

**EXHIBIT 5**

**Bold and underlined text** indicates proposed new language.

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

**Green highlighted, bold and underlined text** indicates language proposed to be added by SR-FICC-2024-005.

**~~Green highlighted, bold and strikethrough text~~** indicates language proposed to be deleted by the SR-FICC-2024-005.

**~~Green highlighted, bold and strikethrough red text~~** indicates proposed deletions to language proposed to be added by SR-FICC-2024-005.

**Yellow highlighted, bold and underlined text** indicates language proposed to be added by SR-FICC-2024-003 and SR-FICC-2024-801.

**~~Yellow highlighted, bold and strikethrough text~~** indicates language proposed to be deleted by SR-FICC-2024-003 and SR-FICC-2024-801.

**~~Yellow highlighted, bold and strikethrough red text~~** indicates proposed deletions to language proposed to be added by SR-FICC-2024-003 and SR-FICC-2024-801.

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

## RULE 1 – DEFINITIONS\*

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

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

### Account

The term “Account” means any account maintained by **the Corporation for a Member to record Transactions submitted by the Member pursuant to the Rules.**

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### **Agent Clearing Member Omnibus Account Required Fund Deposit**

**The term “Agent Clearing Member Omnibus Account Required Fund Deposit” means the Agent Clearing Member’s Required Fund Deposit Portion that is calculated on the basis of the Agent Clearing Member’s Agent Clearing Member Omnibus Account(s) other than their Segregated Indirect Participants Account(s).**

\* \* \*

### Backtesting Charge

~~The term “Backtesting Charge” shall have the meaning given that term in the Margin Component Schedule means an additional charge that may be added to a Netting Member’s VaR Charge to mitigate exposures to the Corporation caused by settlement risks that may not be adequately captured by the Corporation’s portfolio volatility model. The Corporation may assess this charge on a Netting Member’s start of the day portfolio (the “Regular Backtesting Charge”) and/or its intraday portfolios (the “Intraday Backtesting Charge”), as needed, to enable the Corporation to achieve its backtesting coverage target. The Regular Backtesting Charge and the Intraday Backtesting Charge may apply to Netting Members that have 12-month trailing backtesting coverage below the 99 percent backtesting coverage target, excluding deficiencies attributable to Blackout Period exposures. The Regular Backtesting Charge and the Intraday Backtesting Charge, as applicable, shall generally be equal to the Netting Member’s third largest deficiency that occurred during the previous 12 months. Deficiencies attributable to Blackout Period exposures would be included only during the Blackout Period. The Corporation may in its discretion adjust such~~

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~~charge if the Corporation determines that circumstances particular to a Netting Member's settlement activity and/or market price volatility warrant a different approach to determining or applying such charge in a manner consistent with achieving the Corporation's backtesting coverage target.~~

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### **Blackout Period Exposure Adjustment**

The term "Blackout Period Exposure Adjustment" shall have the meaning given that term in the Margin Component Schedule ~~means an additional charge or a reduction that may be added to a GCF Counterparty's VaR Charge to mitigate exposures to the Corporation that may arise due to potential overvaluation of mortgage-backed securities pledged to collateralize GCF Repo Transactions during the Blackout Period. The Blackout Period Exposure Adjustment shall apply to GCF Counterparties that are exposed to potential overvaluation of mortgage-backed securities pledged as collateral during the Blackout Period. The Blackout Period Exposure Adjustment shall be based on a projected average pay-down rate of the applicable mortgage-backed securities. The Corporation may in its discretion adjust or waive such adjustment if the Corporation determines that circumstances particular to the GCF Counterparty's use of mortgage-backed security pledges or to the mortgage-backed securities so pledged warrant a different approach to determining or applying such adjustment in a manner consistent with achieving the Corporation's backtesting coverage target.~~

\* \* \*

### **Broker Account**

The term "Broker Account" means ~~an Account maintained for an Inter-Dealer Broker Netting Member~~ a Cash Broker Account or a Repo Broker Account ~~or a Segregated Repo Account of a Non-IDB Repo Broker.~~

\* \* \*

### **Brokered Repo Transaction**

The term "Brokered Repo Transaction" means a Repo Transaction, including a GCF Repo Transaction, that is a Brokered Transaction a party to which is Repo Broker.

\* \* \*

### **Brokered Transaction**

The term "Brokered Transaction" means any transaction, including a Repo Transaction, calling for the delivery of an Eligible Netting Security, or the posting of cash or an Eligible Netting Security as collateral, that an Inter-Dealer Broker Netting Member enters into

**with another Netting Member or a Sponsored Member or Executing Firm Customer through the Inter-Dealer Broker Netting Member's own trading platform.**

~~the data on which has been submitted to the Corporation by Members, to which transaction (i) an Inter-Dealer Broker, or (ii) a Non-IDB Repo Broker with respect to activity in its Segregated Repo Account, is a party. The mere fact that an Inter-Dealer Broker, or a Non-IDB Repo Broker with respect to activity in its Segregated Repo Account, has submitted data to the Corporation on a transaction is not, solely of itself, determinative of whether such Broker is a party to the transaction.~~

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### **Cash Broker Account**

**The term "Cash Broker Account" means an Account maintained by the Corporation for an Inter-Dealer Broker Netting Member to record Brokered Transactions, other than Brokered Repo Transactions, submitted to the Corporation by the Inter-Dealer Broker Netting Member.**

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### **Clearing Fund**

The term "Clearing Fund" means the Clearing Fund established by the Corporation pursuant to these Rules, which shall be comprised of the aggregate of all **Required Fund Actual** Deposits and all other deposits, including Cross-Guaranty Repayment Deposits, to the Clearing Fund.

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### **Current Net Settlement Positions**

The term "Current Net Settlement Positions" means those Net Settlement Positions that are scheduled to settle on the Business Day with respect to which the calculation is made. **Notwithstanding the foregoing, if a Current Net Settlement Position recorded in a Sponsoring Member Omnibus Account or Segregated Indirect Participants Account is not clearly allocable to an individual Sponsored Member or Segregated Indirect Participant, including because one or more transactions recorded in the Account did not settle on its original Scheduled Settlement Date, then, for purposes of calculating the relevant Netting Member's Sponsoring Member Omnibus Account Required Fund Deposit or Segregated Customer Margin Requirement for such Account, the Corporation shall at the securities Fedwire opening on each Business Day and then throughout the Business Day allocate the Current Net Settlement Position to the Sponsored Members or Segregated Indirect Participants whose positions are carried in the Account as follows:**

**(i) If the Current Net Settlement Positions of such account is long in a particular CUSIP, then the Current Net Settlement Positions shall be allocated on a**

**pro rata basis to each Sponsored Member or Segregated Indirect Participant, as applicable, that had long positions in the relevant CUSIP in the Account as of the end of the preceding Business Day.**

**(ii) If the Current Net Settlement Positions of such Account is short in a particular CUSIP, then the Current Net Settlement Positions shall be allocated on a pro rata basis to each Sponsored Member or Segregated Indirect Participant, as applicable, that had short positions in the relevant CUSIP in the Account as of the end of the preceding Business Day.**

\* \* \*

### **Dealer Account**

The term “Dealer Account” means an Account maintained by **the Corporation for a Netting Member to record Proprietary Transactions, other than Brokered Transactions, submitted to the Corporation by the Netting Member. that is not a Broker.**

\* \* \*

### **Deposit ID**

**The term “Deposit ID” means an operational mechanism used by the Corporation to identify the Account for which a deposit is being made with the Corporation pursuant to Rule 4 and to facilitate the separate holding of such deposits on the Corporation’s books and records.**

\* \* \*

### **Equity Capital**

**The term “Equity Capital” means, as of a particular date, the amount equal to the equity capital as reported on the Netting Member’s most recent Consolidated Report of Condition and Income (“Call Report”), or, if the Netting Member is not required to file a Call Report, then as reported on its most recent financial statements or equivalent reporting).**

\* \* \*

### **Excess Capital Differential**

The term “Excess Capital Differential” **shall have the meaning given that term in the Margin Component Schedule** ~~means the amount by which a Netting Member’s VaR Charge exceeds its Netting Member Capital.~~

## **Excess Capital Ratio**

The term “Excess Capital Ratio” shall have the meaning given that term in the Margin Component Schedule ~~means the quotient, rounded to the nearest two decimal places, resulting from dividing the amount of a Netting Member’s VaR Charge by the amount of its Netting Member Capital that it maintains.~~

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## **Hague Securities Convention**

The term “Hague Securities Convention” means the Convention on the Law Applicable to Certain Rights in Respect of Securities Held with an Intermediary, July 5, 2006, 17 U.S.T. 401, 46 I.L.M. 649 (entered into force April 1, 2017).

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## **Holiday Charge**

The term “Holiday Charge” shall have the meaning given that term in the Margin Component Schedule ~~means an additional charge that may be added to Netting Members’ VaR Charge on the Business Day prior to a Holiday. The Holiday Charge approximates the exposure that a Netting Member’s trading activity on the applicable Holiday could pose to the Corporation. Since the Corporation cannot collect margin on the Holiday, the Holiday Charge is due on the Business Day prior to the applicable Holiday.~~

~~The methodology for calculating a Holiday Charge shall be determined by the Corporation in advance of each applicable Holiday. The Holiday Charge approximates each Netting Member’s Required Fund Deposit to address the exposure such Netting Member’s trading activity on the applicable Holiday could pose to the Corporation. The Corporation shall have the discretion to calculate the Holiday Charge based on its assessment of market conditions at the time the Holiday Charge is calculated (such as, for example, significant market occurrences that could impact market price volatility). The Corporation shall inform Netting Members of the methodology it will use to calculate the Holiday Charge by an Important Notice issued no later than 10 Business Days prior to the day on which the applicable Holiday Charge is applied. Examples of potential methodologies for the Holiday Charge may include, but shall not be limited to, time scaling of the VaR Charge or a stress scenario that reflects potential market price volatility on the Holiday.~~

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## **Indirect Participants Account**

The term “Indirect Participants Account” means a Sponsoring Member Omnibus Account or an Agent Clearing Member Omnibus Account, including any Account

**that has been designated as a Segregated Indirect Participants Account pursuant to Rule 2B, except as otherwise expressly stated in the Rules.**

\* \* \*

### **Intraday Supplemental Fund Deposit**

The term “Intraday Supplemental Fund Deposit” **shall have the meaning given that term in the Margin Component Schedule** ~~means the additional deposit to the Clearing Fund required by the Corporation from a Member intraday pursuant to the provisions of Rule 4.~~

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### **Legal Risk**

The term “Legal Risk” **means the risk that the Corporation, as a result of a law, rule or regulation applicable to a Netting Member, including a Netting Member’s insolvency or bankruptcy, may be delayed or prohibited from: (i) accessing any portion of the Netting Member’s Required Fund Deposit, (ii) netting, closing out or liquidating transactions, or setting off obligations, or taking any other action contemplated by Rule 4 (Clearing Fund and Loss Allocation), Rule 21 (Restrictions on Access to Services), Rule 22 (Insolvency of a Member) or Rule 22A (Procedures for When the Corporation Ceases to Act), or (iii) otherwise exercising its rights pursuant to these Rules shall have the meaning given that term in Section 2 of Rule 4.**

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### **Margin Liquidity Adjustment Charge or MLA Charge**

The terms “Margin Liquidity Adjustment Charge” or “MLA Charge” **shall have the meaning given such terms in the Margin Component Schedule.** ~~mean, with respect to each Margin Portfolio, an additional charge applied to Net Unsettled Positions of a Member. The MLA Charge shall be calculated daily and shall be included in each Member’s Required Fund Deposit.~~

~~For purposes of calculating this charge, Net Unsettled Positions shall be categorized into the following asset groups: (a) U.S. Treasury securities, which shall be further categorized into subgroups by maturity; (b) Treasury Inflation Protected Securities (“TIPS”), which shall be further categorized into subgroups by maturity; (c) U.S. agency bonds; and (d) mortgage pools, which may be further categorized into subgroups by mortgage pool types.~~

~~The asset groups and subgroups shall be set forth in a schedule that is published on the Corporation’s website. It shall be the Member’s responsibility to retrieve the schedule. The Corporation will provide Members with at a minimum 5 Business Days’ advance notice of any change to the schedule via an Important Notice.~~

~~The Corporation shall first calculate a measurement of market impact cost for Net Unsettled Positions in each of the asset groups/subgroups, as described below:~~

- ~~(i) For Net Unsettled Positions in U.S. Treasury securities maturing in less than one year and TIPS, the directional market impact cost should be used, which is a function of the Net Unsettled Position's net directional market value.~~
- ~~(ii) For all other Net Unsettled Positions, two components shall be added together: (1) the directional market impact cost, as described above, and (2) the basis cost, which is based on the Net Unsettled Position's gross market value.~~

~~For all asset groups/subgroups, the net directional market value and the gross market value shall be divided by the average daily volumes of the securities in that asset group/subgroup over a lookback period.~~

~~The calculated market impact cost for Net Unsettled Positions in an asset group/subgroup shall be compared to a portion of the VaR Charge that is allocated to that asset group/subgroup. If the ratio of the calculated market impact cost to a portion of the VaR Charge is greater than a threshold, to be determined by the Corporation from time to time, an MLA Charge will be applied to that asset group/subgroup. If the ratio of these two amounts is equal to or less than this threshold, the MLA Charge will not be applied to that asset group/subgroup.~~

~~When applicable, an MLA Charge for each asset group/subgroup would be calculated as a proportion of the product of (1) the amount by which the ratio of the calculated market impact cost to a portion of the VaR Charge allocated to that asset group/subgroup exceeds the threshold, and (2) a portion of the VaR Charge allocated to that asset group/subgroup.~~

~~Each applicable MLA Charge for each asset group/subgroup shall be added together to result in one total MLA Charge.~~

~~The Corporation may apply a downward adjusting scaling factor based on the ratio of the calculated market impact cost to a portion of the VaR Charge to result in a final MLA Charge, where a higher ratio would trigger a larger downward adjustment of the MLA Charge and a lower ratio would trigger no downward adjustment of the MLA Charge.~~

~~If a Sponsored Member clears through multiple accounts sponsored by multiple Sponsoring Members, for each such account, the Corporation shall calculate both (1) an MLA Charge for each asset group/subgroup in the account on a standalone basis, as provided above, and (2) an MLA Charge for each asset group/subgroup in the account as part of a consolidated portfolio, as provided below, with the higher amount applied as the MLA Charge for the relevant asset group/subgroup. The applicable MLA Charge for each asset group/subgroup shall be added together to result in one total MLA Charge for the account.~~



~~For purposes of calculating the MLA Charge for each asset group/subgroup in the account as part of a consolidated portfolio, the market impact cost for the asset group/subgroup is calculated based on the aggregate Net Unsettled Positions of that asset group/subgroup in the consolidated portfolio. The calculated market impact cost for each asset group/subgroup in the consolidated portfolio shall be allocated on a pro rata basis to each asset group/subgroup in each of the accounts based on the market impact cost of that asset group/subgroup in the account.~~

~~The allocated market impact cost for an asset group/subgroup shall be compared to a portion of the VaR Charge that is allocated to that asset group/subgroup in the account. If the ratio of the allocated market impact cost to a portion of the VaR Charge is greater than a threshold to be determined by the Corporation from time to time, an MLA Charge will be applied to that asset group/subgroup. If the ratio of these two amounts is equal to or less than this threshold, the MLA Charge will not be applied to that asset group/subgroup.~~

~~When applicable, the MLA Charge for each asset group/subgroup in the account as part of a consolidated portfolio would be calculated as a proportion of the product of (1) the amount by which the ratio of the allocated market impact cost for the asset group/subgroup to the portion of the VaR Charge allocated to that asset group/subgroup exceeds a threshold, to be determined by the Corporation from time to time, and (2) a portion of the VaR Charge allocated to that asset group/subgroup.~~

\* \* \*

## Margin Portfolio

The term “Margin Portfolio” means one or more Accounts of the same Type ~~and, as applicable, a Market Professional Cross-Margining Account~~, as a Netting Member shall designate in accordance with the provisions of Rule 4 and/or any applicable Cross-Margining Arrangement for the purpose of calculating the Member’s Required Fund Deposit ~~and, as applicable, the Member’s Market Professional Required Fund Deposit~~.

## Margin Proxy

The term “Margin Proxy” shall have the meaning given such term in the Margin Component Schedule ~~means, with respect to each Margin Portfolio, an alternative volatility calculation for specified Net Unsettled Positions of a Netting Member, calculated using historical market price changes of such U.S. Treasury and agency pass-through mortgage-backed securities indices determined by the Corporation. The Margin Proxy would be applied by the Corporation as an alternative to the model-based volatility calculation of the VaR Charge for each Netting Member’s Margin Portfolio. The Margin Proxy shall cover such range of historical market price moves and parameters as the Corporation from time to time deems appropriate.~~

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### **Market Professional Cross-Margining Account**

~~The term “Market Professional Cross-Margining Account” means, as applicable: (i) a cross-margined Account that is carried for a Netting Member by the Corporation and that is limited to Eligible Positions and margin of Market Professionals; or (ii) an Account that is carried by a Netting Member for, and that is limited to, Eligible Positions and margin of, Market Professionals that are party to a Market Professional Agreement for Cross Margining.~~

\* \* \*

### **Minimum Charge**

~~The term “Minimum Charge” means the minimum amount of each Member’s Required Fund Deposit, as applicable, before application of special premiums and amounts applicable under these rules.~~

\* \* \*

### **Minimum Margin Amount<sup>[1]</sup>**

~~The term “Minimum Margin Amount” shall have the meaning given such term in the Margin Component Schedule. means, with respect to each Margin Portfolio, a minimum volatility calculation for specified Net Unsettled Positions of a Netting Member as of the time of such calculation.~~

~~The Minimum Margin Amount shall use historical price returns to represent risk and be calculated as the sum of the following:~~

- ~~(a) — amounts calculated using a filtered historical simulation approach to assess volatility by scaling historical market price returns to current market volatility, with market volatility being measured by applying exponentially weighted moving average to the historical market price returns with a decay factor between 0.93 and 0.99, as determined by the Corporation from time to time based on sensitivity analysis, macroeconomic conditions, and/or backtesting performance,~~
- ~~(b) — amounts calculated using a haircut method to measure the risk exposure of those securities that lack sufficient historical market price return data, and~~
- ~~(c) — amounts calculated to incorporate risks related to (i) repo interest volatility (“repo interest volatility charge”) and (ii) transaction costs related to~~

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<sup>[1]</sup> ~~Subject to approval by the SEC, the red text in this Exhibit 5 would be incorporated into the proposed Margin Component Schedule. Upon implementation of the proposed rule change, this footnote will automatically be removed.]~~

~~bid-ask spread in the market that could be incurred when liquidating a portfolio (“bid-ask spread risk charge”).~~

~~The Corporation will provide Members with at a minimum one Business Day advance notice of any change to the decay factor via an Important Notice.~~

\* \* \*

## Net Capital

The term “Net Capital” means, as of a particular date, the amount equal to the net capital as reported on the Netting Member’s most recent Form X-17-A-5 (Financial and Operational Combined Uniform Single (“FOCUS”) Report) or, if the Netting Member is not required to file a FOCUS Report, then as reported on its most recent financial statements or equivalent reporting of a broker or dealer as defined in SEC Rule 15c3-1(c)(2), or any successor rule or regulation thereto.

\* \* \*

## ~~Netting Member Account~~

~~The term “Netting Member Account” shall mean an Account maintained by the Netting Member that contains the activity of the Netting Member that is submitted to the Corporation. A Netting Member may elect to establish one or more Netting Member Accounts.~~

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## Netting Member Capital

The term “Netting Member Capital” means Net Capital, nNet aAssets or eEquity eCapital as applicable, to a Netting Member based on its type of regulation.

\* \* \*

## ~~Non-IDB Repo Broker~~

~~The term “Non-IDB Repo Broker” means a Netting Member that is not an Inter-Dealer Broker Netting Member and that the Corporation has determined: (a) operates in the same manner as a Broker, with regard to activity in its Segregated Repo Account and (b) has agreed to, and does, participate in the repo netting service operated by the Corporation pursuant to the same requirements imposed under the Rules on Inter-Dealer Broker Netting Members that participate in that service.~~

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### **Permitted Margin Affiliate**

~~The term “Permitted Margin Affiliate” means an affiliate of a Member that is also a member of this Government Securities Division of the Corporation and that directly or indirectly controls such particular Member, or that is directly or indirectly controlled by or under common control with such particular Member. Ownership of more than 50% of the common stock of the relevant entity (or equivalent equity interests in the case of a form of entity that does not issue common stock) will be conclusively deemed prima facie control of such entity for purposes of this definition.~~

\* \* \*

### **Portfolio Differential Charge ~~or PD Charge~~**

~~The terms “Portfolio Differential Charge” or “PD Charge” shall have the meaning given such term in the Margin Component Schedule mean, with respect to each Margin Portfolio, an additional charge to be included in each Member’s Required Fund Deposit.~~

~~The PD Charge shall be calculated twice each Business Day as the exponentially weighted moving average (“EWMA”) of the historical increases in the Member’s VaR Charge that occur between collections of Required Fund Deposits over a lookback period of no less than 100 days with a decay factor of no greater than 1, times a multiplier that is no less than 1 and no greater than 3, as determined by the Corporation from time to time based on backtesting results. The Corporation will provide Members with at a minimum 10 Business Days advance notice of any change to the lookback period, the decay factor and/or the multiplier via an Important Notice.~~

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### **Proprietary Account**

The term “Proprietary Account” means a Dealer Account, Cash Broker Account, or Repo Broker Account.

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### **Proprietary Transaction**

The term “Proprietary Transaction” means a Transaction entered into by a Netting Member for its own benefit, rather than on behalf of an Executing Firm Customer or Sponsored Member. A Transaction entered into by a Netting Member for the benefit of an Affiliate is not a Proprietary Transaction.

\* \* \*

## **Repo Broker**

The term “Repo Broker” means ~~(i) an Inter-Dealer Broker Netting Member, or (ii) a Non-IDB Repo Broker~~ with respect to activity in its ~~Segregated-Repo~~ Broker Account.

\* \* \*

## **Segregated-Repo Broker Account**

The term “~~Segregated-Repo~~ Broker Account” means ~~an~~ Broker Account maintained by the Corporation for an Inter-Dealer Broker Netting Member in its capacity as a Repo Broker to record Brokered Repo Transactions submitted to the Corporation by the Inter-Dealer Broker Netting Member operated by a Non-IDB Repo Broker in which all trading is executed on a brokered basis with Netting Members on each side.

\* \* \*

## **Required Fund Deposit Portion**

The term “Required Fund Deposit Portion” means each of the items listed in Section 2(a)(i)–(iv) of Rule 4.

\* \* \*

## **Segregated Customer Margin**

The term “Segregated Customer Margin” means all securities and funds deposited by a Sponsoring Member or an Agent Clearing Member with the Corporation to satisfy its Segregated Customer Margin Requirement.

## **Segregated Customer Margin Custody Account**

The term “Segregated Customer Margin Custody Account” means a securities account within the meaning of the NYUCC maintained by the Corporation, in its capacity as securities intermediary as such term is used in the NYUCC, for an Agent Clearing Member or Sponsoring Member for the benefit of such Member’s Segregated Indirect Participants.

## **Segregated Customer Margin Requirement**

The term “Segregated Customer Margin Requirement” means the amount of cash or Eligible Clearing Fund Securities that an Agent Clearing Member or Sponsoring Member is required to deposit with the Corporation to support the obligations arising from Transactions recorded in its Segregated Indirect Participants Accounts. A Netting Member’s Segregated Customer Margin Requirement shall be the sum of the items listed in Section 2(a)(v) and (vi) of Rule 4. References to Segregated Customer Margin Requirement “for” or “with respect to” a particular Segregated Indirect Participants Account or Segregated Indirect Participant (or similar language) mean

**the portion of a Netting Member's Segregated Customer Margin Requirement arising from such Account or Segregated Indirect Participant.**

### **Segregated Indirect Participant**

**The term "Segregated Indirect Participant" means a Sponsored Member or an Executing Firm Customer whose Transactions are recorded in a Segregated Indirect Participants Account.**

### **Segregated Indirect Participants Account**

**The term "Segregated Indirect Participants Account" means an Indirect Participants Account maintained by the Corporation for a Sponsoring Member or an Agent Clearing Member that has been designated as such by such Member pursuant to Rule 2B.**

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### **Sponsoring Member Omnibus Account**

The term "Sponsoring Member Omnibus Account" ~~shall mean~~ an Account maintained by **the Corporation for a Sponsoring Member that contains to record the activity Sponsored Member Trades submitted to the Corporation by the Sponsoring Member on behalf** of its Sponsored Members, ~~that is submitted to the Corporation. A Sponsoring Member may elect to establish one or more Sponsoring Member Omnibus Accounts. Each Sponsoring Member Omnibus Account may contain all types of Sponsored Member Trades. The Sponsoring Member Omnibus Account shall be separate from the Accounts associated with the Sponsoring Member's activity as a Netting Member except as contemplated by Sections 10, 11 and 12 of Rule 3A and under the Sponsoring Member Guaranty.~~

### **Sponsoring Member Omnibus Account Required Fund Deposit**

The term "Sponsoring Member Omnibus Account Required Fund Deposit" **means the Sponsoring Member's Required Fund Deposit Portion that is calculated on the basis of the Sponsoring Member's Sponsoring Member Omnibus Account(s) other than Segregated Indirect Participants Account(s)** ~~shall have the meaning given to that term in Section 10 of Rule 3A.~~

\* \* \*

### **Type of Account**

**The terms "Type of Account" and "Type" mean any one of a Dealer Account, Broker Account, Sponsoring Member Omnibus Account, Agent Clearing Member Omnibus Account, or Segregated Indirect Participants Account.**

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## Unadjusted GSD Margin Portfolio Amount

The term “Unadjusted GSD Margin Portfolio Amount” shall have the meaning given such term in the Margin Component Schedule means, with respect to each Margin Portfolio, the amount greater than zero determined by the Corporation in accordance with the provisions of Rule 4.

## VaR Charge<sup>[2]</sup>

The term “VaR Charge” shall have the meaning given such term in the Margin Component Schedule means, with respect to each Margin Portfolio, a calculation of the volatility of specified Net Unsettled Positions of a Netting Member as of the time of such calculation. Such volatility calculations shall be made in accordance with any generally accepted portfolio volatility model, including, but not limited to, any margining formula employed by any other clearing agency registered under Section 17A of the Securities Exchange Act of 1934. Such calculation shall be made utilizing such assumptions (including confidence levels) and based on such observable market data as the Corporation deems reasonable, and shall cover such range and assessment of volatility as the Corporation from time to time deems appropriate. To the extent that the primary source of such market data becomes unavailable for an extended period of time, the Corporation shall utilize the Margin Proxy as an alternative volatility calculation. In its assessment of volatility, the Corporation shall calculate an additional bid-ask spread risk charge measured by multiplying the gross market value of each Net Unsettled Position by a basis point charge, where the applicable basis point charge shall be reviewed at least annually and shall be based on the following risk groups: (a) mortgage pool transactions; (b) TIPS; (c) U.S. agency bonds; and (d) U.S. Treasury securities, which shall be further categorized by maturity—those maturing in (i) less than five years, (ii) equal to or more than five years and less than ten years, and (iii) equal to or more than ten years.

If the volatility calculation (or the Margin Proxy, when applicable) is lower than an amount designated by the Corporation (the “VaR Floor”), then the VaR Floor will be utilized as the such Netting Member’s VaR Charge of the Margin Portfolio.

## VaR Floor<sup>[3]</sup>

The term “VaR Floor” means, with respect to each Margin Portfolio, the greater of (i) the VaR Floor Percentage Amount and (ii) the Minimum Margin Amount.

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<sup>[2]</sup> Id.

<sup>[3]</sup> Id.

**VaR Floor Percentage Amount**<sup>[4]</sup>

~~Such VaR Floor will be determined by multiplying~~ **The term “VaR Floor Percentage Amount” means** ~~the absolute value of the sum of Net Long Positions and Net Short Positions of Eligible Securities, grouped by product and remaining maturity,~~ **multiplied** ~~by a percentage designated by the Corporation from time to time for such group. For U.S. Treasury and agency securities, such percentage shall be a fraction, no less than 10%, of the historical minimum volatility of a benchmark fixed income index for such group by product and remaining maturity. For mortgage-backed securities, such percentage shall be a fixed percentage that is no less than 0.05%.~~

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<sup>4</sup> Id.



## RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

\* \* \*

### Section 4 – Membership Qualifications and Standards for Netting Members

\* \* \*

(b) Financial Responsibility – The applicant shall:

(i) have sufficient financial ability to make anticipated required deposits to the Clearing Fund **and Segregated Customer Margin** as provided for in Rule 4 **and calculated pursuant to the Margin Component Schedule**, and anticipated Funds-Only Settlement Amounts, and to meet all of its other obligations to the Corporation in a timely manner; and

\* \* \*

### Section 5 – Application Documents

\* \* \*

If the Corporation determines that a legal opinion, or update thereto, submitted by an applicant, indicates that the Corporation could be subject to Legal Risk ~~(as defined in Section 2 of Rule 4)~~ with respect to such applicant, the Corporation shall have the right to take, and/or require the applicant to take, appropriate action(s) to mitigate such Legal Risk, including, but not limited to, requiring the applicant to post additional Clearing Fund as set forth in **Section 2 of Rule 4 the Margin Component Schedule**.

\* \* \*

## **RULE 2B – ACCOUNTS**

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

### **Section 1 – Establishment of Proprietary Accounts**

**The Corporation can establish and maintain one or more of the following Proprietary Accounts to record the Netting Member’s Proprietary Transactions:**

**(i) A Dealer Account for purposes of recording Proprietary Transactions of the Netting Member (other than Brokered Transactions if the Netting Member is an Inter-Dealer Broker Netting Member);**

**(ii) If the Netting Member is an Inter-Dealer Broker Netting Member, a Cash Broker Account for purposes of recording Brokered Transactions (other than Brokered Repo Transactions) of the Inter-Dealer Broker Netting Member; and**

**(iii) If the Netting Member is an Inter-Dealer Broker Netting Member, a Repo Broker Account for purposes of recording the Brokered Repo Transactions of the Inter-Dealer Broker Netting Member.**

**The Corporation can establish more than one Proprietary Account of the same Type for the Netting Member (e.g., two Dealer Accounts).**

### **Section 2 – Establishment of Indirect Participants Accounts**

**The Corporation can establish and maintain one or more of the following Indirect Participants Accounts to record Transactions submitted to the Corporation on behalf of others (including the Netting Member’s Affiliates):**

**(i) If the Netting Member is a Sponsoring Member, a Sponsoring Member Omnibus Account for purposes of recording Sponsored Member Trades of the Sponsoring Member’s Sponsored Members; and**

**(ii) If the Netting Member is an Agent Clearing Member, an Agent Clearing Member Omnibus Account for purposes of recording Agent Clearing Transactions of the Agent Clearing Member’s Executing Firm Customers.**

**A Netting Member may request that the Corporation establish more than one Indirect Participants Account of the same Type for the Netting Member.**

### **Section 3 – Segregation Designations for Indirect Participants Accounts**

**A Netting Member may designate any of its Indirect Participants Accounts as a Segregated Indirect Participants Account. Any such designation of an Account shall**

constitute a representation to the Corporation by the Netting Member that the Netting Member intends to meet all Segregated Customer Margin Requirements for such Account using cash or securities deposited by Segregated Indirect Participants with the Netting Member, except to the extent the Netting Member temporarily uses its own securities in accordance with the conditions set forth in Section (b)(1)(iii) of Note H to SEC Rule 15c3-3a. A Netting Member shall be deemed to repeat this representation each time it deposits Segregated Customer Margin. Only Transactions in U.S. Treasury securities may be recorded in a Segregated Indirect Participants Account.

As a result, in calculating the Segregated Customer Margin Requirement for a Segregated Indirect Participants Account, the Corporation will not net the Transactions of multiple Segregated Indirect Participants against one another. However, the Corporation will net the Transactions recorded in such Account for purposes of calculating the Segregated Customer Margin Requirement to the extent those Transactions belong to the same Segregated Indirect Participant.

Unless otherwise expressly stated in the Rules, all references to a Sponsoring Member Omnibus Account and Agent Clearing Member Omnibus Account shall also apply to Segregated Indirect Participants Accounts.

#### Section 4 – Designation of Account When Submitting Transactions

When submitting a Transaction to the Corporation, a Member shall designate the Account in which the Transaction shall be recorded. Any such designation shall constitute a representation to the Corporation that the Transaction is of a type that may be recorded in such Account in accordance with the Rules.

In addition, when submitting a Transaction to the Corporation on behalf of a Sponsored Member or Executing Firm Customer, the Netting Member shall include an identifier of the applicable Sponsored Member or Executing Firm Customer, as required by the Schedule of Required Data Submission Items.

\* \* \*

### RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

\* \* \*

#### Section 2 – Reports by Netting Members

\* \* \*

(b) if the Member is a broker or dealer registered under Section 15 of the Exchange Act, or a Government Securities Broker or Government Securities Dealer registered under Section 15C of the Exchange Act, (i) a copy of the Member's ~~Financial and Operational Combined Uniform Single Report~~ ("FOCUS Report") or Report on Finances and Operations of Government Securities Brokers and Dealers ("FOGS Report"), as the case may be, submitted to its Designated Examining Authority, (ii) a report of the Member's independent auditors on internal controls, and (iii) any supplemental reports required to be filed with the SEC pursuant to Exchange Act Rule 17a-11 or 17 C.F.R. Section 405.3;

(c) if the Member is a U.S. bank or trust company, a copy of the Member's ~~Consolidated Report of Condition and Income~~ ("Call Report") submitted to its Appropriate Regulatory Agency and, to the extent not contained within such Call Reports (or to the extent that Call Reports are not required to be filed), information containing each of the Member's capital levels and ratios, as such levels and ratios are required to be provided to the Member's Appropriate Regulatory Agency (or, if such Member's Appropriate Regulatory Agency does not require such information, as would be required to be provided, if such Member's Appropriate Regulatory Agency were the Board of Governors of the Federal Reserve System);

\* \* \*

If the Corporation determines that a legal opinion, or update thereto, submitted by a Member, indicates that the Corporation could be subject to Legal Risk ~~(as defined in Section 2 of Rule 4)~~ with respect to such Member, the Corporation shall have the right to take, and/or require the Member to take, appropriate action(s) to mitigate such Legal Risk, including, but not limited to, requiring the Member to post additional Clearing Fund as set forth in ~~Section 2 of Rule 4~~ the Margin Component Schedule.

\* \* \*

#### Section 8 – Specific Continuance Standards

\* \* \*

~~(e) — An Inter-Dealer Broker Netting Member shall: (A) limit its business to acting exclusively as a Broker; (B) conduct all of its business in Repo Transactions with Netting~~

~~Members; and (C) conduct at least 90 percent of its business in transactions that are not Repo Transactions, measured based on its overall dollar volume of submitted sides over the prior month, with Netting Members. If an Inter-Dealer Broker Netting Member fails to comply with this scope of business standard, then, for a period beginning on the date on which it fell out of compliance with this standard and continuing until the date on which it returned to compliance with such standard, such Member shall be considered by the Corporation for purposes of these Rules to be a Dealer Netting Member. Notwithstanding anything to the contrary above, if such Inter-Dealer Broker Netting Member continues to act exclusively as a Broker, it shall continue to be subject to the provisions of Section 7 of Rule 4 as if it were an Inter-Dealer Broker Netting Member, until and unless the Corporation determines, in its sole discretion, that such Member should be treated for purposes of that Section as if it were a Dealer Netting Member and so informs such Member. Moreover, notwithstanding anything to the contrary above, if such Inter-Dealer Broker Netting Member does not return to compliance with its applicable scope of business standard within 90 calendar days from the date on which it fell below such standard, such Member shall permanently become a Dealer Netting Member for purposes of these Rules, until and unless it applies to the Corporation to return to its Inter-Dealer Broker Netting Member status and such application is approved by the Board; and~~

~~(fe)~~ If a Government Securities Issuer Netting Member, Insurance Company Netting Member, Registered Clearing Agency Netting Member, or Registered Investment Company Netting Member falls out of compliance with any minimum admission or continuance standard that may be set for it by the Corporation pursuant to these Rules, it shall, for a period beginning on the date on which it fell below such standard and continuing until the later of the 90th calendar day after the date on which (i) it returned to compliance with such standard, or (ii) the Corporation received notice of the applicable violation, have a Required Fund Deposit equal to the greater of either: (x) the sum of the normal calculation of its Required Fund Deposit plus \$1,000,000, or (y) 125 percent of the normal calculation of its Required Fund Deposit.

~~(gf)~~ If a Foreign Netting Member falls out of compliance with the minimum financial requirements that the Corporation has determined are applicable to it pursuant to these Rules, the consequences under this Section of such noncompliance shall be determined by the Corporation in its sole discretion.

\* \* \*

#### ~~Section 11 – Additional Accounts Requested by Members~~

~~(a) — The Corporation may permit a Member to maintain one or more additional accounts at the request of a Member if the Corporation determines that doing so will not subject the Corporation to material legal, financial or operational risk.~~

~~(b) — The Corporation may permit a Netting Member to open additional netting accounts for the Netting Member itself or for wholly-owned subsidiaries of the Netting Member.~~

~~(e) — The Corporation may permit a Netting Member to open an additional account for its Market Professional customers. Such account must be in furtherance of a Cross-Margining Arrangement and must meet the requirements of the applicable Cross-Margining Agreement and Rule 43. Such account must meet all obligations under these Rules unless otherwise specified herein.~~

~~(d) — All other additional netting accounts requested by Netting Members for Non-Members not otherwise permitted under these Rules shall require the approval of the Board. Netting Members shall not be permitted to maintain additional accounts for comparison-only activities unless they can demonstrate that doing so will not violate Section 3 of Rule 11.~~

~~(e) — Additional accounts that are opened for a Member pursuant to this Section 11 of Rule 3 shall be opened solely for the administrative convenience of the Member or in furtherance of the Cross-Margining Arrangements between the Corporation and an FCO, and no other person or entity shall have any rights, obligations or liabilities with respect to any of the Member's accounts with the Corporation. Only Members shall be entitled to process transactions through the Corporation and to participate in the services offered by the Corporation for which they have been approved. A Member that processes through the Corporation any contract or other transaction for an entity that is a Non-Member shall, so far as the rights of the Corporation and of other Members are concerned, be liable as principal on such transaction. A Non-Member who processes transactions through a Member shall not possess any of the rights or benefits of a Member.~~

~~(f) — The Corporation may, in its sole discretion, at any time and without prior notice (but being obligated to give notice as soon as possible thereafter) and whether or not the Member is in default of its obligations to the Corporation, apply Required Fund Deposits made by a Member pursuant to its obligations under one of its accounts, as necessary, to ensure that the Member meets all of its obligations to the Corporation under its other account(s), and otherwise exercise all rights to offset and net any obligations among any or all of the accounts, whether or not a non-Member is deemed to have any interest in the Member's account(s), notwithstanding the terms of this Rule.~~

~~(g) — This section shall not apply to Repo Brokers who are required to maintain Segregated Repo Accounts pursuant to Section 2 of Rule 19.~~

Section 121 – Ongoing Monitoring

\* \* \*

(e) The Corporation may require a Netting Member that has been placed on the Watch List to make and maintain a deposit to the Clearing Fund over and above the amount determined in accordance with the Margin Component Schedule provisions of Rule 4 (which additional deposit shall constitute a portion of the Netting Member's Required Fund Deposit), or such higher amount as the Board may deem necessary for the protection of the Corporation or other Members, which higher amount may include, but is not limited to, additional payments or deposits in any form to offset potential risk to the Corporation and its Members arising from activity submitted by such Member. The Corporation may also retain any Excess Clearing Fund Deposits of a Netting

Member that has been placed on the Watch List as provided in Section 10 of Rule 4. Moreover, as regards a Netting Member that has been placed on the Watch List by the Corporation, the Corporation may suspend, during all or a portion of the time period that such Member is on the Watch List, its right under these Rules to collect a Credit Forward Mark Adjustment Payment. Moreover, if a Netting Member on the Watch List has a Collateral Allocation Entitlement as the result of its GCF Repo Transaction activity, the Corporation may, in its sole discretion, maintain possession of the securities and/or cash that comprise such Collateral Allocation Entitlement.

\* \* \*

### Section 13~~2~~ – Voluntary Termination

\* \* \*

### Section 14 – ~~Excess Capital Premium~~

~~If a Netting Member maintains an Excess Capital Ratio greater than 1.0, then the Corporation may require the Netting Member to make and maintain an additional deposit to the Clearing Fund in an amount equal to the product of its Excess Capital Differential multiplied by its Excess Capital Ratio. Any such additional deposit required by the Corporation shall be considered included as part of the Netting Member's Required Fund Deposit.~~

~~The Corporation also will reserve the right to: (i) collect an amount less than the Excess Capital Premium (including no premium) based on specific circumstances (such as a Netting Member being subject to an unexpected haircut or capital charge that does not fundamentally change its risk profile), and (ii) return all or a portion of the Excess Capital Premium (or such lesser amount) if it believes that the Netting Member's risk profile does not require the maintenance of that amount.<sup>5</sup>~~

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~~<sup>5</sup> FICC has identified the following guidelines, which are intended to be illustrative, but not limited, where the premium will not be imposed: management will look to see whether the premium results from unusual or non-recurring circumstances where management believes it would not be appropriate to assess the premium. Examples of such circumstances are a member's late submission of trade data for comparison that would otherwise reduce the margined position if timely submitted or an unexpected haircut or capital charge that does not fundamentally change its risk profile.~~

### RULE 3A – SPONSORING MEMBERS AND SPONSORED MEMBERS

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

\* \* \*

#### Section 2 – Qualifications of Sponsoring Members, the Application Process and Continuance Standards

(a) A Netting Member **shall be eligible to apply to become a Category 1 Sponsoring Member if it: (i) is a Bank Netting Member, (ii) has a level of equity capital of at least \$5 billion, (iii) is Well Capitalized, and (iv) has a bank holding company that is registered under the Bank Holding Company Act of 1956, as amended, such bank holding company is also Well Capitalized.** ~~A Netting Member~~ that is a Tier One Netting Member, other than an Inter-Dealer Broker Netting Member, ~~or a Non-IDB Repo Broker with respect to activity in its Segregated Repo Account,~~ shall be eligible to apply to become a **Category 2** Sponsoring Member. The Corporation may require that a Person be a Netting Member for a time period deemed necessary by the Corporation before that Person may be considered to become a Sponsoring Member.

\* \* \*

(h) ~~If a Category 1 Sponsoring Member falls below one or more of the required minimum financial standards for being a Sponsoring Member set forth in subsection (a) above, it shall, for the period beginning on the day on which it fell below such level and continuing until the later of the 90<sup>th</sup> calendar day after the date on which (i) it returned to compliance with such standard, or (ii) the Corporation received notice of the applicable violation, have a Sponsoring Member Omnibus Account Required Fund Deposit equal to the greater of either: (x) the sum of the normal calculation of its Sponsoring Member Omnibus Account Required Fund Deposit plus \$1,000,000, or (y) 125 percent of the normal calculation of its Sponsoring Member Omnibus Account Required Fund Deposit.~~ **If, in the case of a Category 2 Sponsoring Member,** the sum of the VaR Charges of **its a Sponsoring Member's** Sponsoring Member Omnibus Account(s) and its **Netting Member Dealer** Accounts exceeds its Netting Member Capital, the **Category 2** Sponsoring Member shall not be permitted to submit activity into its Sponsoring Member Omnibus Account(s), unless otherwise determined by the Corporation in order to promote orderly settlement.

\* \* \*

#### Section 6 – Trade Submission and the Comparison System

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(c) The enhanced comparison processes regarding the presumed match of data set forth in Rule 10 shall apply to Sponsored Member Trades. A special enhanced comparison process shall



be applicable to Sponsored Member Trades that are submitted for Bilateral Comparison as follows: If all other required fields are valid and match but the executing firm field on the side representing the ~~Netting Member Dealer~~ Account of the Sponsoring Member has been omitted and the executing firm field on the side representing the Sponsoring Member Omnibus Account is valid, then the Corporation shall compare the Sponsored Member Trade based on the valid executing firm field.

\* \* \*

#### Section 7 – The Netting System and Novation

(a) The following provisions apply to Sponsored Member Trades other than Sponsored GC Trades:

(i) The Sponsored Member Trades of each Sponsored Member shall be Novated and netted in the same manner as set forth in Section 8 of Rule 5 and Sections 1, 4 and 6 of Rule 11 for Netting Member trades as long as such Sponsored Member Trades meet the requirements of Section 2 of Rule 11. ~~Net Settlement Positions per CUSIP shall be calculated for each Sponsored Member in the same manner set forth in Rule 11 for Netting Members.~~ The Sponsoring Member shall act as processing agent for performing all functions and receiving Reports and information set forth in Rule 11 on behalf of its Sponsored Members. The Corporation's provision of such Reports and information to the Sponsoring Member shall constitute satisfaction of the Corporation's obligations to provide such Reports and information to the affected Sponsored Members.

\* \* \*

#### Section 10 – Clearing Fund Obligations

(a) To support the activity in its Sponsoring Member Omnibus Accounts, Each Sponsoring Member shall, make and maintain so long as such Member is a Sponsoring Member, be responsible for making and maintaining a deposit to the Clearing Fund as a Required Fund Deposit to support the activity in the Sponsoring Member Omnibus Account (the "Sponsoring Member Omnibus Account Required Fund Deposit"). equal to the Sponsoring Member Omnibus Account Required Fund Deposit or, in the case of a Sponsoring Member Omnibus Account that is designated as a Segregated Indirect Participants Account, depositing with the Corporation Segregated Customer Margin equal to the Segregated Customer Margin Requirement for such Account, in each case subject to the provisions of Rule 4 and calculated pursuant to the Margin Component Schedule. Deposits to the Clearing Fund shall be held by the Corporation or its designated agents, to be applied as provided in the Rules.

(b) For purposes of satisfying the Sponsoring Member's Clearing Fund requirements under the Rules for both its Netting Member activity and its Sponsoring Member activity, the Sponsoring Member's ~~Netting Member Dealer~~ Accounts and its Sponsoring Member Omnibus Account shall be treated separately, as if they were accounts of separate entities. Notwithstanding the previous sentence, however, the Corporation shall have the right to apply a Sponsoring

Member's Clearing Fund deposits to any obligations of that Sponsoring Member as otherwise permitted pursuant to Rule 4.

~~(e) — The amount of the Sponsoring Member Omnibus Account Required Fund Deposit to be made and maintained by each Sponsoring Member on each Business Day shall be determined as follows: A Required Fund Deposit calculation shall be performed for each Sponsored Member whose activity is represented in the Sponsoring Member Omnibus Account pursuant to Rule 4, subject to the provisions of this Section 10 of this Rule 3A. The Sponsoring Member Omnibus Account Required Fund Deposit shall be equal to the greater of: (i) \$1 million or (ii) the sum of the following: (1) the sum of the VaR Charges for all of the Sponsored Members whose activity is represented in the Sponsoring Member Omnibus Account as derived pursuant to Section 1b(a)(i) of Rule 4, and (2) all amounts derived pursuant to the provisions of Rule 4 other than pursuant to Section 1b(a)(i) of Rule 4 computed at the level of the Sponsoring Member Omnibus Account. For purposes of calculating the Unadjusted GSD Margin Portfolio Amount applicable to a Sponsoring Member Omnibus Account, the Corporation shall apply the higher of the Required Fund Deposit calculation as of the beginning of the current Business Day and intraday on the current Business Day.~~

~~(d) — The lesser of \$5,000,000 or 10 percent of the total amount arrived at in subsection (c) of this Section 10, with a minimum of \$1 million must be made and maintained in cash, with the remaining portion to be made and maintained in the form specified in, and subject to the requirements of, Section 3 of Rule 4, and subject to subsection (e) of Section 2 of Rule 4.~~

~~(e) — The Corporation shall have the right to increase the Sponsoring Member Omnibus Account Required Fund Deposit in the same way and for the same reasons as set forth in (d) of Section 2 of Rule 4.~~

~~(fc)~~ Sections ~~2a~~, 3, 3a, 3b, 4, 5, 8, 9, 10 and 11 of Rule 4 shall apply to the Sponsoring Member Omnibus Account Required Fund Deposit with respect to obligations of a Sponsoring Member under the Rules, including its obligations arising under the Sponsoring Member Omnibus Account, and the obligations of a Sponsoring Member under its Sponsoring Member Guaranty to the same extent as such Sections apply to any Required Fund Deposit and any other obligations of a Member. For purposes of Section 4 of Rule 4, obligations and liabilities of a Netting Member to the Corporation that shall be secured by the Actual Deposit shall include, without limitation, a Netting Member's obligations as a Sponsoring Member under the Rules, including, without limitation, any obligation of any such Sponsoring Member to provide the Sponsoring Member Omnibus Account Required Fund Deposit or the Segregated Customer Margin Requirement, such Sponsoring Member's obligations arising under the Sponsoring Member Omnibus Account of such Sponsoring Member and such Sponsoring Member's obligations under its Sponsoring Member Guaranty.

~~(gd)~~ A Sponsoring Member shall be subject to a fine pursuant to the applicable Fine Schedule in these Rules for any late satisfaction of a Clearing Fund deficiency call or a call for Segregated Customer Margin.

(~~he~~) Sponsoring Members, with respect to their Sponsoring Member Omnibus Accounts, shall not be eligible to participate in any Cross-Margining Arrangements.

(if) For purposes of the application of Rule 4 **and the Margin Component Schedule** to a Sponsoring Member Omnibus Account, each Sponsored GC Trade shall be treated as a GCF Repo Transaction, each GC Funds Lender and GC Funds Borrower shall be treated as a GCF Counterparty, and each Sponsored GC Clearing Agent Bank shall be treated as a GCF Clearing Agent Bank.

#### Section 11 – Right of Offset

In the ordinary course, with respect to satisfaction of any Sponsored Member’s obligations under the Rules, the Sponsoring Member’s **Netting Member-Dealer** Accounts and its Sponsoring Member Omnibus Account shall be treated separately, as if they were Accounts of separate entities. Notwithstanding the previous sentence, however, the Corporation may, in its sole discretion, at any time any obligation of the Sponsoring Member arises under the Sponsoring Member Guaranty to pay or perform thereunder with respect to any Sponsored Member, exercise a right of offset and net any such obligation of the Sponsoring Member under its Sponsoring Member Guaranty against any obligations of the Corporation to the Sponsoring Member in respect of such Sponsoring Member’s **Netting Member-Dealer** Accounts.

\* \* \*

#### Section 18 – Liquidation of Sponsored Member and Related Sponsoring Member Positions

(b) Subject to the provisions of subsection (a) of this Section 18, on any Business Day, the Sponsoring Member or the Corporation may by written notice to the other cause the immediate termination of all, but not fewer than all, of the long and short Net Settlement Positions and Forward Net Settlement Positions of the Sponsored Member established in the Sponsoring Member’s Sponsoring Member Omnibus Account. Any such notice shall also cause the immediate termination of all of the corresponding, offsetting long and short Net Settlement Positions and Forward Net Settlement Positions of the Sponsoring Member established in the Sponsoring Member’s **Netting Member-Dealer** Account(s). Each such termination shall be effected by the Sponsoring Member’s establishment of a final Net Settlement Position for each Eligible Netting Security with a distinct CUSIP number that shall equal the net of all outstanding deliver obligations and receive obligations of the parties thereto in each such Eligible Netting Security including those that arise from Forward Net Settlement Positions (hereinafter, the “Final Net Settlement Position”).

\* \* \*

## RULE 4 – CLEARING FUND AND LOSS ALLOCATION

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

### Section 1 – Required Fund Deposits

Each Netting Member shall make and maintain on an ongoing basis a deposit to the Clearing Fund. The amount of each Netting Member's required **Clearing Fund** deposit shall be determined by the Corporation in accordance with this Rule **and the Margin Component Schedule** and shall be referred to as the Required Fund Deposit. The timing of payment of the Required Fund Deposit shall be determined in accordance with the provisions of Section 9 of this Rule.

A Netting Member may in its discretion maintain additional deposits at the Corporation, subject to any requirements the Corporation may establish for such excess amounts pursuant to, **and subject to the requirements set forth in,** Section 10 of this Rule. For purposes of these Rules, such additional deposits shall be deemed to be part of the Clearing Fund and the Netting Member's Actual Deposit but shall not be deemed to be part of the Netting Member's Required Fund Deposit.

The Corporation shall not be required to segregate each Netting Member's Actual Deposit, but shall maintain books and records concerning the assets that constitute each Netting Member's Actual Deposit.

### Section 1a – Segregated Customer Margin

**Each Netting Member shall deposit Segregated Customer Margin with the Corporation in an amount equal to its Segregated Customer Margin Requirement, which requirement shall be determined in accordance with this Rule and the Margin Component Schedule. The timing of the satisfaction of the Segregated Customer Margin Requirement shall be determined in accordance with the provisions of Section 9 of this Rule.**

**The Corporation shall establish and maintain on its books and records a Segregated Customer Margin Custody Account corresponding to each Segregated Indirect Participants Account. All Segregated Customer Margin deposited with the Corporation to support the obligations arising under the Transactions recorded in a Segregated Indirect Participants Account shall be credited to the corresponding Segregated Customer Margin Custody Account. The Segregated Customer Margin credited to a Segregated Customer Margin Custody Account shall be used exclusively to settle and margin Transactions in U.S. Treasury securities recorded in the corresponding Segregated Indirect Participants Account. Each Segregated Customer Margin Custody Account shall be titled or otherwise designated on the Corporation's books and records a "Special Clearing Account for the Exclusive Benefits of the Customers of [the relevant Sponsoring Member or Agent Clearing Member]." The Corporation will provide to each Netting Member that is a Registered Broker or Registered Dealer and has designated an Account as a Segregated Indirect Participants Account, a**

notice that Segregated Customer Margin deposited by the Netting Member with the Corporation is being held by the Corporation for the exclusive benefit of the Segregated Indirect Participants of the Netting Member in accordance with the regulations of the SEC and is being kept separate from any other accounts maintained by the Netting Member or any other Member at the Corporation.

All assets credited to each Segregated Customer Margin Custody Account shall be treated as “financial assets” within the meaning of Article 8 of the NYUCC. New York is the “securities intermediary’s jurisdiction” for purposes of the NYUCC and New York law shall govern all issues specified in Article 2(1) of the Hague Securities Convention.

The Corporation shall hold all Segregated Customer Margin in an account of the Corporation at a bank within the meaning of the Exchange Act that is insured by the Federal Deposit Insurance Corporation, or at the Federal Reserve Bank of New York, which account shall be segregated from any other account of the Corporation and shall be used exclusively to hold Segregated Customer Margin. Each such account shall be subject to a written notice of the bank or Federal Reserve Bank provided to and retained by the Corporation that the Segregated Customer Margin in the account is being held by the bank or Federal Reserve Bank pursuant to SEC Rule 15c3-3 and is being kept separate from any other accounts maintained by the Corporation or any other person at the bank or Federal Reserve Bank. Each such account shall also be subject to a written contract between the Corporation and the bank or Federal Reserve Bank which provides that the Segregated Customer Margin in the account is subject to no right, charge, security interest, lien, or claim of any kind in favor of the bank or Federal Reserve Bank or any person claiming through the bank or Federal Reserve Bank.

Section 1**ab** – Margin Portfolios

(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. Each Margin Portfolio shall not contain more than one Type of Account. Sponsoring Member Omnibus Accounts that are designated as Segregated Indirect Participants Accounts shall not be included in the same Margin Portfolio as Agent Clearing Member Omnibus Accounts that have been designated as Segregated Indirect Participants Accounts.~~

~~(b) — A Sponsoring Member Omnibus Account shall not be grouped in a Margin Portfolio with any other Accounts. An Account of a Tier Two 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.~~

~~(c) — A Broker Account shall not be grouped in a Margin Portfolio with Dealer Accounts.~~

**(db)** The Corporation shall calculate a Member's Required Fund Deposit with reference to the Margin Portfolios of the Member (other than those consisting of Segregated Indirect Participants Accounts) as set forth in ~~this Rule 4~~ the Margin Component Schedule. The Corporation shall calculate a Member's Segregated Customer Margin Requirement for a given Segregated Indirect Participants Account as the sum of the requirements applicable to each Segregated Indirect Participant whose Transactions are recorded in such Account, as though each such Segregated Indirect Participant were a separate Netting Member with a single Margin Portfolio consisting of such Transactions, in accordance with the Margin Component Schedule.

~~Section 1b—Unadjusted GSD Margin Portfolio Amount~~

~~(a) Each Business Day, the Corporation shall determine, with respect to each Margin Portfolio, an Unadjusted GSD Margin Portfolio Amount as the sum of the following:~~

~~(i) the VaR Charge,~~

~~minus~~

~~(ii) in the case of a Margin Portfolio of a Cross Margining Participant that is subject to one or more Cross Margining Arrangements, in the discretion of the Corporation, an amount not to exceed the sum of any applicable Cross Margining Reductions, calculated on the current Business Day for such Cross Margining Participant in accordance with the applicable Cross Margining Agreements,~~

~~plus or minus~~

~~(iii) in the case of a Margin Portfolio of a GCF Counterparty, the Blackout Period Exposure Adjustment, if applicable, during the monthly Blackout Period or until the applicable GCF Clearing Agent Bank updates the Pool Factors used for collateral valuation,~~

~~plus~~

~~(iv) in the case of a Netting Member with backtesting deficiencies, the Backtesting Charge, if applicable,~~

~~plus~~

~~(v) the Holiday Charge, if applicable, on the Business Day prior to a Holiday,~~

~~plus~~

~~(vi) a Margin Liquidity Adjustment Charge and an MLA Excess Amount, if applicable,~~

~~plus~~

~~(vii) — an additional payment (“special charge”) applicable to a Margin Portfolio as determined by the Corporation from time to time in view of market conditions and other financial and operational capabilities of the Member. The Corporation shall make any such determination based on such factors as the Corporation determines to be appropriate from time to time,~~

~~plus~~

~~(viii) — a Portfolio Differential Charge, if applicable.~~

~~The Corporation shall determine a separate Unadjusted GSD Margin Portfolio Amount for a Netting Member’s Market Professional Cross Margining Account.~~

~~The Corporation shall have the discretion to not apply the VaR calculation(s) to Net Unsettled Positions in classes of securities whose volatility is less amenable to statistical analysis, or to Term Repo Transactions and Forward Starting Repo Transactions (including term and forward starting GCF Repo Transactions) whose term repo rate volatility is less amenable to statistical analysis. In lieu of such calculation, the component required with respect to such transactions shall instead be determined utilizing a haircut method based on a historic index volatility model.~~

~~The Corporation shall take into account the VaR confidence level applicable to the Member in calculating the VaR Charge. In the case of a Margin Portfolio containing accounts of Permitted Margin Affiliates, the Corporation shall apply the highest VaR confidence level applicable to the Member or its Permitted Margin Affiliates.~~

~~The Corporation shall calculate the Unadjusted GSD Margin Portfolio Amount applicable to a Sponsoring Member Omnibus Account, and the Sponsoring Member Omnibus Account Required Fund Deposit, subject to the provisions set forth in Section 10 of Rule 3A.~~

Section 2 – Required Fund Deposit Requirements and Segregated Customer Margin Requirements

(a) Each Business Day, each Netting Member shall be required to make a deposit with the Corporation its Required Fund Deposit to the Clearing Fund and Segregated Customer Margin Requirement consisting of:

Required Fund Deposit:

- (i) an amount calculated with respect to the Netting Member’s Margin Portfolios that include one or more Dealer Accounts;
- (ii) an amount calculated with respect to the Netting Member’s Margin Portfolios that includes one or more Broker Accounts;
- (iii) an amount calculated with respect to the Netting Member’s Margin Portfolios that include one or more Agent Clearing Member Omnibus

Accounts other than Agent Clearing Member Omnibus Accounts that have been designated as Segregated Indirect Participants Accounts;

- (iv) an amount calculated with respect to the Netting Member's Margin Portfolios that include one or more Sponsoring Member Omnibus Accounts other than Sponsoring Member Omnibus Accounts that have been designated as Segregated Indirect Participants Accounts;

Segregated Customer Margin Requirement:

- (v) an amount calculated with respect to the Netting Member's Segregated Indirect Participants Accounts constituting Sponsoring Member Omnibus Accounts; and
- (vi) an amount calculated with respect to the Netting Member's Segregated Indirect Participants Accounts constituting Agent Clearing Member Omnibus Accounts.

Section 2a – Required Fund Deposit

(a) Each Required Fund Deposit Portion shall be made to the Corporation through a separate Deposit ID established by the Netting Member.

~~equal to the greater of: (i) the Minimum Charge or (ii) the amounts derived pursuant to the provisions of Sections 1, 1a and 1b of this Rule 4 (hereinafter, the "Total Amount"). A Netting Member that has a Margin Portfolio that consists of a Market Professional Cross-Margining Account shall be required to make an additional Required Fund Deposit to the Clearing Fund associated with the activity of such Margin Portfolio. Unless otherwise expressly provided, references in these Rules that pertain to Required Fund Deposits shall apply to the Required Fund Deposits associated with a Netting Member's Market Professional Cross-Margining Account.~~

~~—The Minimum Charge applicable to each Netting Member, other than a Repo Broker, shall be no less than \$1 million. The Minimum Charge applicable to each Repo Broker shall be no less than \$5 million for each Margin Portfolio with Broker Account(s) and no less than \$1 million for each Margin Portfolio with Dealer Account(s).~~

~~Once applicable Minimum Charges have been applied, the Corporation shall apply any applicable additional payments, charges and premiums set forth in these Rules.~~

(b) A Netting Member's Required Fund Deposit shall be reported to Netting Members twice daily and such Reports shall specify the amounts owed for each of the Required Fund Deposit Portions listed in Section 2(a) above.

~~, and p~~Payment shall be due by the Required Fund Deposit Deadline and shall be made through a separate Deposit ID established by the Netting Member for each separate and applicable Required Fund Deposit Portion. time specified in the Corporation's procedures; however,



Such payment shall not be due on a given day if: (a) the difference between the amount of a Member's Required Fund Deposit **Portion** as reported on that day, and the amount then on deposit towards satisfaction thereof is less than both (i) \$250,000, and (ii) 25 percent of the amount then on deposit; and (b) the Member is not on the Watch List.

~~(b) — The Corporation shall calculate the Sponsoring Member Omnibus Account Required Fund Deposit in the manner set forth in Section 10 of Rule 3A.~~

(c) The initial Required Fund Deposit of each Netting Member, other than an **Inter-Dealer Repo Broker Netting Member**, shall be set by the Corporation based upon the expected nature and level of such Member's activity.

~~(d) — Notwithstanding anything to the contrary in this Rule, the Corporation may require a Netting Member to make and maintain a higher Required Fund Deposit than the amount as noted above, if the Corporation determines that such higher Required Fund Deposit is necessary to protect the Corporation and its Members from the risk (hereinafter, the "Legal Risk") that the Corporation, as a result of a law, rule or regulation applicable to a Netting Member, including a Netting Member's insolvency or bankruptcy, may be delayed or prohibited from: (i) accessing any portion of the Netting Member's Required Fund Deposit, (ii) netting, closing out or liquidating transactions, or setting off obligations, or taking any other action contemplated by Rule 4 (Clearing Fund and Loss Allocation), Rule 21 (Restrictions on Access to Services), Rule 22 (insolvency of a Member) or Rule 22A (Procedures for When the Corporation Ceases to Act), or (iii) otherwise exercising its rights pursuant to these Rules.~~

~~(e) — Notwithstanding anything to the contrary in this Rule, the Corporation may require a Netting Member's Required Fund Deposit to be in proportions of cash, Eligible Clearing Fund Securities and Eligible Letters of Credit that the Corporation determines to be necessary to protect itself and its Members from Legal Risk.~~

~~(f) — Notwithstanding anything to the contrary above, the Corporation, in its sole discretion, may secure a loan made to a Repo Broker for purposes of satisfying that Repo Broker's Funds-Only Settlement Amount obligation with that Repo Broker's Clearing Fund deposit made to the Corporation.~~

#### ~~Section 2a – Intraday Calculation of VaR Amounts – Intraday Supplemental Fund Deposit~~

~~Pursuant to procedures established by the Corporation, the Corporation shall recalculate intraday, each Business Day, at the times established by the Corporation for this purpose, the amount of the intraday VaR Charge applicable to each Margin Portfolio of a Member, based upon the open positions in such Margin Portfolio at a designated time intraday, for purposes of establishing whether a Member shall be required to make payment of an additional amount (hereinafter, the Member's "Intraday Supplemental Fund Deposit") to its Required Fund Deposit. Such additional amount shall be deemed part of the Member's Required Fund Deposit for all purposes under these Rules.~~

~~The Corporation shall establish procedures for collection of an amount calculated in respect of a Member's Intraday Supplemental Fund Deposit, including parameters~~

~~regarding threshold amounts that require payment, and the form and time by which payment is required to be made to the Corporation. The Corporation reserves the right to require a Member or Members generally to make additional Intraday Supplemental Fund Deposits if the Corporation determines it to be necessary to protect itself and its Members in response to factors such as market conditions or financial or operational capabilities affecting a Member or Members generally.~~

~~In addition to the above, Repo Parties will also be subject to the provisions of this Section 2a with respect to their pending (non-DK'ed) Demand Trades with Repo Brokers.~~

### Section 2b – Segregated Customer Margin Requirement

(a) Each Netting Member shall deposit any Segregated Customer Margin with the Corporation by the Required Fund Deposit Deadline through a separate Deposit ID established by the Netting Member for each Segregated Indirect Participants Account.

(b) The Corporation shall report the Segregated Customer Margin Requirements to each Netting Member twice daily in a Report which shall specify the Segregated Customer Margin Requirement for each Segregated Indirect Participants Account.

### Section 3 – Form of Deposit

~~(a) Subject to the provisions of Section 2 of this Rule governing the computation of a Netting Member's Required Fund Deposit, and the limitations requirements of this Section 3, Section 3a and Section 3b, a Netting Member's deposits to the Clearing Fund may be in the form of: (a)(i) cash, or (b)(ii) an open account indebtedness fully secured by Eligible Clearing Fund Securities. Subject to the requirements of this Section 3, Section 3a and Section 3b, Segregated Customer Margin may be in the form of cash or Eligible Clearing Fund Securities.~~

(b) The following requirements shall apply to each Member's Required Fund Deposit Portion.

- (i) A minimum of 40 percent of ~~the any Netting Member's~~ Required Fund Deposit Portion shall be made in the form of cash and/or Eligible Clearing Fund Treasury Securities.
- (ii) The lesser of \$5,000,000 or 10 percent of ~~the any~~ Required Fund Deposit Portion, with a minimum of \$1 million, must be made and maintained in cash, with the remaining portion of the Required Fund Deposit Portion to be made and maintained in the form specified in this Section 3.

~~The previous sentence shall also apply to a Sponsoring Member Omnibus Account, but shall not apply to the individual Sponsored Members whose activity is presented by such Account.~~

**(c) The following requirements shall apply to each Segregated Customer Margin Requirement for a particular Segregated Indirect Participants Account.**

- (i) A minimum of 40 percent of the Segregated Customer Margin Requirement for such Account shall be satisfied with cash and/or Eligible Clearing Fund Treasury Securities.**
- (ii) The lesser of \$5,000,000 or 10 percent of the Segregated Customer Margin Requirement for the Account must be made and maintained in cash.**
- (iii) A minimum of the product of \$1 million and the number of Segregated Indirect Participants whose Transactions are recorded in such Segregated Indirect Participants Account must be made and maintained in cash.**

**Notwithstanding anything to the contrary in this Rule, the Corporation may require a Netting Member's Required Fund Deposit or Segregated Customer Margin Requirement to be in proportions of cash, Eligible Clearing Fund Securities and Eligible Letters of Credit that the Corporation determines to be necessary to protect itself and its Members from Legal Risk.**

**Section 3a – Special Provisions Related to Deposits of Cash**

Cash deposits to the Clearing Fund **and Segregated Customer Margin consisting of cash** shall be made in immediately-available funds. The Corporation may invest any cash in the Clearing Fund, including (i) cash deposited by a Netting Member as part of its Actual Deposit, (ii) the proceeds of (x) any loans made to the Corporation secured by the pledge by the Corporation of Eligible Clearing Fund Securities pledged to the Corporation or (y) any sales of Eligible Clearing Fund Securities pledged to the Corporation, (iii) cash receipts from any investment of, repurchase or reverse repurchase agreements relating to, or liquidation of, Clearing Fund assets, and (iv) cash payments on Eligible Letters of Credit (collectively, “Clearing Fund Cash”) in accordance with the Clearing Agency Investment Policy adopted by the Corporation.

Each Netting Member shall be entitled to any interest earned or paid on Clearing Fund cash deposits. **Any interest earned on Segregated Customer Margin consisting of cash shall be paid to the Netting Member.**

**Section 3b – Special Provisions Related to Eligible Clearing Fund Securities**

All Eligible Clearing Fund Securities pledged to secure Clearing Fund deposits **or constituting Segregated Customer Margin** shall, for collateral valuation purposes, be subject to a haircut and may be subject to a concentration limit. The Corporation shall determine the applicable haircuts and any concentration limits from time to time in accordance with its internal policy and governance process, based on factors determined to be relevant by the Corporation, which may include, for example, backtesting results and the Corporation's assessment of market conditions, in order to set appropriately conservative haircuts and/or concentration limits for the Eligible Clearing Fund Securities and minimize backtesting deficiency occurrences. The haircuts

and any concentration limits prescribed by the Corporation shall be set forth in a haircut schedule that is published on the Corporation's website. It shall be the Member's responsibility to retrieve the haircut schedule. The Corporation will provide Members with at a minimum one Business Day's advance notice of any change in the haircut schedule.

Eligible Clearing Fund Securities that are used to secure an open account indebtedness **and Segregated Customer Margin consisting of Eligible Clearing Fund Securities** must be pledged to the Corporation on such terms and conditions as it may require, and be delivered to the Corporation or to the Corporation's account at a financial institution designated by the Corporation. The valuation of such Eligible Clearing Fund Securities shall be at current market value, which shall be determined by the Corporation not less frequently than on a daily basis, less an applicable haircut. The Corporation has the right, in its discretion, to refuse to accept a particular type of Eligible Clearing Fund Security as a permissible form of Clearing Fund deposit **or Segregated Customer Margin.**

Upon appropriate notice to the Corporation, pursuant to procedures that the Corporation establishes for such purpose, and subject to reasonable time constraints imposed by the Corporation based on its operational and administrative capacities, a Netting Member may substitute and/or withdraw Eligible Clearing Fund Securities from pledge and deposit, provided that the Netting Member has, effective immediately prior to the withdrawal, taken appropriate action to maintain its Required Fund Deposit **and satisfy its Segregated Customer Margin Requirement.** Notwithstanding the above sentence, the Corporation may decline to permit a substitution or withdrawal on a given Business Day later than one hour prior to the close of the securities Fedwire on such day. Any interest on Eligible Clearing Fund Securities deposited by a Netting Member to secure a Clearing Fund open account indebtedness **or as Segregated Customer Margin** that is received by the Corporation shall be credited to the Netting Member's cash deposits to the Clearing Fund **or the associated Segregated Customer Margin Custody Account, as applicable,** except **in the case of Clearing Fund** in the event of a default by such Netting Member on any obligations to the Corporation under these Rules, in which case the Corporation may exercise its rights under Section 6 of this Rule.

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#### Section 4 – Lien

**(a)** As security for any and all obligations and liabilities of a Netting Member to the Corporation, including, without limitation, ~~the obligations of the Netting Member's Permitted Margin Affiliate to the Corporation,~~ any obligation or liability of a Netting Member pursuant to a Cross-Margining Agreement, any Reimbursement Obligation of a Cross-Margining Participant to the Corporation pursuant to Section 3 of Rule 43, any obligation of a Cross-Margining Beneficiary Participant to reimburse the Corporation pursuant to Section 7 of Rule 43, any obligation of a Cross-Guaranty Defaulting Member to reimburse the Corporation pursuant to Section 2 of Rule 41 or any obligation of a Cross-Guaranty Beneficiary Member to reimburse the Corporation pursuant to Section 5 of Rule 41, each such Netting Member grants to the Corporation a first priority perfected security interest in its right, title and interest in and to any Eligible Clearing Fund Securities, funds and assets pledged to the Corporation to secure the Netting Member's open account indebtedness or placed by a Netting Member in the possession of the Corporation (or its

agents acting on its behalf), including all securities and cash on deposit with the Corporation or its agents pursuant to this Rule and Rule 13, ~~(collectively with~~ any Eligible Letters of Credit issued on behalf of a Netting Member in favor of the Corporation, **except for Segregated Customer Margin (collectively,** the Netting Member's "Actual Deposit"). The Corporation shall be entitled to exercise the rights of a pledgee under common law and a secured party under Articles 8 and 9 of the New York Uniform Commercial Code with respect to such assets.

**(b) As security for any and all obligations and liabilities of a Netting Member, any Sponsored Member, and any Executing Firm Customer to the Corporation arising out of or in connection with any Segregated Indirect Participants Accounts of such Netting Member or Transactions recorded therein, each such Netting Member grants to the Corporation a first priority perfected security interest in its right, title and interest in all Segregated Customer Margin, each Segregated Customer Margin Custody Account, and all distributions thereon and proceeds thereof. The Corporation shall be entitled to exercise the rights of a pledgee under common law and a secured party under Articles 8 and 9 of the NYUCC with respect to such assets.**

#### Section 5 – Use of Clearing Fund **and Segregated Customer Margin**

The Clearing Fund shall only be used by the Corporation (i) to secure each Member's performance of obligations to the Corporation, including, without limitation, each Member's obligations with respect to any loss allocations as set forth in Section 7 of this Rule and any obligations arising from a Cross-Guaranty Agreement pursuant to Rule 41 or a Cross-Margining Agreement pursuant to Rule 43, (ii) to provide liquidity to the Corporation to meet its settlement obligations, including, without limitation, through the direct use of cash in the Clearing Fund or through the pledge or rehypothecation of pledged Eligible Clearing Fund Securities in order to secure liquidity, and (iii) for investment as set forth in Section 3a of this Rule.

Each time the Corporation uses any part of the Clearing Fund pursuant to clause (ii) in the preceding paragraph for more than 30 calendar days, the Corporation, at the Close of Business on the 30th calendar day (or on the first Business Day thereafter) from the day of such use, shall consider the amount used but not yet repaid as a loss to the Clearing Fund incurred as a result of a Defaulting Member Event and immediately allocate such loss in accordance with Section 7 of this Rule.

**On each Business Day, the Corporation shall calculate the portion of Segregated Customer Margin that supports each Segregated Indirect Participant's Transactions. The Corporation shall only use that portion (i) to secure or settle the performance of the obligations of that Segregated Indirect Participant, and the performance of the obligations of the Sponsoring Member or the Agent Clearing Member, as applicable, with respect to the obligations of that Segregated Indirect Participant; and (ii) for investment in U.S. Treasury securities with a maturity of one year or less. The Corporation may not use Segregated Customer Margin supporting one Segregated Indirect Participant's Transactions to secure or settle another Segregated Indirect Participant's Transactions or any other Transactions of any other person.**

Section 6 – Application of Clearing Fund Deposits and Other Amounts to Defaulting Members’ Obligations

Any loss or liability incurred by the Corporation as the result of the failure of a Defaulting Member to fulfill its obligations to the Corporation shall be satisfied as set forth in this Section 6.

The Corporation shall apply (a) any Clearing Fund deposits, Funds-Only Settlement Amounts, and any other collateral or assets held by the Corporation securing such Defaulting Member’s obligations to the Corporation, (b) ~~any Clearing Fund deposits, Funds-Only Settlement Amounts, and other collateral held by the Corporation with respect to a Permitted Margin Affiliate of the Defaulting Member,~~ (c) any proceeds of any of the foregoing, and ~~(d)~~ the following additional resources set forth in paragraphs (i) and (ii) below as are applicable to the Defaulting Member:

- (i) If the Defaulting Member is a Cross-Margining Participant, the Corporation shall apply any amounts available from an FCO under a Cross-Margining Guaranty either upon receipt or at the time described in Section 5(b) of Rule 43.
- (ii) If the Defaulting Member is a Cross-Guaranty Defaulting Member, the Corporation shall apply any amounts available under a Cross-Guaranty Agreement (subject to an applicable Cross-Margining Agreement) either upon receipt or at the time described in Section 3(b) of Rule 41.

\* \* \*

Section 7 – Loss Allocation Waterfall, Off-the-Market Transactions

\* \* \*

**Tier One Netting Members**

\* \* \*

Notwithstanding the foregoing, however, an Inter-Dealer Broker Netting Member, ~~or a Non-IDB Repo Broker~~ with respect to activity in its Segregated Repo Broker Account(s), shall not be subject to an aggregate loss allocation in an amount greater than \$5 million pursuant to this Section 7 for losses and liabilities resulting from an Event Period.

\* \* \*

Section 9 – Initial Required Fund Deposit and Segregated Customer Margin Requirement and Changes in Members’ Required Fund Deposits and Segregated Customer Margin Requirements

The initial Required Fund Deposit and Segregated Customer Margin Requirement (if applicable) of a Netting Member shall be required to be deposited into the Clearing Fund or deposited with the Corporation prior to the no later than 5 Business Days prior to the

**Business Day** on which such Person becomes a Netting Member in accordance with the Corporation's procedures.

A Netting Member must increase the amount of its deposit to the Clearing Fund (by the deposit of cash, Eligible Netting Securities, and/or Eligible Letters of Credit subject to the requirements of this Rule) **and deposit Segregated Customer Margin** by the Required Fund Deposit Deadline on any Business Day that such Netting Member's Actual Deposit **or Segregated Customer Margin** is less than its Required Fund Deposit **or Segregated Customer Margin Requirement, as applicable**, as set forth in the Report listing such, subject to the conditions included in ~~Section 2 of~~ this Rule 4. If there is an increase in a Netting Member's Required Fund Deposit **or Segregated Customer Margin Requirement**, at the time the increase becomes effective, the Netting Member's obligations to the Corporation shall be determined in accordance with the increased Required Fund Deposit **or Segregated Customer Margin Requirement** whether or not the Netting Member has satisfied such increased amount.

If the Corporation applies a Netting Member's Clearing Fund deposits as permitted pursuant to this Rule, the Corporation may take any and all actions with respect to the Netting Member's Actual Deposit, including assignment, transfer, and sale of any Eligible Clearing Fund Securities, that the Corporation determines is appropriate. If such application **or the use of any Segregated Customer Margin in accordance with these Rules** results in any deficiency in the Netting Member's Required Fund Deposit **or Segregated Customer Margin Requirement**, the Netting Member shall immediately replenish it. If the Netting Member fails to do so, the Corporation may take disciplinary action against such Netting Member pursuant to Rule 21 or Rule 48. Any disciplinary action that the Corporation takes pursuant to Rule 21 or Rule 48, or the voluntary or involuntary cessation of membership shall not affect the Netting Member's obligations to the Corporation or any remedy to which the Corporation may be entitled under applicable law.

The Corporation retains discretion to extend the Required Fund Deposit Deadline on any Business Day if there are operational or system difficulties that would reasonably prevent Members from satisfying Required Fund Deposit **or Segregated Customer Margin Requirement** deficits by the time specified in the Corporation's procedures.

Notwithstanding the foregoing, the Corporation may require a Netting Member or Netting Members generally to deposit additional amounts to their Clearing Fund deposit on an intraday basis if the Corporation believes such action is necessary to protect itself and its Members.

#### Section 10 – Excess Clearing Fund Deposits **or Segregated Customer Margin**

The Corporation shall determine ~~with such frequency as it shall from time to time specify, twice each Business Day~~ whether the amount deposited by a Member in the Clearing Fund is in excess of its Required Fund Deposit (~~hereinafter~~, "Excess Clearing Fund Deposit"); **and shall separately determine whether the amount of Segregated Customer Margin supporting a Segregated Indirect Participant's Transactions is in excess of the Segregated Customer Margin Requirement for such Segregated Indirect Participant ("Excess Segregated Customer Margin")**. On any day that the Corporation has determined that an Excess Clearing Fund Deposit **or Excess Segregated Customer Margin** exists ~~with respect to any~~

**Member**, the Corporation will, in the form and manner required by the Corporation, notify each such Member of such excess.

**The provisions of this section shall not limit the rights or remedies of the Corporation as provided in Section 7 of Rule 3.**

(a) Subject to the Corporation's rights under these Rules to require additional amounts to be deposited by a Member, upon a Member's request, and in accordance with such procedures as the Corporation may set forth from time to time, the Corporation shall return to the Member ~~such amount of its excess cash on deposit~~ **its Excess Clearing Fund Deposits** (subject to the minimum amount of cash required to be maintained in the Clearing Fund) and/or pledged Eligible Clearing Fund Securities (valued at their collateral value on the day of such withdrawal) as the Member requests. Notwithstanding the foregoing, at the discretion of the Corporation, some or all of the Excess Clearing Fund Deposit may not be returned if the Member has an outstanding payment obligation to the Corporation, if the Corporation determines that the Member's anticipated Funds-Only Settlement Amounts or Net Settlement Positions in the near future may reasonably be expected to be materially different than those of the recent past, or if the Member is on the Watch List.

In addition, the return of an Excess Clearing Fund Deposit amount to any Member is subject to the following limitations: (1) such return of Excess Clearing Fund Deposit shall not be done in a manner that would cause the Member to violate any other Section of these Rules; (2) Excess Clearing Fund Deposit shall not be returned to a Member to the extent that such return would reduce the amount of the Member's Cross-Guaranty Repayment Deposit to the Clearing Fund below the amount required to be maintained pursuant to Section 4 of Rule 41; and (3) Excess Clearing Fund Deposit shall not be returned to a Member to the extent that such return would reduce the amount of the Member's Cross-Margining Repayment Deposit to the Clearing Fund below the amount required to be maintained pursuant to Section 6 of Rule 43.

(b) **Upon a Member's request, and in accordance with such procedures as the Corporation may set forth from time to time, the Corporation shall return to the Member its Excess Segregated Customer Margin subject to the minimum amount of cash or Eligible Clearing Fund Securities required to be maintained pursuant to the Rules (valued at their collateral value on the day of such withdrawal) as the Member requests. Except to the extent required by applicable law or authorized by the SEC, the Corporation shall not retain Excess Segregated Customer Margin due to any obligations of the Member unrelated to a Segregated Indirect Participants Account of such Member.**

**Notwithstanding the foregoing, at the discretion of the Corporation, some or all of the Excess Segregated Customer Margin shall not be returned if the Member has an outstanding payment or margin obligation to the Corporation with respect to the Transactions of any Segregated Indirect Participant.**

\* \* \*



**RULE 8 – AGENT CLEARING SERVICE EXECUTING FIRM TRADES**

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

\* \* \*

**Section 7 – Agent Clearing Transactions Processing Rules**

\* \* \*

**(f) To the extent the Corporation incurs a loss or liability from a Defaulting Member Event or a Declared Non-Default Loss Event and a loss allocation obligation arises that would be the responsibility of an Agent Clearing Member, the Corporation shall calculate such loss allocation obligation as if the affected Executing Firm Customers were subject to such allocations pursuant to Section 7 of Rule 4, but the Agent Clearing Member shall, as principal, be responsible for satisfying such obligations.**

**(g) Agent Clearing Members shall make and maintain an Agent Clearing Member Omnibus Account Required Fund Deposit pursuant to Rule 4 and calculated pursuant to the Margin Component Schedule. For purposes of satisfying the Agent Clearing Member's Clearing Fund such requirements under the Rules for both its Netting Member activity and its Agent Clearing Member activity, the Agent Clearing Member's Dealer Accounts maintained by it in its capacity as a Netting Member and its separate Agent Clearing Member Omnibus Account through which it processes Agent Clearing Transactions shall be treated separately from any other Accounts maintained by the Agent Clearing Member, as if they were accounts of separate entities. Notwithstanding the previous sentence, however, and other than with respect to any Segregated Indirect Participants Accounts, the Corporation shall have the right to apply an Agent Clearing Member's Clearing Fund deposits to any obligations of that Agent Clearing Member as otherwise permitted pursuant to Rule 4.**

\* \* \*

**RULE 15 – SPECIAL PROVISIONS FOR ~~CERTAIN NETTING MEMBERS~~  
~~REPO BROKERS~~ INTER-DEALER BROKER NETTING MEMBERS**

[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]

**Section 1 – Submitting Members**

~~A Submitting Member that has submitted to the Corporation pursuant to these Rules data on a trade on behalf of an Executing Firm shall be obligated to the Corporation pursuant to these Rules (including, if the trade is netted and settled through the Netting System, as regards the calculation of payment of Required Fund Deposit and Funds-Only Settlement Amounts) in connection with such trades to the same degree as if it itself had executed such trades.~~

**Section 2 – Repo Brokers**

At the request of the Corporation, each **Repo Inter-Dealer Broker Netting Member** shall submit to the Corporation, data on all of its trades in Eligible Netting Securities, including trades done with **customers Non-Members**. Such request may include such data as is necessary to indicate, by reference number, a buy side that matches in par amount, and is bound to, one or more sell sides, and vice versa. Moreover, for every trade done by an **Repo Inter-Dealer Broker Netting Member** involving an Eligible Netting Security, including trades done with **customers Non-Members**, the identity of each buy side and sell side counterparty shall be disclosed to the Corporation, in the form and manner prescribed by the Corporation for such disclosure. The requirements of this paragraph shall not apply to Repo Transactions.

If an **Repo Inter-Dealer Broker Netting Member** fails to comply with the requirements of this Section, the Corporation, in its sole discretion, may treat such Member for purposes of these Rules as if it were a Dealer Netting Member, upon providing notice of such to the Member.

Notwithstanding anything to the contrary elsewhere in these Rules, including Rule 1, trades by an **Repo Inter-Dealer Broker Netting Member** with a **customer Non-Members** that clears all of its trades in Eligible Netting Securities through one or more Netting Members (excluding Netting Members that are **Repo Inter-Dealer Brokers Netting Members**), each of which in turn submits all of such trades of the **Repo Inter-Dealer Broker Netting Member** to the Corporation for netting and settlement through the Netting System, shall be treated by the Corporation for purposes of determining the status of the **Repo Inter-Dealer Broker Netting Member** as if they were trades with a Netting Member.

\* \* \*

## RULE 18 – SPECIAL PROVISIONS FOR REPO TRANSACTIONS

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

\* \* \*

### Section 3 – Collateral Substitutions

\* \* \*

(f) Upon receipt of a request for such substitution where the information regarding the New Securities Collateral has not been provided to the Corporation, a Generic CUSIP Number will be applied to the substitution until the information regarding the New Securities Collateral has been provided. Until such time as the Corporation has been notified of a substitution of the New Securities Collateral to be substituted, the Corporation shall base margining with respect to the New Securities Collateral on the applicable Generic CUSIP Number using the methodology that is used for securities whose volatility is less amenable to statistical analysis set forth in ~~Section 1b of Rule 4~~ **the Margin Component Schedule**.

The Corporation shall have no obligation to ensure the acceptability to the Reverse Repo Party of any New Securities Collateral transferred pursuant to this Section, nor shall the Corporation record, authenticate or monitor the number of collateral substitutions performed in accordance with the Right of Substitution.

## RULE 19 – SPECIAL PROVISIONS FOR BROKERED REPO TRANSACTIONS

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

### Section 1 – General

~~The obligations of the Corporation provisions of this Rule 19 shall apply to the Brokered Repo Transactions of each Inter-Dealer Broker Netting Member acting as a Repo Broker and each Netting Member that is a counterparty to such regarding Brokered Repo Transactions are subject to the special provisions of this Rule, and such provisions supersede any conflicting provisions of any other Rule.~~

### Section 2 – Responsibilities of Repo Brokers

~~If a Repo Broker wishes to submit to the Corporation data on a Brokered Repo Transaction, it must do so through a second Account, which the Corporation will assign to it. With respect to a Non-IDB Repo Broker, this separate account shall be its Segregated Repo Account.~~

A Repo Broker shall submit to the Corporation data on a Brokered Repo Transaction only upon written agreement, and compliance, with the following conditions: (a) the Repo Broker's establishment of a separate account, with a separate Fedwire address, at a clearing bank that will be used exclusively for the settlement by the parties to the transaction of the Start Leg, and (b) the Repo Broker's granting of the necessary permissions to allow this account to be subject to review by the Corporation. The requirements of subsections (a) and (b) above shall not apply to Repo Brokers ~~with Segregated Repo Accounts~~ that elect to settle their Same-Day Settling Trades with the Corporation.

A Repo Broker that submits to the Corporation data on Brokered Repo Transactions shall be responsible for responding promptly and in good faith to notifications submitted by the Corporation and/or Netting Member counterparties to it of errors with such data, by modifying or canceling and replacing any incorrect data.

\* \* \*

### Section 4 – Calculation of Funds-Only Settlement Amounts for Repo Brokers

Repo Brokers must satisfy, each business day, their Funds-Only Settlement Amount obligations including Forward Mark Adjustment Payments, according to the following parameters:

- (i) Any Debit Forward Mark Adjustment Payment or Credit Forward Mark Adjustment Payment up to a dollar amount cap (the "Cap") that will be determined by the Corporation from time to time, shall be automatically collected from, or paid to the Repo Broker, as applicable.

(ii) If the Repo Broker represents to the Corporation that it is unable to pay the amount of a Debit Forward Mark Adjustment Payment in excess of the Cap, the Corporation may, in its sole discretion, finance such amount. In such case, the Repo Broker shall be responsible for: (i) any costs incurred by the Corporation in arranging the financing (i.e., an administrative fee set forth in the Fee Structure) and (ii) reimbursing the Corporation for the financing costs incurred. The Repo Broker's Clearing Fund deposit shall secure such financing.

(iii) The Corporation may, in its sole discretion, retain any amount of a Credit Forward Mark Adjustment Payment that is in excess of the Cap.

Repo Brokers maintaining more than one ~~Segregated~~ Repo Broker Account must aggregate Debit Forward Mark Adjustment Payments and Credit Forward Mark Adjustment Payments in those Accounts for purposes of the Cap. The Corporation will retain the right to assess any and all Funds-Only Settlement amounts to the Netting Member counterparty of the Repo Broker in accordance with Section 3 above.

#### Section 5 – Assumption of Blind Brokered Fails

With respect to a fail of the Start Leg of a Brokered Repo Transaction (notwithstanding Section 2(v) of Rule 11) or End Leg of a Brokered Repo Transaction (notwithstanding Section 2(v) of Rule 11), the Corporation may, in its sole discretion in order to facilitate the settlement of such Leg, assume responsibility for such fail from the Repo Broker whether or not the Transaction has been compared. If the Corporation assumes responsibility for such Transaction, it shall become part of the counterparty's Fail Deliver Obligation or Fail Receive Obligation as the case may be. This Section 5 will only apply to Repo Brokers ~~with Segregated Repo Accounts~~ that do not elect to settle Same-Day Settling Trades with the Corporation.

\* \* \*

**RULE 21 – RESTRICTIONS ON ACCESS TO SERVICES**

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

Section 1 – Cause for Action by the Corporation

\* \* \*

(a) the Member ~~or its Permitted Margin Affiliate~~ has failed to perform any of its obligations to the Corporation arising under these Rules or under the Procedures or has materially violated any Rule or Procedure of, or any agreement with, the Corporation or those of an FCO with which the Corporation has entered into a Cross-Margining Agreement;

\* \* \*

**RULE 21A – WIND-DOWN OF A NETTING MEMBER**

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

\* \* \*

(viii) Calculating the Required Fund Deposit of the Wind-Down Member in a manner different from that provided in ~~Rule 4~~**the Margin Component Schedule**, in order to more appropriately reflect the risk presented by the Wind-Down Member to the Corporation, such as, for example, not applying certain components of the Required Fund Deposit calculation; or

\* \* \*

**RULE 22 – INSOLVENCY OF A MEMBER**

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

\* \* \*

Section 2 – Determination of Insolvency

\* \* \*

~~(e) A Member may be treated as insolvent by the Corporation, in its sole discretion, if a Permitted Margin Affiliate of the Member defaults in its obligations to the Corporation.~~

\* \* \*



**RULE 29 – RELEASE OF CLEARING DATA**

**[Changes to this Rule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Rule.]**

(a) Absent valid legal process or as provided elsewhere in this Rule, the Corporation will only release Clearing Data relating to transactions of a particular Member to: (i) such Member and its ~~Permitted Margin Affiliate or~~ Cross-Margining Affiliate, as applicable, (ii) such Member's Sponsoring Member, if such Member is a Sponsored Member, (iii) the Securities and Exchange Commission, (iv) the Federal Reserve Bank of New York for market surveillance purposes, or to an FCO and its regulators pursuant to a Cross-Margining Arrangement. ~~Data released to an FCO and its regulators pursuant to a Cross-Margining Arrangement will include information and data pertaining to the Member's Market Professional customers if applicable under the Arrangement.~~

\* \* \*

## MARGIN COMPONENT SCHEDULE

[Changes to this Schedule, as amended by File Nos. SR-FICC-2024-007 and SR-FICC-2024-802, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than March 31, 2025 these changes will be implemented, and this legend will be automatically removed from this Schedule.]

### Section 1 – Overview

Each Business Day, each Netting Member shall be required to deposit with the Corporation an amount equal to the sum of all applicable Required Fund Deposit Portions, calculated twice daily pursuant to this Schedule and subject to the provisions of Rule 4.

Each Business Day, each Netting Member for which the Corporation maintains a Segregated Indirect Participants Account shall be required to deposit with the Corporation Segregated Customer Margin equal to the sum of all Segregated Customer Margin Requirements for all such Accounts. Each Segregated Customer Margin Requirement shall equal the sum of the amounts calculated pursuant to Section 3 below for each Segregated Indirect Participant whose Transactions are recorded in the relevant Segregated Indirect Participants Account. Each such calculation shall be performed twice daily pursuant to this Schedule and subject to the provisions of Rule 4.

### Section 2 – Required Fund Deposit Calculations

#### (a) Unadjusted GSD Margin Portfolio Amount

Each Business Day, the Corporation shall determine, with respect to each Margin Portfolio that includes one or more of either Dealer Accounts, Broker Accounts, Sponsoring Member Omnibus Accounts or Agent Clearing Member Omnibus Accounts, an Unadjusted GSD Margin Portfolio Amount as the sum of the following, as applicable, which the Corporation shall adjust such that the Unadjusted GSD Margin Portfolio Amount is equal to or greater than zero:

(i) the VaR Charge,

plus or minus

(ii) in the case of a Margin Portfolio of a GCF Counterparty, the Blackout Period Exposure Adjustment during the monthly Blackout Period or until the applicable Pool Factors used for collateral valuation are updated,

plus

(iii) the Portfolio Differential Charge.

**(b) Additional Charges**

**The Corporation shall add the following to the Unadjusted GSD Margin Portfolio Amount, as applicable:**

**(i) in the case of a Netting Member with backtesting deficiencies, the Backtesting Charge,**

**plus**

**(ii) the Holiday Charge, on the Business Day prior to a Holiday,**

**plus**

**(iii) a Margin Liquidity Adjustment Charge,**

**plus**

**(iv) Excess Capital Premium,**

**plus**

**(v) Intraday Supplemental Fund Deposit.**

**(c) Minimum Charges and Total Required Fund Deposit Amounts**

**The Required Fund Deposit for a Netting Member's Margin Portfolios that contain Dealer Accounts shall be equal to the greater of (i) the sum of the Unadjusted GSD Margin Portfolio Amount and all applicable additional charges; and (ii) a minimum charge of \$1 million.**

**For each Margin Portfolio that includes Broker Accounts, the Corporation shall determine the greater of (i) the sum of the Unadjusted GSD Margin Portfolio Amount and all applicable additional charges; and (ii) a minimum charge of \$5 million. The Required Fund Deposit for a Netting Member's Margin Portfolios that include Broker Accounts shall be the sum of the amounts calculated for each such Margin Portfolio pursuant to this paragraph.**

**The Sponsoring Member Omnibus Account Required Fund Deposit shall be equal to the greater of (i) the sum of the Unadjusted GSD Margin Portfolio Amount and all applicable additional charges; and (ii) a minimum charge of \$1 million.**

**The Agent Clearing Member Omnibus Account Required Fund Deposit shall be equal to the greater of (i) the sum of the Unadjusted GSD Margin Portfolio Amount and all applicable additional charges; and (ii) a minimum charge of \$1 million.**

**Section 3 – Segregated Customer Margin Requirement Calculations**

**(a) Unadjusted GSD Margin Portfolio Amount**

**Each Business Day, the Corporation shall determine, with respect to each Segregated Indirect Participant's Transactions recorded in a given Segregated Indirect Participants Account, an Unadjusted GSD Margin Portfolio Amount as the sum of the following, as applicable, which the Corporation shall adjust such that the Unadjusted GSD Margin Portfolio Amount is equal to or greater than zero:**

**(i) the VaR Charge,**

**plus or minus**

**(ii) in the case of a Segregated Indirect Participant that is a GCF Counterparty, the Blackout Period Exposure Adjustment during the monthly Blackout Period or until the Pool Factors used for collateral valuation are updated,**

**plus**

**(iii) a Portfolio Differential Charge.**

**(b) Additional Charges**

**The Corporation shall add the following to the Unadjusted GSD Margin Portfolio Amount, as applicable:**

**(i) in the case of a Segregated Indirect Participant with backtesting deficiencies, the Backtesting Charge, if applicable,**

**plus**

**(ii) the Holiday Charge, on the Business Day prior to a Holiday,**

**plus**

**(iii) a Margin Liquidity Adjustment Charge,**

**plus**

**(v) Intraday Supplemental Fund Deposit.**

**(c) Minimum Charge and Total Required Fund Deposit Amount**

**For each Segregated Indirect Participant, the Corporation shall determine the greater of (i) the sum of the Unadjusted GSD Margin Portfolio Amount and all applicable additional charges; and (ii) a minimum charge of \$1 million. The Segregated Indirect**

**Participants Account Required Fund Deposit shall be the sum of the amounts calculated for each Segregated Indirect Participant pursuant to this paragraph.**

#### **Section 4 – Increased Required Fund Deposits**

**(a) Notwithstanding anything to the contrary in the Rules, the Corporation may require a Netting Member to make and maintain a higher Required Fund Deposit than the amount calculated pursuant to this Schedule, if the Corporation determines that such higher Required Fund Deposit is necessary to protect the Corporation and its Members from Legal Risk.**

**(b) The Corporation may require a Netting Member to make an additional payment (“special charge”) applied to its Required Fund Deposit as determined by the Corporation from time to time in view of market conditions and other financial and operational capabilities of the Member. The Corporation shall make any such determination based on such factors as the Corporation determines to be appropriate from time to time.**

**(c) The Corporation may require a Netting Member that has been placed on the Watch List to make and maintain an additional deposit applied to its Required Fund Deposit over and above the amount determined in accordance with this Schedule, as provided for in Section 11 of Rule 3.**

**(d) The Corporation may require a Netting Member to make additional deposits or to make and maintain a higher Required Fund Deposit pursuant to the Rules.**

**(e) The Corporation shall apply the higher of the Required Fund Deposit calculation as of the beginning of the current Business Day and Intraday on the current Business Day for the Sponsoring Member Omnibus Account.**

#### **Section 5 – Definitions and Calculations of Clearing Fund Components**

##### **Backtesting Charge**

**The term “Backtesting Charge” means an additional charge that may be added to a Netting Member’s Required Fund Deposit or Segregated Customer Margin Requirement to mitigate exposures to the Corporation caused by settlement risks that may not be adequately captured by the Corporation’s portfolio volatility model. The Corporation may assess this charge on the start of the day portfolio of a Netting Member or Segregated Indirect Participant (the “Regular Backtesting Charge”) and/or its intraday portfolios (the “Intraday Backtesting Charge”), as needed, to enable the Corporation to achieve its backtesting coverage target. The Regular Backtesting Charge and the Intraday Backtesting Charge may apply to Netting Members or Segregated Indirect Participants that have 12-month trailing backtesting coverage below the 99 percent backtesting coverage target, excluding deficiencies attributable to Blackout Period exposures. The Regular Backtesting Charge and the Intraday Backtesting Charge, as applicable, shall generally be equal to the third largest deficiency of the Netting Member or Segregated Indirect Participant that occurred during the previous 12 months. Deficiencies attributable to Blackout Period**

exposures would be included only during the Blackout Period. The Corporation may in its discretion adjust such charge if the Corporation determines that circumstances particular to the settlement activity of a Netting Member or Segregated Indirect Participant and/or market price volatility warrant a different approach to determining or applying such charge in a manner consistent with achieving the Corporation's backtesting coverage target.

#### Blackout Period Exposure Adjustment

The term "Blackout Period Exposure Adjustment" means an additional charge or a reduction that may be added to a GCF Counterparty's Unadjusted GSD Margin Portfolio Amount to mitigate exposures to the Corporation that may arise due to potential overvaluation of mortgage-backed securities pledged to collateralize GCF Repo Transactions during the Blackout Period. The Blackout Period Exposure Adjustment shall apply to GCF Counterparties that are exposed to potential overvaluation of mortgage-backed securities pledged as collateral during the Blackout Period. The Blackout Period Exposure Adjustment shall be based on a projected average pay-down rate of the applicable mortgage-backed securities. The Corporation may in its discretion adjust or waive such adjustment if the Corporation determines that circumstances particular to the GCF Counterparty's use of mortgage-backed security pledges or to the mortgage-backed securities so pledged warrant a different approach to determining or applying such adjustment in a manner consistent with achieving the Corporation's backtesting coverage target.

#### Excess Capital Differential

The term "Excess Capital Differential" means the amount by which a Netting Member's VaR Charge, other than the VaR Charges calculated for such Member's Segregated Indirect Participants Accounts, exceeds its Netting Member Capital.

#### Excess Capital Ratio

The term "Excess Capital Ratio" means the result from dividing the amount of a Netting Member's VaR Charge, other than the VaR Charges calculated for such Member's Segregated Indirect Participants Accounts, by the amount of Netting Member Capital that it maintains.

#### Excess Capital Premium

The term "Excess Capital Premium" shall mean an additional charge that may be added to a Netting Member's Required Fund Deposit if such Netting Member maintains an Excess Capital Ratio greater than 1.0.

An Excess Capital Premium shall be calculated as the product of: (a) the amount by which the Netting Member's VaR Charge exceeds its Net Capital, multiplied by (b) its Excess Capital Ratio, which shall be no more than 2.0.

For purposes of calculating an Excess Capital Premium, the Corporation shall use, as applicable, the Net Capital amount reported by a Netting Member on its most recent FOCUS Report, or the Equity Capital amount reported by a Netting Member on its most recent Call Report.<sup>6</sup> The Corporation may, in its sole discretion, accept an updated Net Capital or Equity Capital amount provided by a Netting Member prior to the issuance of its next applicable financial report for purposes of calculating an Excess Capital Premium.

The Corporation may waive the collection of an Excess Capital Premium of a Netting Member in exigent circumstances when the Corporation, in its sole discretion, observes extreme market conditions or other unexpected changes in factors such as market volatility, trading volumes or other similar factors.

In determining whether it is appropriate to waive the collection of an Excess Capital Premium in such circumstances, the Corporation would review all relevant facts, circumstances and other information available to it at the time of such determination, including the degree to which a Netting Member's capital position and trading activity compare or correlate to the prevailing exigent circumstances and whether the Corporation can effectively address the risk exposure presented by a Netting Member without the collection of the Excess Capital Premium from that Netting Member.

The collection of an Excess Capital Premium may be waived by a Managing Director in the Group Chief Risk Office and such waiver shall be documented in a written report that is made available to the Netting Member impacted by the waiver upon request.

### Holiday Charge

The term "Holiday Charge" means an additional charge that may be added to the Required Fund Deposit or Segregated Customer Margin Requirement on the Business Day prior to a Holiday. The Holiday Charge approximates the exposure that the trading activity of a Netting Member or Segregated Indirect Participant on the applicable Holiday could pose to the Corporation. Since the Corporation cannot collect margin on the Holiday, the Holiday Charge is due on the Business Day prior to the applicable Holiday.

The methodology for calculating a Holiday Charge shall be determined by the Corporation in advance of each applicable Holiday. The Holiday Charge approximates each Netting Member's Required Fund Deposit or Segregated Customer Margin Requirement to address the exposure that could be posed to the Corporation by the trading activity of the Netting Member or Segregated Indirect Participant. The Corporation shall have the discretion to calculate the Holiday Charge based on its assessment of market conditions at the time the Holiday Charge

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<sup>6</sup> If a Netting Member is not required to file a FOCUS Report or a Call Report, the Corporation shall use the Net Capital or Equity Capital amount, as applicable, provided on the Netting Member's most recent financial statements or equivalent reporting delivered to the Corporation pursuant to Rule 3.

is calculated (such as, for example, significant market occurrences that could impact market price volatility). The Corporation shall inform Netting Members of the methodology it will use to calculate the Holiday Charge by an Important Notice issued no later than 10 Business Days prior to the day on which the applicable Holiday Charge is applied. Examples of potential methodologies for the Holiday Charge may include, but shall not be limited to, time scaling of the VaR Charge or a stress scenario that reflects potential market price volatility on the Holiday.

#### Intraday Supplemental Fund Deposit

The term “Intraday Supplemental Fund Deposit” means an additional charge that may be included in each Member’s Required Fund Deposit or Segregated Customer Margin Requirement intraday. The Corporation shall re-calculate intraday, each Business Day, at the times established by the Corporation for this purpose, the amount of the intraday VaR Charge applicable to each Margin Portfolio of a Member and to each Segregated Indirect Participant, based upon the open positions of the Margin Portfolio or Segregated Indirect Participant at a designated time intraday, for purposes of establishing whether a Member shall be required to make an Intraday Supplemental Fund Deposit.

The Corporation shall establish procedures for collection of an amount calculated in respect of a Member’s Intraday Supplemental Fund Deposit, including parameters regarding threshold amounts that require payment, and the form and time by which payment is required to be made to the Corporation. The Corporation reserves the right to require a Member or Members generally to make additional Intraday Supplemental Fund Deposits if the Corporation determines it to be necessary to protect itself and its Members in response to factors such as market conditions or financial or operational capabilities affecting a Member or Members generally.

#### Margin Liquidity Adjustment Charge or MLA Charge

The terms “Margin Liquidity Adjustment Charge” or “MLA Charge” mean, with respect to each Margin Portfolio, Sponsored Member, or Segregated Indirect Participant, an additional charge applied to Net Unsettled Positions of a Member, Sponsored Member, or Segregated Indirect Participant. The MLA Charge shall be calculated daily and shall be included in each Member’s Required Fund Deposit or Segregated Customer Margin Requirement, as applicable.

For purposes of calculating this charge, Net Unsettled Positions shall be categorized into the following asset groups: (a) U.S. Treasury securities, which shall be further categorized into subgroups by maturity; (b) Treasury-Inflation Protected Securities (“TIPS”), which shall be further categorized into subgroups by maturity; (c) U.S. agency bonds; and (d) mortgage pools, which may be further categorized into subgroups by mortgage pool types.

The asset groups and subgroups shall be set forth in a schedule that is published on the Corporation’s website. It shall be the Member’s responsibility to retrieve the



schedule. The Corporation will provide Members with at a minimum 5 Business Days' advance notice of any change to the schedule via an Important Notice.

The Corporation shall first calculate a measurement of market impact cost for Net Unsettled Positions in each of the asset groups/subgroups, as described below:

(i) For Net Unsettled Positions in U.S. Treasury securities maturing in less than one year and TIPS, the directional market impact cost should be used, which is a function of the Net Unsettled Position's net directional market value;

(ii) For all other Net Unsettled Positions, two components shall be added together: (1) the directional market impact cost, as described above, and (2) the basis cost, which is based on the Net Unsettled Position's gross market value.

For all asset groups/subgroups, the net directional market value and the gross market value shall be divided by the average daily volumes of the securities in that asset group/subgroup over a lookback period.

The calculated market impact cost for Net Unsettled Positions in an asset group/subgroup shall be compared to a portion of the VaR Charge that is allocated to that asset group/subgroup. If the ratio of the calculated market impact cost to a portion of the VaR Charge is greater than a threshold, to be determined by the Corporation from time to time, an MLA Charge will be applied to that asset group/subgroup. If the ratio of these two amounts is equal to or less than this threshold, the MLA Charge will not be applied to that asset group/subgroup.

When applicable, an MLA Charge for each asset group/subgroup would be calculated as a proportion of the product of (1) the amount by which the ratio of the calculated market impact cost to a portion of the VaR Charge allocated to that asset group/subgroup exceeds the threshold, and (2) a portion of the VaR Charge allocated to that asset group/subgroup.

Each applicable MLA Charge for each asset group/subgroup shall be added together to result in one total MLA Charge.

The Corporation may apply a downward adjusting scaling factor based on the ratio of the calculated market impact cost to a portion of the VaR Charge to result in a final MLA Charge, where a higher ratio would trigger a larger downward adjustment of the MLA Charge and a lower ratio would trigger no downward adjustment of the MLA Charge.

If a Sponsored Member or Segregated Indirect Participant clears through multiple Accounts, for each such Account, the Corporation shall calculate both (1) an MLA Charge for each asset group/subgroup in the account on a standalone basis, as provided above, and (2) an MLA Charge for each asset group/subgroup in the Account as part of a consolidated portfolio, as provided below, with the higher

amount applied as the MLA Charge for the relevant asset group/subgroup. The applicable MLA Charge for each asset group/subgroup shall be added together to result in one total MLA Charge for the Account.

For purposes of calculating the MLA Charge for each asset group/subgroup in the Account as part of a consolidated portfolio, the market impact cost for the asset group/subgroup is calculated based on the aggregate Net Unsettled Positions of that asset group/subgroup in the consolidated portfolio. The calculated market impact cost for each asset group/subgroup in the consolidated portfolio shall be allocated on a pro rata basis to each asset group/subgroup in each of the accounts based on the market impact cost of that asset group/subgroup in the Account.

The allocated market impact cost for an asset group/subgroup shall be compared to a portion of the VaR Charge that is allocated to that asset group/subgroup in the Account. If the ratio of the allocated market impact cost to a portion of the VaR Charge is greater than a threshold to be determined by the Corporation from time to time, an MLA Charge will be applied to that asset group/subgroup. If the ratio of these two amounts is equal to or less than this threshold, the MLA Charge will not be applied to that asset group/subgroup.

When applicable, the MLA Charge for each asset group/subgroup in the Account as part of a consolidated portfolio would be calculated as a proportion of the product of (1) the amount by which the ratio of the allocated market impact cost for the asset group/subgroup to the portion of the VaR Charge allocated to that asset group/subgroup exceeds a threshold, to be determined by the Corporation from time to time, and (2) a portion of the VaR Charge allocated to that asset group/subgroup.

### Margin Proxy

The term “Margin Proxy” means, with respect to each Margin Portfolio, Sponsored Member or Segregated Indirect Participant, an alternative volatility calculation for specified Net Unsettled Positions of a Netting Member, Sponsored Member or Segregated Indirect Participant, calculated using historical market price changes of such U.S. Treasury and agency pass-through mortgage-backed securities indices determined by the Corporation. The Margin Proxy would be applied by the Corporation as an alternative to the model-based volatility calculation of the VaR Charge for each Netting Member’s Margin Portfolio or for each Sponsored Member or Segregated Indirect Participant. The Margin Proxy shall cover such range of historical market price moves and parameters as the Corporation from time to time deems appropriate.

### Minimum Margin Amount

The term “Minimum Margin Amount” means, with respect to each Margin Portfolio, Sponsored Member or Segregated Indirect Participant, a minimum volatility calculation for specified Net Unsettled Positions of the Margin Portfolio, Sponsored

**Member, or Segregated Indirect Participant, respectively, as of the time of such calculation.**

**The Minimum Margin Amount shall use historical price returns to represent risk and be calculated as the sum of the following:**

**(i) amounts calculated using a filtered historical simulation approach to assess volatility by scaling historical market price returns to current market volatility, with market volatility being measured by applying exponentially weighted moving average to the historical market price returns with a decay factor between 0.93 and 0.99, as determined by the Corporation from time to time based on sensitivity analysis, macroeconomic conditions, and/or backtesting performance,**

**(ii) amounts calculated using a haircut method to measure the risk exposure of those securities that lack sufficient historical market price return data, and**

**(iii) amounts calculated to incorporate risks related to (i) repo interest volatility (“repo interest volatility charge”) and (ii) transaction costs related to bid-ask spread in the market that could be incurred when liquidating a portfolio (“bid-ask spread risk charge”).**

**The Corporation will provide Members with at a minimum one Business Day advance notice of any change to the decay factor via an Important Notice.**

### **Portfolio Differential Charge**

**The term “Portfolio Differential Charge” means, with respect to each Margin Portfolio or Segregated Indirect Participant, an additional charge to be included in each Member’s Required Fund Deposit or Segregated Customer Margin Requirement.**

**The Portfolio Differential Charge shall be calculated twice each Business Day as the exponentially weighted moving average (“EWMA”) of the historical increases in the VaR Charge of the Member or Segregated Indirect Participant that occur between collections of Required Fund Deposits or Segregated Customer Margin Requirement over a lookback period of no less than 100 days with a decay factor of no greater than 1, times a multiplier that is no less than 1 and no greater than 3, as determined by the Corporation from time to time as applicable to each Type of Account based on backtesting results. The Corporation will provide Members with at a minimum 10 Business Days advance notice of any change to the lookback period, the decay factor and/or the multiplier via an Important Notice.**

### Unadjusted GSD Margin Portfolio Amount

The term “Unadjusted GSD Margin Portfolio Amount” means, with respect to each Margin Portfolio or Segregated Indirect Participant, the amount greater than or equal to zero determined by the Corporation in accordance with this Schedule.

### VaR Charge

The term “VaR Charge” means, with respect to each Margin Portfolio, Sponsored Member or Segregated Indirect Participant, a calculation of the volatility of specified Net Unsettled Positions of the Margin Portfolio, Sponsored Member, or Segregated Indirect Participant, respectively, as of the time of such calculation. Such volatility calculations shall be made in accordance with any generally accepted portfolio volatility model, including, but not limited to, any margining formula employed by any other clearing agency registered under Section 17A of the Securities Exchange Act of 1934. Such calculation shall be made utilizing such assumptions (including confidence levels) and based on such observable market data as the Corporation deems reasonable, and shall cover such range and assessment of volatility as the Corporation from time to time deems appropriate. To the extent that the primary source of such market data becomes unavailable for an extended period of time, the Corporation shall utilize the Margin Proxy as an alternative volatility calculation. In its assessment of volatility, the Corporation shall calculate an additional bid-ask spread risk charge measured by multiplying the gross market value of each Net Unsettled Position by a basis point charge, where the applicable basis point charge shall be reviewed at least annually and shall be based on the following risk groups: (a) mortgage pool transactions; (b) TIPS; (c) U.S. agency bonds; and (d) U.S. Treasury securities, which shall be further categorized by maturity – those maturing in (i) less than five years, (ii) equal to or more than five years and less than ten years, and (iii) equal to or more than ten years.

If the volatility calculation (or the Margin Proxy, when applicable) is lower than the VaR Floor, then the VaR Floor will be utilized as the VaR Charge of the Margin Portfolio, Sponsored Member or Segregated Indirect Participant.

The Corporation shall have the discretion to not apply the VaR calculation(s) to Net Unsettled Positions in classes of securities whose volatility is less amenable to statistical analysis, or to Term Repo Transactions and Forward-Starting Repo Transactions (including term and forward-starting GCF Repo Transactions) whose term repo rate volatility is less amenable to statistical analysis. In lieu of such calculation, the component required with respect to such transactions shall instead be determined utilizing a haircut method based on a historic index volatility model.

The Corporation shall take into account the VaR confidence level applicable to the Member or Segregated Indirect Participant in calculating the VaR Charge.

In the case of a Margin Portfolio of a Cross Margining Participant that is subject to one or more Cross-Margining Arrangements, in the discretion of the Corporation,

**the VaR Charge may be reduced by an amount not to exceed the any thresholds set forth in the applicable Cross-Margining Agreement and calculated on the current Business Day for such Cross-Margining Participant in accordance with the applicable Cross-Margining Agreements.**

**VaR Floor**

**The term “VaR Floor” means, with respect to each Margin Portfolio, Sponsored Member or Segregated Indirect Participant, the greater of (i) the VaR Floor Percentage Amount and (ii) the Minimum Margin Amount.**

**VaR Floor Percentage Amount**

**The term “VaR Floor Percentage Amount” means the absolute value of the sum of Net Long Positions and Net Short Positions of Eligible Securities, grouped by product and remaining maturity, multiplied by a percentage designated by the Corporation from time to time for such group. For U.S. Treasury and agency securities, such percentage shall be a fraction, no less than 10%, of the historical minimum volatility of a benchmark fixed income index for such group by product and remaining maturity. For mortgage-backed securities, such percentage shall be a fixed percentage that is no less than 0.05%.**