

CME Securities Clearing Inc CA-1 Exhibit E-2C

**CME SECURITIES CLEARING INC.
RISK MANAGEMENT COMMITTEE
CHARTER**

I. Purpose

The Risk Management Committee (the “CSRMC”) is a committee of the Board of Directors (“Board”) of CME Securities Clearing Inc. (the “Corporation”) established to assist the Board in fulfilling its supervisory responsibilities over the risk management of the Corporation’s clearance, settlement, and related functions in accordance with Section 17A(b)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”), Rules 17ad-22 and 17ad-25 thereunder and such other laws, regulations, rules and guidance as may apply. Except as otherwise defined herein, all capitalized terms shall have the meaning set out in Rule 101 of the Corporation’s Rules and By-Laws.

The CSRMC is authorized to act on behalf of the Board within the scope of its authority as set out in this charter (the “Charter”). The CSRMC shall also make recommendations and provide reports to the Board, as appropriate, with regard to any issue within the CSRMC’s responsibilities and authority. In doing so, it is an objective of the CSRMC to provide an open avenue of communication among the Board, the management of the Corporation and the Members and Users of the Corporation.

In fulfilling its responsibilities, the CSRMC shall consider the legitimate interests of Members and Users at all times, and shall prioritize the overall risk management, safety, efficiency of the Corporation, including the Corporation’s obligations to facilitate and promote the prompt and accurate clearance and settlement of securities transactions and to assure safeguarding of securities and funds, and generally support the stability of the broader financial system in accordance with best practices in the industry.

II. Membership & Organization

- The CSRMC shall be composed of at least five (5) members, including a chair (the “Chair”), each of whom must be a Director, provided that the CSRMC shall have an odd number of members. A majority of the Directors serving on the CSRMC shall be Independent Directors in at least the same majority percentage as required for the Board. The CSRMC shall always include at least one (1) member who is a Member, and one (1) member who is a User.
- Annually and following any vacancy that occurs on the CSRMC, the Chairman of the Board (the “Chairman”) shall recommend to the Board for its approval Directors to be appointed to the CSRMC, including the Chair. CSRMC appointments and the designation of the Chair shall be based on each Director’s knowledge, interests and areas of expertise.
- Each member of the CSRMC shall serve for a term of one (1) year. A CSRMC member’s term shall terminate earlier than one (1) year upon (x) a determination by the Board, by a majority vote of the Directors, (i) that the CSRMC member no longer satisfies the classification for which the CSRMC member was appointed, and (ii) that the CSRMC member’s continued service as such would violate the compositional requirements of the

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CSRMC set forth in this Section II, or (y) the CSRMC member's death, incapacity or resignation, which resignation has become effective.

III. Engagement of Outside Advisers

- Subject to the approval of the Board, the CSRMC shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to engage independent professional advisors, including legal counsel, as it deems appropriate, and may direct the Corporation to pay the reasonable fees and expenses of any such advisor.

IV. CSRMC Meetings, Tasks and Authority

General

- The CSRMC shall meet as often as the Chair determines necessary to carry out its duties and responsibilities, but no less frequently than four (4) times annually and shall keep minutes of its proceedings.
- The Chair shall schedule all meetings of the CSRMC and provide the CSRMC with a written agenda, as appropriate. Each CSRMC member shall be entitled to one (1) vote. A quorum of the CSRMC shall be a majority of its members. If a quorum shall not be present at any meeting, the CSRMC members present at such meeting may adjourn the meeting, without notice other than announcement at the meeting, until a quorum shall be present. The act of a majority of the CSRMC members present at any meeting at which there is a quorum shall be the act of the CSRMC except as may be otherwise specifically provided by statute, this Charter or the Corporation's By-Laws. A motion shall pass upon approval from a majority of the members present. Voting may also be conducted outside a meeting via telephone and/or electronic polling of members, provided approval is received by a majority of the current members of the CSRMC. Members of management and others may attend meetings to provide information or recommendations, as necessary.
- The CSRMC shall have the resources and authority to appoint advisory groups composed of staff of the Corporation, as well as representatives of Members and Users, other stakeholders and industry experts, including staff of the CME Group Inc. organization, who have the appropriate and relevant expertise, experience and skills, as it deems appropriate.
- The CSRMC shall perform its responsibilities in accordance with this Charter, the rules of the Corporation, the procedures of the Corporation and applicable regulatory requirements.

Responsibilities

- Consistent with the Corporation's obligation pursuant to Rule 17ad-22 under the Exchange Act to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody and other risks that arise in or are borne by the Corporation, the CSRMC shall receive necessary information from the Corporation's management and staff on a regular basis in order to provide risk-based, independent and informed opinions on risk management matters in a manner that

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supports the overall risk management, safety and efficiency of the Corporation. In this regard, the Corporation's management and staff shall assist the CSRMC as needed in the performance of its duties, including attending meetings of the CSRMC, if required, in order to provide the necessary information and assistance.

- The Head of the Corporation shall appoint the Head of Risk, subject to the approval of the CSRMC. Only the CSRMC may remove the Head of Risk. If the position of Head of Risk becomes vacant, the Head of the Corporation shall appoint a successor, subject to the approval of the CSRMC.
- The CSRMC shall assist the Board in overseeing the risk management of the Corporation. The Head of Risk shall have a direct reporting line to the CSRMC.
- The CSRMC shall consult on and approve all matters subject to its remit that could have a significant impact on the risk profile of the Corporation and recommend such matters to the Board for approval.
- The CSRMC shall review the adequacy of the financial safeguards for the Corporation, including regular risk reports from the Corporation's risk management staff that shall provide information on the effectiveness of the risk management program, and shall approve all substantive changes to the risk management program and recommend to the Board any changes to the extent such changes would have a significant impact on the risk profile of the Corporation. CSRMC shall, with such frequency as it determines is appropriate, review, among others, reports on the results of: (i) the comprehensive analysis of the Corporation's financial and liquidity stress testing scenarios, models, and underlying parameters and assumptions that the Corporation's risk management staff performs at least monthly; and (ii) sensitivity analyses of the Corporation's margin model and reviews of the margin model's parameters and assumptions for backtesting that the Corporation's risk management staff performs at least monthly.
- The CSRMC shall review the results of independent validations of risk models and recommended actions and oversee the remediation plan, if any is required.
- The CSRMC shall review and approve all substantive risk-related proposed rule changes subject to its remit, and recommend that such changes be reviewed and approved by the Board if they significantly impact the risk profile of the Corporation. The CSRMC shall review and approve any proposed rule changes for new Eligible Securities Transactions that significantly impact the risk profile of the Corporation and refer such products to the Board for review and approval.
- The CSRMC shall provide oversight of the Corporation's Risk Management Framework ("RMF") and any risk management policies filed with and approved by the SEC (the "Policies"), including annual review and approval of the RMF and Policies and review and approval of substantive changes thereto. The CSRMC will annually submit a recommendation to the Board to approve the RMF. The CSRMC will submit a recommendation to the Board for changes to the RMF and Policies to the extent such changes would have a significant impact on the risk profile of the Corporation.

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- The CSRMC shall provide oversight of the Corporation's Recovery Plan, Wind-Down Plan, and Financial Plan (the "Plans"), including annual review and approval of the Plans and review and approval of substantive changes thereto. The CSRMC will annually submit a recommendation to the Board to approve the Plans. The CSRMC will submit a recommendation to the Board for changes to the Plans to the extent such changes would have a significant risk impact on the risk profile of the Corporation.
- The CSRMC shall approve all new financial institutions to perform the functions of a "Bank" as defined in the CMESC Rules and all new financial institutions to perform the function of a "Securities Settlement Bank" as defined in the CMESC Rules.
- The CSRMC shall approve any liquidity facility of the Corporation, including any analysis regarding the size of the facility, and recommend its approval to the Board as required.
- The CSRMC may delegate a subset of its responsibilities to one or more subcommittees composed of members of the CSRMC or to the Corporation staff, provided in all instances that, the CSRMC shall oversee such delegated activity to assure itself that the delegation and reliance on the work of such delegates is reasonable.
- The CSRMC shall review and approve or disapprove all applications for participation as Members, taking into consideration Corporation staff's recommendations to approve or disapprove such applications. The CSRMC shall also oversee the activities of Corporation staff in reviewing applications for participation as Members or as Users and Corporation staff's decisions to approve or disapprove applications for User status.
- The CSRMC shall approve all substantive changes to Member and User participation requirements and substantive new types of participation.

V. Reporting Activities

- With regard to the CSRMC's risk management responsibilities, the Chair or their delegate, on behalf of the CSRMC, shall report to the Board on recent activities of the CSRMC at the next regularly scheduled Board meeting.
- The CSRMC shall reassess the adequacy of this Charter no less frequently than annually and submit any recommended changes to the Board for approval.

VI. Head of Risk Succession

- At least annually, the CSRMC shall meet with the Head of the Corporation to review and make recommendations with respect to succession planning, management development and potential successors for the Head of Risk.

VII. Confidentiality

- The CSRMC and its members shall be responsible for preserving confidential information obtained in performance of the CSRMC's activities. Every CSRMC member shall be

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subject to Rule 1202 of the Corporation regarding the use or disclosure of material, non-public information.

VIII. Conflicts of Interest

- Each CSRMC member shall be subject to the Corporation's Conflicts of Interest Policy and shall disclose the existence of any potential or actual conflicts of interest in accordance with the Conflict of Interest Policy and the Board (or Board Committee, as applicable) shall address such actual or potential conflict(s) of interest in accordance with the Conflict of Interest Policy.