the Corporation shall determine, with assurances in writing of a credible nature that the CCIT Member shall not, in fact, violate any of these Rules. Notwithstanding the previous sentence, each CCIT Member, or any applicant to become such, shall furnish to the Corporation such adequate assurances of its financial responsibility and operational capability as the Corporation may at any time or from time to time deem necessary or advisable in order to protect the Corporation and its Members (including CCIT Members), or its creditors or investors, to safeguard securities and funds in the custody or control of the Corporation or for which the Corporation is responsible, or to promote the prompt and accurate processing, clearance or settlement of securities transactions. Upon the request of a CCIT Member or applicant to become such, the Corporation may choose to confer with the CCIT Member or applicant before or after requiring it to furnish adequate assurances pursuant to this Rule.

Adequate assurances of financial responsibility or operational capability of a CCIT Member or applicant to become such, as may be required by the Corporation pursuant to these Rules, may include, but shall not be limited to, as appropriate in the context of the CCIT Member's use of the Corporation's services:

- (i) imposing restrictions or modifications on the CCIT Member's use of the Corporation's services (whether generally or with respect to certain transactions); or
- (ii) requiring additional reporting by the CCIT Member of its financial or operational condition at such intervals and in such detail as the Corporation shall determine.

(h) In the event that a CCIT Member fails to maintain the relevant requirements of any of these Rules, the Corporation shall, pursuant to these Rules, cease to act for the CCIT Member, unless the CCIT Member requests that such action not be taken and the Corporation determines that, depending upon the specific circumstances and the record of the CCIT Member, it is appropriate instead to establish for such CCIT Member a time period (the "Noncompliance Time Period"), which shall be determined by the Corporation and which shall be no longer than 30 calendar days unless otherwise determined by the Corporation, during which the CCIT Member must resume compliance with such requirements. In the event that the CCIT Member is unable to satisfy such requirements within the Noncompliance Time Period, the Corporation shall, pursuant to these Rules, cease to act for the CCIT Member. If the Corporation takes any cease to act action pursuant to this paragraph, it shall promptly file with its records and with the SEC a full report of such actions, and the reasons thereof.

(i) Notwithstanding anything to the contrary in this Section, if the Corporation, in its sole discretion, determines that a CCIT Member's financial condition has significantly deteriorated during a Noncompliance Time Period, the Corporation immediately may, pursuant to these Rules, cease to act for the CCIT Member.

(i) Compliance with Laws

(i) General

In connection with their use of the Corporation's services, CCIT Members and their Joint Account Submitters, as applicable, must comply with all applicable laws, including applicable laws relating to securities, taxation, and money laundering, as well as global sanctions laws.

(ii) Global Sanctions

As part of their compliance with global sanctions regulations, CCIT Members and their Joint Account Submitters, as applicable, must not conduct any transaction or activity through the Corporation which they know to violate global sanctions regulations.

CCIT Members subject to the jurisdiction of the U.S. are required to periodically confirm that they and their Joint Account Submitters, as applicable, have implemented a risk-based program reasonably designed to comply with applicable OFAC sanctions regulations. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a \$5,000.00 fine.

(iii) FATCA

Each CCIT Member that is an FFI Member must agree not to conduct any CCIT Transaction or activity through the Corporation if such CCIT Member is not FATCA Compliant, unless such requirement has been explicitly waived in writing by the Corporation with respect to the specific CCIT Member; provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property.

All such CCIT Members that are FFI Members are required, as applicable under FATCA, to certify and periodically recertify to the Corporation that they are FATCA Compliant by providing to the Corporation a FATCA Certification. Failure to do so in the manner and timeframes set forth by the Corporation from time to time will result in a fine, unless such requirement has been explicitly waived in writing by the Corporation with respect to the specific CCIT Member; provided, however, that no such waiver will be issued if it

shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property.

A CCIT Member that is an FFI Member shall indemnify the Corporation for any loss, liability or expense sustained by the Corporation as a result of such CCIT Member failing to be FATCA Compliant.

(k) A CCIT Member's and its Controlling Management's books and records, insofar as they relate to such CCIT Member's transactions processed through the Corporation, shall be open to the inspection of the duly authorized representatives of the Corporation upon reasonable prior notice and during the CCIT Member's or its Controlling Management's normal business hours. The Corporation shall be furnished with all such information about the CCIT Member's and its Controlling Management's business and transactions as it may require; provided that (i) the aforesaid rights of the Corporation shall be subject to any applicable laws, rules or regulations of regulatory bodies having jurisdiction over the CCIT Member or its Controlling Management which relate to the confidentiality of records and (ii) if the CCIT Member ceases membership, the Corporation shall have no right to inspect the CCIT Member's or its Controlling Management's books and records or to require information relating to transactions wholly subsequent to the time when the CCIT Member ceases membership.

(l) CCIT Members may be monitored for financial and/or operational factors as the Corporation deems necessary to protect the Corporation and its Members from undue risk. CCIT Members will not be assigned a rating from the Credit Risk Rating Matrix; however, they may be included on the Watch List at the Corporation's discretion. Placement on the Watch List shall result in a more thorough monitoring of the CCIT Member's financial and/or operational condition, as applicable, and activities by the Corporation. The Corporation may require CCIT Members placed on the Watch List to make more frequent financial disclosures, possibly including interim and/or pro forma reports. A CCIT Member shall be placed on the Watch List if the Corporation takes any action against such CCIT Member pursuant to Section 5(f) of this Rule 3B. A CCIT Member shall continue to be included on the Watch List until the condition(s) that resulted in its placement on the Watch List have improved to the point where the condition(s) are no longer present or a determination is made by the Corporation that close monitoring is no longer warranted.

#### Section 6 – Voluntary Termination

A CCIT Member may elect to terminate its membership in the Corporation by providing the Corporation with 10 Business Days' written notice of such termination; however, the Corporation, in its discretion, may accept such termination within a shorter notice period. Such termination will not be effective until accepted by the Corporation which shall be no later than 10 Business Days after the receipt of the written notice from the CCIT Member. The Corporation's acceptance shall be evidenced by a notice to Members (including CCIT Members) announcing the CCIT Member's termination and the effective date of the termination of the CCIT Member (hereinafter the "Termination

Date”). As of the Termination Date, a CCIT Member that terminates its membership in the Corporation shall no longer be eligible or required to submit to the Corporation data on trades and shall no longer be eligible to have its trade data submitted by a Joint Account Submitter, unless the Board determines otherwise in order to ensure an orderly liquidation of the CCIT Member’s positions. A CCIT Member’s voluntary termination of membership shall not affect its obligations to the Corporation, or the rights of the Corporation, with respect to transactions submitted to the Corporation before the Termination Date.

#### Section 7 – Loss Allocation Obligations of CCIT Members

Section 7 (Allocation of Loss or Liability Incurred by the Corporation) of Rule 4 (Clearing Fund and Loss Allocation) shall apply to CCIT Members as Tier Two Members. CCIT Members shall be responsible for the total amount of loss allocated to them. With respect to CCIT Members with a Joint Account Submitter, loss allocation will be calculated at the Joint Account level and then applied pro rata to each CCIT Member in the Joint Account based on the trade settlement allocation instructions. If, at the time the Corporation calculates loss allocation, the trade settlement allocation instructions to the individual CCIT Member level have not yet been received by the Corporation, the CCIT Members in the Joint Account shall be required to provide the allocation to the Corporation within the timeframes set by the Corporation in its discretion.

#### Section 8 – Obligations Under Rule 4 Regarding Netting Members That Participate in the CCIT Service

The provisions of Rule 4 (Clearing Fund and Loss Allocation) shall apply to the CCIT Service activity of Netting Members in the same way in which such provisions apply to Netting Members’ GCF Repo Transaction activity.

#### Section 9 – Trade Submission and the Comparison System

(a) CCIT Members (whether submitting individually or through a Joint Account) shall be permitted to submit only CCIT Transactions to the Corporation. CCIT Transactions must be in Generic CUSIP Numbers approved by the Corporation for GCF Repo Transactions.

(b) Each CCIT Member shall be required to maintain two accounts at the GCF Clearing Agent Bank(s) at which the Netting Members with whom the CCIT Member enters into CCIT Transactions maintain accounts. One account at such GCF Clearing Agent Bank shall be designated for the CCIT Member’s activity in respect of CCIT Transactions (the “CCIT Account”) and the second account shall be designated for Transactions (as defined in Section 14(a) of this Rule 3B) initiated by the Corporation pursuant to Section 14(a) of this Rule 3B (the “CCIT MRA Account”). In each case, such accounts shall be as designated by the Corporation for these purposes from time to time. If acting through a Joint Account, a CCIT Member shall cause its Joint Account Submitter to maintain both a CCIT Account and a CCIT MRA Account for the Joint Account at the

**GCF Clearing Agent Bank(s) at which the Netting Members with whom the CCIT Member enters into CCIT Transactions maintain accounts.**

**(c) The provisions of Rule 5 (Comparison System) shall apply to CCIT Transactions subject to the following:**

- (i) “Member”, when used in Rule 5, shall include a CCIT Member or a Joint Account Submitter acting on behalf of a CCIT Member, as applicable.**
- (ii) With respect to Section 3 (Trade Submission Communication Methods) of Rule 5, CCIT Transactions may only be submitted using the Interactive Submission Method or the Corporation’s web interface.**
- (iii) With respect to Section 4 (Submission Size Alternatives) of Rule 5, CCIT Transactions must be submitted exactly as executed.**

**CCIT Transactions may be submitted for Bilateral Comparison or Locked-In Comparison.**

**(d) Rule 6A (Bilateral Comparison) shall govern the comparison of CCIT Transactions that are submitted for Bilateral Comparison subject to the following:**

- (i) “Member”, when used in Rule 6A, shall include a CCIT Member or a Joint Account Submitter acting on behalf of a CCIT Member, as applicable.**
- (ii) With respect to Section 1 (General) of Rule 6A, the Schedule of Required and Other Data Submission Items for GCF Repo Transactions shall apply to CCIT Transactions. The Schedule of Required Match Data and the Schedule of Money Tolerances shall not apply to CCIT Transactions. With respect to the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, the fields requiring Broker information shall not apply.**
- (iii) With respect to Section 2 (Submission Method Requirements) of Rule 6A, CCIT Transactions may only be submitted using the Interactive Submission Method or the Corporation’s web interface.**

**(e) The following provisions of Rule 6C (Locked-In Comparison) shall govern the comparison of CCIT Transactions that are submitted on a Locked-In Trade basis: Sections 1 (General), 2 (Authorizations of Transmission to and Receipt by the Corporation of Data on Locked-In Trades), the first sentence in Section 4 (Submission Requirements), 5 (GCF Repo Transactions), 7 (Reporting of Locked-In Trades), 8 (Discretion to not Accept Data), 9 (Binding Nature of Comparison System Output on Locked-In Trades), 12 (Affirmation, Cancellation and Modification Requirements for Data on GCF Repo Transactions) and 13 (Timing of Comparison). For purposes of the application of these**



provisions to CCIT Transactions, CCIT Transactions shall be treated as GCF Repo Transactions. “Member”, when used in applicable parts of Rule 6C, shall include a CCIT Member or, as applicable, a Joint Account Submitter acting on behalf of a CCIT Member.

(f) The Schedule of GCF Timeframes shall apply to CCIT Transactions (whether submitted for Bilateral Comparison or Locked-In Comparison) and CCIT Members shall be subject to any applicable late fees (applied at the Joint Account level if applicable) noted in the Corporation’s Fee Structure for failure to meet applicable deadlines. CCIT Members shall be subject to all consequences for not meeting the deadlines in the Schedules noted in Rule 20 (Special Provisions for GCF Repo Transactions) in the same way as such consequences apply to Netting Members.

#### Section 10 – Forward Trades

The provisions of Rule 14 (Forward Trades) shall apply to CCIT Transactions in the same way such provisions apply to GCF Repo Transactions.

#### Section 11 – Netting System and Settlement of CCIT Transactions

(a) Rule 20 (Special Provisions for GCF Repo Transactions) shall apply to the netting and settlement obligations of the Corporation and each party to a CCIT Transaction in the same way in which such provisions apply to GCF Repo Transactions subject to the following:

- (i) when used, “Netting Member” shall include a CCIT Member or, as applicable, a Joint Account;
- (ii) CCIT Members (whether acting individually or through a Joint Account) shall always be GCF Net Funds Lenders;
- (iii) CCIT Members shall not be Interbank Pledging Members;
- (iv) CCIT Members shall not be initiators of requests for collateral substitutions but shall be the recipients of such collateral substitutions; and
- (v) The CCIT Transaction activity of Netting Members shall be netted with such Netting Members’ GCF Repo Service activity for one net obligation per GCF Repo Service Generic CUSIP Number.

(b) On each Business Day, CCIT Members submitting CCIT Transactions through a Joint Account shall cause their Joint Account Submitter to submit the trade settlement allocation with respect to trades settled by the Joint Account during that Business Day.

(c) Each CCIT Member hereby grants to the Corporation a security interest in all its right, title and interest, at any time acquired, in and to the securities and other property delivered to it by the Corporation pursuant to a CCIT Transaction from time to

time credited to an account maintained by the CCIT Member or the Joint Account Submitter on its behalf pursuant to Section 9(b) of this Rule 3B as security for the prompt and complete payment and performance when due (whether at stated maturity or by acceleration or otherwise) of all obligations of the CCIT Member to the Corporation under each CCIT Transaction.

(d) Although the Corporation and each CCIT Member intends that each CCIT Transaction be a sale and purchase and not a loan, in the event any such CCIT Transaction is deemed to be a loan, the Corporation shall be deemed to have pledged to the relevant CCIT Member as security for the performance by the Corporation of its obligations under such CCIT Transaction, and shall be deemed to have granted to such CCIT Member a security interest in, the securities and other property delivered to it by the Corporation pursuant to such CCIT Transaction from time to time credited to the account maintained by the CCIT Member or the Joint Account Submitter on its behalf pursuant to Section 9(b) of this Rule 3B.

(e) In addition to and not by way of limitation of any provisions of these Rules, if the Corporation ceases to act for a CCIT Member, the Corporation may (i) exercise all rights and remedies available to a secured party under the Uniform Commercial Code, whether or not in effect in the applicable jurisdiction and (ii) instruct the relevant GCF Clearing Agent Bank to deliver to the Corporation the Eligible Securities that the CCIT Member is obligated to return to the Corporation against payment by the Corporation of the Contract Value.

#### Section 12 – Compared Trades

Rule 11B (Guaranty of Settlement) shall apply to CCIT Transactions that are Compared Trades.

#### Section 13 – Funds-Only Settlement

(a) A CCIT Member, or Joint Account (as applicable), shall have the same Funds-Only Settlement Amount obligations as a Netting Member pursuant to Rule 13 (Funds-Only Settlement), and Rule 13 shall apply in its entirety to CCIT Members in the same way as it applies to Netting Members except that only the following components of Section 1 of Rule 13 shall apply to CCIT Members with respect to their CCIT Transactions:

(i) Invoice Amount; and

(ii) Miscellaneous Adjustment Amount.

(b) The following components of Section 1 of Rule 13 shall apply to Netting Members with respect to their CCIT Transactions (such components shall apply as they apply to GCF Repo Transactions except as noted below):

- (i) Transaction Adjustment Payment;
- (ii) GCF Interest Rate Mark, provided that Netting Members shall be obligated to pay debits but shall not be entitled to collect credits for GCF Interest Rate Mark with respect to their CCIT Transactions;
- (iii) Interest Rate Mark, provided that Netting Members shall be obligated to pay debits but shall not be entitled to collect credits for Interest Rate Mark with respect to their CCIT Transactions;
- (iv) Interest Rate Mark Adjustment Payment;
- (v) Invoice Amount as it relates to CCIT Transactions; and
- (vi) Miscellaneous Adjustment Amount as it relates to CCIT Transactions.

(c) CCIT Daily Repo Interest shall also apply to CCIT Members (or Joint Accounts as applicable) and Netting Members with respect to their CCIT Transactions.

#### Section 14 – Liquidity Requirements of CCIT Members

(a) In order to finance the Corporation’s obligations in respect of certain Deliver Obligations in connection with CCIT Transactions in accordance with subsection (b) of this Section 14, the SIFMA MRA (without the referenced annexes) is hereby incorporated by reference in the Rules as a master repurchase agreement between the Corporation, as Seller, and each CCIT Member, as Buyer (the “CCIT MRA”); provided that, notwithstanding anything else set forth in the CCIT MRA:

- (i) Transactions (for purposes of this Section 14(a), as defined in the CCIT MRA) shall only be initiated by the Corporation in accordance with this Rule 3B,
- (ii) all Transactions shall be terminable only by demand of the Corporation and in accordance with this Rule 3B except as specified in subsection (c) below,
- (iii) all Securities (for purposes of this Section 14(a), as defined in the CCIT MRA) shall be transferred by the Corporation in its sole discretion,
- (iv) any and all notices, statements, demands or other communications under the CCIT MRA shall be given by a party to the other in accordance with the notice provisions set forth in the Rules,
- (v) so long as the CCIT Member is a Member of the Corporation, the CCIT MRA may only be terminated by the Corporation except as specified in subsection (c) below,

- (vi)** **there shall be no Events of Default (for purposes of this Section 14(a), as defined in the CCIT MRA) with respect to Seller other than as specified in this Section 14,**
- (vii)** **on any Business Day prior to the CCIT MRA Termination Date as defined in subsection (c) below, the Corporation may, by notice to Buyer, terminate any Transaction, in whole or in part, by specifying such Business Day as the Repurchase Date (for purposes of this Section 14(a), as defined in the CCIT MRA) for some or all of the Purchased Securities (for purposes of this Section 14(a), as defined in the CCIT MRA),**
- (viii)** **if the Corporation terminates a portion of a Transaction pursuant to clause (vii) of this paragraph:**

  - (A) the Repurchase Price (for purposes of this Section 14(a), as defined in the CCIT MRA) for the Purchased Securities to be repurchased on such date (the “Relevant Securities”) shall be an amount equal to the sum of the Purchase Price (for purposes of this Section 14(a), as defined in the CCIT MRA) for the Relevant Securities and the unpaid Price Differential (for purposes of this Section 14(a), as defined in the CCIT MRA) accrued on the Purchase Price for the Relevant Securities through such Business Day;**
  - (B) upon transfer of the Repurchase Price for the Relevant Securities, the Relevant Securities shall no longer constitute Purchased Securities; and**
  - (C) upon transfer of the Repurchase Price for the Relevant Securities, the Purchase Price for the Transaction shall be reduced by the Purchase Price for the Relevant Securities,**
- (ix)** **Section 19(a) of the CCIT MRA shall be amended by adding at the end thereof before the period “, and this Agreement and each Transaction is of a type set forth in Section 5390(c)(8)(D) of Title 12 of the United States Code, as amended”,**
- (x)** **Section 19(b) of the CCIT MRA shall be amended by adding at the end thereof before the period “, and a right to terminate, liquidate or accelerate as described in Section 5390(c)(8)(A) and (C) of Title 12 of the United States Code, as amended”,**
- (xi)** **Buyer’s Margin Percentage (for purposes of this Section 14(a), as defined in the CCIT MRA) shall be 102% for all Transactions, and**
- (xii)** **the Pricing Rate (as defined in the CCIT MRA) in respect of each Transaction shall be the rate published on the Corporation’s website at the time the Corporation initiates such Transaction, corresponding**

to: (A) U.S. Treasury < 30-year maturity (CUSIP: 371487AE9) if the Purchased Securities under such Transaction are U.S. Treasury bills, notes or bonds, (B) Non-Mortgage Backed U.S. Agency Securities (CUSIP: 371487AH2) if the Purchased Securities under such Transaction are non-mortgage-backed U.S. agency securities or (C) Fannie Mae and Freddie Mac Fixed Rate MBS (CUSIP: 371487AL3) if the Purchased Securities under such Transaction are mortgage-backed securities, or if the relevant foregoing rate is unavailable, a rate that the Corporation reasonably determines approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction.

(b) Once the Corporation has ceased to act for a Netting Member with whom a CCIT Member traded pursuant to these Rules, if any portions of such trades, as guaranteed and novated pursuant to these Rules, remain outstanding, then, if the Corporation determines, in its sole discretion, that the procedures below are necessary to address certain of the Corporation's liquidity needs, the Corporation may initiate transactions under the CCIT MRA as provided below.

- (i) The Corporation shall determine which CCIT Members had open CCIT Transactions originally with the Defaulting Member (each such CCIT Member an "Affected CCIT Member"),
- (ii) The Corporation shall notify all Affected CCIT Members informing them that the Corporation will initiate repurchase agreements under the CCIT MRA,
- (iii) The Corporation shall determine each Affected CCIT Member's pro rata share of the total principal dollar amount of such CCIT Transactions originally with the Defaulting Member in respect of which the Corporation needs financing, with such pro rata share being determined by reference to the total dollar amount of such Affected CCIT Member's trades with the Defaulting Member that remain unsettled (such Affected CCIT Member's "Financing Amount"),
- (iv) The Corporation shall initiate repurchase transactions under the terms and conditions of the CCIT MRA with each Affected CCIT Member having a Purchase Price equal to such Affected CCIT Member's Financing Amount (each such repurchase transaction, a "CCIT MRA Transaction", shall be a "Transaction" under the CCIT MRA),
- (v) The payment of the Purchase Price and the delivery of any Purchased Securities under each CCIT MRA Transaction shall be netted against the delivery obligations and related payment obligations under the

original CCIT Transaction to which such CCIT MRA Transaction relates, and

- (vi) Upon the initiation of a CCIT MRA Transaction, the Corporation shall cause the relevant GCF Clearing Agent Bank to transfer the Purchased Securities from an Affected CCIT Member's CCIT Account to such Affected CCIT Member's CCIT MRA Account.

(c) If (i) a Corporation Default has occurred during the term of a CCIT MRA Transaction or (ii) the Corporation has not repurchased all Purchased Securities (for purposes of this Section 14(c), as defined in the CCIT MRA) under the applicable CCIT MRA Transaction by (A) the end of the 30th calendar day after the Purchase Date (for purposes of this Section 14(c), as defined in the CCIT MRA) in the case of a CCIT MRA Transaction where the underlying security is a U.S. government agency debenture or U.S. Treasury bill, note or bond or (B) the end of the 60th calendar day after the Purchase Date in the case of a CCIT MRA Transaction where the underlying security is a mortgage-backed security (each a "CCIT MRA Termination Date"), the Affected CCIT Member may exercise the rights of a "nondefaulting party" under Section 11 of the CCIT MRA as if an "Event of Default" with respect to Seller had occurred and such Affected CCIT Member had exercised the option referred to in Section 11(a) of the CCIT MRA.

(d) It shall be an "Event of Default" with respect to Buyer under a CCIT MRA if the Corporation ceases to act for the relevant Affected CCIT Member.

(e) All delivery obligations and related payment obligations under an original CCIT Transaction in respect of which the Corporation enters into a CCIT MRA Transaction in accordance with Section 14(b) above shall be deemed satisfied by operation of this Section 14, and settlement of any such original CCIT Transaction between the Corporation and any CCIT Member shall be final notwithstanding that the Eligible Securities are not required to be delivered to the Corporation in connection with such original CCIT Transaction by the CCIT Member who was a buyer in the original CCIT Transaction (such delivery being netted against delivery to Buyer under the CCIT MRA).

(f) The Corporation and any CCIT Member may agree to enter into repurchase transactions in addition to those initiated by the Corporation pursuant to Section 14(b) above. In furtherance of the foregoing, the SIFMA MRA is hereby incorporated by reference in the Rules as a master repurchase agreement between the Corporation, as Seller, and each CCIT Member, as Buyer (the "Uncommitted CCIT MRA"); provided that, notwithstanding anything else set forth in the Uncommitted CCIT MRA:

- (i) Transactions (for purposes of this Section 14(f), as defined in the Uncommitted CCIT MRA) shall only be initiated by the Corporation in accordance with this Rule 3B,
- (ii) all Transactions shall be terminable only by demand of the Corporation and in accordance with this Rule 3B,

- (iii) all Securities (for purposes of this Section 14(f), as defined in the Uncommitted CCIT MRA) shall be transferred by the Corporation in its sole discretion,
- (iv) any and all notices, statements, demands or other communications under the Uncommitted CCIT MRA shall be given by a party to the other in accordance with the notice provisions set forth in the Rules,
- (v) there shall be no Events of Default (for purposes of this Section 14(f), as defined in the Uncommitted CCIT MRA) with respect to Seller other than a Corporation Default,
- (vi) Section 19(a) of the Uncommitted CCIT MRA shall be amended by adding at the end thereof before the period “, and this Agreement and each Transaction is of a type set forth in Section 5390(c)(8)(D) of Title 12 of the United States Code, as amended”, and
- (vii) Section 19(b) of the Uncommitted CCIT MRA shall be amended by adding at the end thereof before the period “, and a right to terminate, liquidate or accelerate as described in Section 5390(c)(8)(A) and (C) of Title 12 of the United States Code, as amended”.

**Section 15 – Restrictions on Access to Services by a CCIT Member, Insolvency of a CCIT Member and Wind-Down of a CCIT Member**

**The provisions of Rules 21 (Restrictions on Access to Services), 21A (Wind-Down of a Netting Member) and 22 (Insolvency of a Member) shall apply to CCIT Members in the same way as such provisions apply to Netting Members.**

**Section 16 – Procedures for When the Corporation Ceases to Act for a CCIT Member**

**Rule 22A (Procedures for When the Corporation Ceases to Act) shall apply when the Corporation ceases to act for a CCIT Member in the same way as such Rule applies to Netting Members, except that with respect to Section 2(b), the CCIT Member for whom the Corporation has ceased to act shall be required to return each Eligible Security that the CCIT Member is obligated to return to the Corporation against payment by the Corporation of the Contract Value.**

**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 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) shall apply to CCIT Members with respect to CCIT Transactions in the same way as these provisions apply to Netting Members.**

**(b) With respect to Rule 49 (DTCC Shareholders Agreement), CCIT Members shall be Voluntary Purchaser Participants.**

**(c) All Schedules that are cited in, or pertain to, the Rules cited in this Rule 3B as applying to CCIT Members shall apply to CCIT Members.**

**(d) Any Statements of Policy or Interpretations contained in the Rules applicable to the CCIT Service shall apply to CCIT Members unless expressly stated otherwise.**



## **RULE 4 – CLEARING FUND AND LOSS ALLOCATION**

\* \* \* \*

### Section 1a – Margin Portfolio

(a) A Margin Portfolio shall consist of such Accounts of the Member and of Permitted Margin Affiliates of the Member as the Member shall designate in accordance with the Rules and Procedures of the Corporation.

(b) A Sponsoring Member Omnibus Account shall not be grouped in a Margin Portfolio with any other Accounts. An Account of a Tier Two ~~Netting~~ Member shall not be grouped in a Margin Portfolio with any Accounts of a Tier One Netting Member. A Bank Netting Member shall not be permitted to group any of its Accounts in a Margin Portfolio with Accounts of a Permitted Margin Affiliate unless it can demonstrate to the satisfaction of the Corporation that, in doing so, it is in compliance with regulatory requirements applicable to it.

\* \* \* \*

### Section 5 – Use of Deposits and Payments

\* \* \* \*

If a loss or liability incurred by the Corporation is allocated to a Member pursuant to Section ~~8~~ **7** of this Rule, a Member that is a Cross-Margining Participant incurs a Reimbursement Obligation to the Corporation pursuant to Section 3 of Rule 43, under a Cross-Margining Agreement, a Member that is a Cross-Margining Beneficiary Participant incurs an obligation to reimburse the Corporation pursuant to Section 7 of Rule 43, a Member that is a Cross-Guaranty Defaulting Member incurs an obligation to reimburse the Corporation pursuant to Section 2 of Rule 41 or a Member that is a Cross-Guaranty Beneficiary Member incurs an obligation to reimburse the Corporation pursuant to Section 5 of Rule 41, the Corporation may apply the portion of the: (a) Member's deposit to the Clearing Fund or (b) in the case of a Netting Member that is a Category 1 Inter-Dealer Broker Netting Member, the deposit required pursuant to Section 7 of this Rule, necessary to satisfy such allocation or obligation. In this regard, the Corporation may apply any cash, draw against any letters of credit, and liquidate any securities deposited by the Member, and may do any or all of the foregoing whether or not the Member is treated as insolvent under Rule 22.

\* \* \* \*

### Section 7 – Allocation of Loss or Liability Incurred by the Corporation

\* \* \* \*

(c) If there is any Remaining Loss after application of paragraph (b) above, the Corporation shall determine the amount of such loss that is attributable to Tier One Netting Members.

\* \* \* \*

To the extent there is a ~~Tier Two~~ Remaining Loss payable by Tier Two Members, ~~the Tier Two Remaining Loss~~ such loss shall be allocated to Tier Two ~~Netting~~ Members.

If the Tier Two Members are not CCIT Members (“Tier Two Non-CCIT Members”), the allocation will be based upon their trading activity with the Defaulting Member that resulted in a loss. The Corporation shall assess such loss against the Tier Two ~~Non-CCIT Netting~~ Members ratably based upon their loss as a percentage of the entire amount of the Remaining Loss attributable to such Tier Two ~~Non-CCIT Netting~~ Members. Such Tier Two ~~Non-CCIT Netting~~ Members with a bilateral liquidation profit will not be allocated any portion of the Remaining Loss otherwise attributable to Tier Two ~~Members Remaining Loss~~.

If the Tier Two Members are CCIT Members (“Tier Two CCIT Members”), the allocation will be based upon their open trading activity with the Defaulting Member that resulted in a loss. The Corporation shall assess such loss against the Tier Two CCIT Members ratably based upon a percentage of the loss attributable to each Tier Two CCIT Member’s specific Generic CUSIP that it had open with the Defaulting Member. Such Tier Two CCIT Members with a bilateral liquidation profit will not be allocated any portion of the Remaining Loss otherwise attributable to Tier Two Members.

\* \* \* \*

## RULE 5 – COMPARISON SYSTEM

\* \* \* \*

### Section 8 – Novation and Guaranty of Compared Trades

(a) Each Compared Trade that meets the requirements of Section 2 of Rule 11 and was entered into in good faith shall be novated to the Corporation and the Corporation shall guarantee the settlement of each such Compared Trade at the time at which comparison of such Compared Trade occurs pursuant to Rules 6A, 6B or 6C. Such Novation shall consist of the termination of the deliver, receive and related payment obligations between the Netting Members, **or between a CCIT Member (or Joint Account) and a Netting Member**, with respect to the Compared Trade (including, if such Compared Trade is a Repo Transaction, any Right of Substitution established by the parties) and their replacement with identical obligations to and from the Corporation in accordance with these Rules.

(b) If a trade becomes uncomparing or is cancelled pursuant to these Rules, the Novation and the Corporation's guaranty of settlement of such transaction shall be reversed, cancelling the deliver, receive, and related payment obligations between the Corporation and the applicable Netting Members **and, as applicable, CCIT Member (or Joint Account)**, created by such Novation. If a Compared Trade is modified pursuant to these Rules after Novation and such modification does not cause such trade to become uncomparing, such modification shall cause a corresponding modification to the deliver, receive and related payment obligations of the relevant Netting Members **and, as applicable, CCIT Member (or Joint Account)**, to and from the Corporation.

\* \* \* \*

## RULE 20 – SPECIAL PROVISIONS FOR GCF REPO TRANSACTIONS

\* \* \* \*

### Section 3 – Collateral Allocation

On each Business Day, the Corporation shall establish collateral allocation requirements for each of a Netting Member's GCF Net Funds Borrower Positions and GCF Net Funds Lender Positions such that: (a) for every GCF Net Funds Borrower Position, the Netting Member shall have a Collateral Allocation Obligation equal to such Position, and (b) for every GCF Net Funds Lender Position, the Netting Member shall have a Collateral Allocation Entitlement equal to such Position. Collateral Allocation Obligations must be satisfied by a Netting Member within the timeframes established for such by the Corporation by notice to all Members. If a Netting Member in a GCF Net Funds Borrower Position does not satisfy its consequent Collateral Allocation Obligation by the final cutoff for such allocation as set forth in the Schedule of GCF Timeframes, it shall be deemed to have failed on such Position, the consequence of which shall be that the Member shall not be entitled to receive the funds borrowed, but shall owe interest on such funds amount. In addition, the Corporation shall process Collateral Allocation Obligations that are submitted after 6:00 p.m. New York time on a good faith basis only.

**If on any Business Day, at the time set forth in the Schedule of GCF Timeframes, a Netting Member's Collateral Allocation Obligation from the previous Business Day is greater than the value of the securities and cash delivered by such Netting Member to satisfy such Collateral Allocation Obligation, then such Netting Member shall deliver to the Corporation additional (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such Collateral Allocation Obligations must be satisfied with the posting of Comparable Securities and/or cash only) and/or (iv) cash such that the total value of the securities and cash delivered by such Netting Member to satisfy such Collateral Allocation Obligation is greater than or equal to such Collateral Allocation Obligation. Such additional securities and/or cash must be delivered to the Corporation within the timeframe set forth in the Schedule of GCF Timeframes.**

\* \* \* \*

A Netting Member that had a Collateral Allocation Entitlement **may not withdraw the securities or cash collateral that it receives from its account at the GCF Clearing Agent Bank and** shall have the obligation to settle the new net settlement amount on the next Business Day and the right to receive back from the Corporation the net funds amount that it paid on the previous Business Day. The Corporation shall charge such Netting Member for any actual damages directly suffered by the other Netting Member as a result of not receiving back the same securities, and shall remit any amounts received to the other Netting Member. Such damages must be sufficiently demonstrated to the satisfaction of the Corporation and may not include special, consequential or punitive damages. A Netting Member that had a Collateral Allocation Obligation shall have the obligation to settle the new settlement amount on the next Business Day and the right to receive back from the Corporation the net securities or cash collateral that it

posted on the previous Business Day. Notwithstanding the foregoing, if the Netting Member is not able, due to reasons beyond its control and despite exercising best efforts, to return any collateral due back to the Corporation, the Netting Member may return: (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes, or bonds maturing in a time frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such Obligations must be satisfied with the posting of Comparable Securities and/or cash only), and/or (iv) cash.

\* \* \* \*

## RULE 22B – CORPORATION DEFAULT

### Corporation Default

(a) If a “Corporation Default” occurs pursuant to subsection (b) below, all Transactions which have been subject to Novation pursuant to these Rules but have not yet settled and any rights and obligations of the parties thereto shall be immediately terminated. **Each relevant Member shall thereupon promptly take such market action as is commercially reasonable under the circumstances to effect a close out of any outstanding positions. Each Member will report the results of its market action to the Board** and the Board shall determine a single net amount owed by or to each Member with respect to such **Transactions positions, to the extent applicable**, by applying the close out and application procedures of Sections 2(a) and (b) of Rule 22A and Sections 7(a) through (c) of Rule 4 (interpreted in all such cases as if each Member were a Defaulting Member) taking into account the other provisions in these Rules relating to loss allocation, including in the event that any Member is a Defaulting Member. The Board shall notify each Member of the net amount so determined and Members who have been notified that they owe an amount to the Corporation shall pay that amount on or prior to the date specified by the Board, subject to any applicable setoff rights. Members who have a net claim against the Corporation shall be entitled to payment thereof along with other Members’ and any other creditors’ claims pursuant to the underlying contracts with respect thereto, these Rules and applicable law. For the avoidance of doubt, nothing herein shall limit the rights of the Corporation upon a Member default (including following a Corporation Default) including under any Cross-Guaranty Agreement with the Mortgage-Backed Securities Division or any other Cross-Guaranty Counterparty.

\* \* \* \*

~~(e) Interpretation in Relation to the Federal Deposit Insurance Corporation Act of 1991~~

**RULE 22C – INTERPRETATION IN RELATION TO THE FEDERAL DEPOSIT INSURANCE CORPORATION ACT OF 1991**

The Corporation and the Netting Members intend that these Rules be interpreted in relation to certain terms (identified below) that are defined in the Federal Deposit Insurance Corporation Act of 1991 (“FDICIA”), as amended, as follows:

The Government Securities Division of the Corporation is a “clearing organization”;

Any obligation of a Netting Member or the Corporation to make any payments to the other is a “covered clearing obligation” and a “covered contractual payment obligation”;

An entitlement of a Netting Member or the Corporation to receive a payment from the other is a “covered contractual payment entitlement”;

The Corporation and each Member is a “member” of the “clearing organization”;

The amount by which the covered contractual payment entitlements of a Netting Member or the Corporation exceed the covered contractual payment obligations of such Member or the Corporation after netting pursuant to Rule 22A or this Rule 22CB is its “net entitlement”;

The amount by which the covered contractual payment obligations of a Netting Member or the Corporation exceed the covered contractual payment entitlements of such Member or the Corporation after netting under a netting pursuant to Rule 22A or this Rule 22CB is its “net obligation”; and

These Rules, together with all other agreements between the Corporation -and a Netting Member, are a “netting contract”, the margin, Clearing Fund and other provisions of these Rules granting an interest in any funds or property of a ~~m~~Member to the Corporation constitute a “security agreement or arrangement or other credit enhancement” relating to such netting contract ~~and the~~. The close-out process in Rule 22A or this Rule 22CB constitutes the “terminat[ion], liquidat[ion], accelerat[ion], and nett[ing]” of obligations and the taking of any action by the Corporation under Section 11(e) of Rule 3B shall constitute an exercise of remedies under a “security agreement or arrangement or other credit enhancement”.

\* \* \* \*

## **RULE 24 – CHARGES FOR SERVICES RENDERED**

### Section 1

Members shall pay such fees and charges to the Corporation as shall be specified by the Corporation or in the Procedures and approved by the Board of Directors on a reasonable and non-discriminatory basis.

Sponsoring Members shall be responsible for all fees pertaining to their Sponsoring Member activity as set forth in the Corporation's Fee Structure.

**CCIT Members shall be responsible for all fees pertaining to their CCIT Member activity as set forth in the Corporation's Fee Structure. Such fees will be applied at the Joint Account level where applicable.**

\* \* \* \*



**RULE 30 – LISTS TO BE MAINTAINED**

\* \* \* \*

Section 2

The Corporation shall maintain lists, by category of Membership, of each Comparison-Only Member, Netting Member, **CCIT Member (and its Joint Account Submitter as applicable)** and Sponsored Member, which lists shall be made available to a Member upon request.

\* \* \* \*

## **RULE 35 – FINANCIAL REPORTS**

As soon as practicable after the end of each calendar year, the Corporation shall provide to Members financial statements of the Corporation audited and covered by a report prepared by independent public accountants for such calendar year. The Corporation shall undertake to provide such financial statements and report to Members within 60 days following the close of the Corporation's fiscal year.

The Corporation shall also provide to Members unaudited financial statements of the Corporation within 30 days following the close of the Corporation's fiscal quarter for each of the first three calendar quarters of each calendar year.

**A study and evaluation of the Corporation's system of internal accounting controls with respect to the safeguarding of participants' assets, prompt and accurate clearance and settlement of securities transactions, and the reliability of related records shall be conducted annually by independent public accountants. Such study and evaluation shall be conducted in accordance with the standards established by the American Institute of Certified Public Accountants and shall be made available to all Members within a reasonable time upon receipt from the Corporation's independent accountants.**

\* \* \* \*

## RULE 49 – DTCC SHAREHOLDERS AGREEMENT

\* \* \* \*

### Section 3 – Comparison-Only Members and ~~Registered Investment Companies~~ Tier Two Members

A Comparison-Only Member (other than any central securities depository, Federal Reserve bank, or central counterparty) and any Tier Two m~~Member of GSD that is a Registered Investment Company~~, shall be permitted (but not required) to purchase and own Common Shares in accordance with the terms of the Shareholders Agreement and be a party to the Shareholders Agreement. For purposes of the Shareholders Agreement, a Comparison-Only Member (other than any central securities depository, Federal Reserve bank, or central counterparty) and any Tier Two m~~Member of GSD that is a Registered Investment Company~~, shall be a Voluntary Purchaser Participant.\*

\* \* \* \*

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\* Note that, if a Comparison-Only Member is also a member or participant of any other clearing agency subsidiary of DTCC, such Comparison-Only Member may be a Mandatory Purchaser Participant pursuant to the terms of the Shareholders Agreement and the rules or procedures of such other subsidiary. If a Sponsored Member is also a member or participant of any other clearing agency subsidiary of DTCC, such Sponsored Member may be a Mandatory Purchaser Participant or a Voluntary Purchaser Participant pursuant to the terms of the Shareholders Agreement and the rules and procedures of such other subsidiary.

## SCHEDULE OF GCF TIMEFRAMES

(all times are New York City times)

- 7:00 a.m.** FICC begins to accept from GCF-Authorized Inter-Dealer Brokers (“brokers”) data on GCF Repo Transactions – Brokers must submit data on a GCF Repo Transaction that they are a party to within five minutes of executions of such ~~T~~ transaction.
- 7:30 a.m.** – Collateral that was lent interbank is returned to the FICC account at the clearing bank of the lender of securities collateral to facilitate substitutions in the event of a request by such lender.
- 2:30 p.m.**
- 9:00 a.m.** **Deadline for Netting Members to deliver additional securities or cash such that value of such securities and cash equals or exceeds Collateral Allocation Obligations from previous Business Day.**
- 10:00 a.m.** Dealers must begin affirming or disaffirming GCF Repo Transactions within one half hour of receipt of data on such transactions from FICC.
- 10:30 a.m.** Deadline for dealer affirmation or disaffirmation of all GCF Repo Transactions that they are a party to that are executed prior to 10 a.m.
- 1:00 p.m.** For GCF Repo Transactions executed after 1:00 p.m., dealers must affirm or disaffirm GCF Repo Transactions within ten minutes of their receipt of data on such transactions from FICC.
- 3:00 p.m.** Cutoff for GCF Repo Transaction data submission from brokers to FICC including dealer trade affirmation or disaffirmation – all unaffirmed trades automatically affirmed by FICC – notification by FICC to banks and dealers of final positions – collateral allocations begin.
- 3:30 p.m.** Every Collateral Allocation Entitlement and Collateral Allocation Obligation that was established by the Corporation on the previous Business Day shall be netted with the current Business Day’s Collateral Allocation Obligation and/or Collateral Allocation Entitlement. GCF Counterparties (“dealers”) shall have the obligation to settle such new net settlement amounts.
- 4:30 p.m.\*** First deadline for dealer allocation of collateral to satisfy obligations, after which a late fee will be imposed.

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\* Or one hour after the close of the securities FedWire, if later.

**6:00 p.m.** Second deadline for dealer allocation of collateral to satisfy obligations, after which FICC shall process Collateral Allocation Obligations on a good faith basis only.

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