CME Securities Clearing CA-1 – EXHIBIT J

Exhibit Request:

Attach as Exhibit J narrative descriptions of each service or function performed by the registrant.

Response:

I.   Introduction[1]

CME Securities Clearing Inc. (the "Registrant" or "CMESC") is applying to register as a clearing agency with the Securities and Exchange Commission ("SEC" or "Commission") under the Securities Exchange Act of 1934, as amended ("Exchange Act") to provide central counterparty clearing services to market participants for their secondary cash market transactions in U.S. Treasury securities ("Treasuries" or "Treasury securities") and transactions in repurchase (or "repo") and reverse repurchase agreements involving Treasury securities. The Registrant is owned by the CME Group Inc., which also owns the Chicago Mercantile Exchange Inc. ("CME") and other entities forming part of the financial markets' infrastructure (collectively, "CME Group").

CME offers both regulated exchange markets for derivatives and regulated clearing services for derivatives pursuant to its registrations, respectively, as a designated contract market ("DCM") and a derivatives clearing organization ("DCO") with the Commodity Futures Trading Commission ("CFTC") under the Commodity Exchange Act ("CEA"). In 2012, the Financial Stability Oversight Council designated CME, with respect to its DCO operations, a systemically important financial market utility ("SIFMU") under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As an SIFMU-designated DCO, CME is subject to the supervisory oversight of the Federal Reserve Board and Federal Reserve Bank of Chicago in addition to primary supervisory oversight of the CFTC.

CME Group entities include other prominent global CFTC-registered DCMs. Among other asset-based products, CME and an affiliated DCM offer between them a range of highly liquid futures and options on futures (together "futures") on different underlying Treasury securities and other interest rate futures. BrokerTec, another CME Group entity, operates the largest interdealer alternative trading system for cash market Treasury securities and Treasury repo transactions as an SEC-registered broker-dealer. As a DCO, CME clears and settles transactions in the futures products (including Treasury and interest rate futures) listed on the CME Group DCMs, along with interest rate swaps (including SOFR based swaps) and other swaps products.

CME Group has drawn upon CME's extensive, proven risk management and operational experience as one of the largest global clearing organizations for derivatives and CME Group's extensive knowledge of the Treasury securities markets through its DCMs' Treasury futures and other interest rate futures offerings and BrokerTec's interdealer platform for Treasury transactions.

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[1] Terms used in this Exhibit J and not defined herein have the meanings as defined in the Registrant's Rules.

Clearing agencies are an essential component of the securities markets' infrastructure in the United States. Clearing agencies that serve as central counterparties for securities transactions provide important benefits to their participants, particularly reduction of counterparty credit risk and risk management efficiency and transparency. Following the financial crisis of 2007-2008, reforming the infrastructure of the Treasury securities markets, specifically the credit and risk management practices of market participants on repo transactions, became a priority of the Commission, other federal agencies, and the industry more widely.

Though several years removed from the crisis, risk management continues to be a main tenet of the industry and an area of attention for the Commission. In this regard, on December 13, 2023, the Commission approved final rule amendments to SEC Rule 17ad-22 under the Exchange Act to enhance the resiliency of the Treasury securities markets.[2] Among other changes, amended Rule 17ad-22 requires a clearing agency that provides central counterparty services (a "covered clearing agency" under the rule) for transactions involving Treasury securities to require its direct participants to submit their "eligible secondary market transactions" to a covered clearing agency for clearing and settlement. As defined in the amended rule, "eligible secondary market transactions" include (with some limited exceptions):

- Repo Transactions. Transactions in repurchase and reverse repurchase agreements collateralized by U.S. Treasury securities to which a direct participant of the covered clearing agency is a counterparty.

- Cash Treasury Transactions. Purchases and sales of U.S. Treasury securities:

  - by a direct participant of the covered clearing agency resulting from the participant's operation of a trading facility on which it becomes the counterparty to both the buyer and seller on transactions executed on the platform; and

  - between a direct participant of the covered clearing agency and a registered broker-dealer or a government securities dealer or broker.

The Registrant understands that the Commission has set the compliance date for a covered clearing agency to implement the trade submission requirement for Cash Treasury Transactions as December 31, 2025, and for Repo Transactions as June 30, 2026.

The Registrant is seeking to register as a clearing agency to operate as a covered clearing agency to offer central counterparty clearing services for Cash Treasury Transactions and Repo Transactions involving Treasury securities. The Registrant has designed its clearance and settlement functions in a manner that is intended to ensure its financial integrity and protect the interests of each Member[3] and User (collectively referred as "Participants"), and otherwise comply with the requirements applicable to clearing agencies under the Exchange Act and

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[2] Release No. 34-99149, *Standards for Covered Clearing Agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities*, 89 FR 2714 (Jan. 16, 2024).

[3] Terms used in this exhibit shall have the meanings set out in the CMESC Rules, unless otherwise indicated.

Commission Rules, including SEC Rule 17ad-22, as recently amended and the newly adopted Rule 17ad-25.[4]

As a central counterparty, the Registrant will provide access to Members as direct Participants and to Users as indirect Participants. Consistent with Rule 17ad-22(e)(18)(iv), the Registrant's Rule 202 requires Members to submit their Cash Treasury Transactions and Repo Transactions that are Eligible Secondary Market Transactions[5] to the Registrant or to another clearing agency for clearance and settlement. Consistent with Rule 17ad-22(e)(6)(i), the Registrant's Rules and Procedures set out that the Registrant will calculate, collect, and hold margin amounts from Members for their proprietary positions in Treasury securities on a separate and independent basis from the margin it will calculate and collect in connection with Users' proprietary positions.

The Registrant will ensure that margin sufficient to cover potential future exposure is calculated and collected, transactions are marked-to-market daily and Outstanding Exposure Settlement payments are exchanged, necessary qualifying liquidity resources are maintained, and trade obligations are settled. The Registrant has designed a risk management framework to identify, measure, monitor, and manage the range of risks that arise through its clearance and settlement functions and thus promote prompt clearance and settlement of securities transactions, safeguard securities and funds and protect Participants against losses, including where one or more Participants default.

II.   Cash Treasury and Repo Market Stakeholders

The Registrant plans to offer Clearing Services for Cash Treasury Transactions and Repo Transactions ("Eligible Securities Transactions" under the Rules), which it refers to in its Rules as the Interest Rate Securities Clearing Service. The Registrant will clear Eligible Securities Transactions between Participants.

The Interest Rate Securities Clearing Service involves four primary types of stakeholders, each of whom will have an integral and complementary role in Cash Treasury Transactions, Repo Transactions that are Clear to Hold Transactions and Repo Transactions that are Clear to Deliver Transactions. These stakeholder types are (1) the Registrant, (2) Members, (3) Users, and (4) Banks and Securities Settlement Banks (described below).

<u>Members and Users</u>. As mentioned, the Registrant will have two types of Participants: Members and Users. Members are "direct participants," and Users are "indirect participants" within the meanings of those terms as used in SEC Rule 17ad-22.

Users are further classified as Independent Users or Supported Users. The primary difference between the two is that an Independent User is obligated to post margin and make Outstanding

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[4] The Registrant has developed its governance procedures consistent with the requirements of new SEC Rule 17ad-25, but may stagger implementation of the provisions designed to comply with the independent board member composition requirements for the Board and Board committee(s) until the Commission's December 5, 2025 compliance date for such requirements.

[5] The definition in CMESC Rule 202(a) incorporates the definition of "eligible securities market transaction" in SEC Rule 17ad-22(a).

Exposure Settlement payments to the Corporation for its Independent User Account at the Corporation whereas that obligation falls to a Supported User's authorizing Member in relation to the Supported User's Supported User Account at the Corporation. The Rules use the terms "Member Account," "Independent User Account" and "Supported User Account" to refer to the account that the Corporation maintains within its books and records applicable to the Participant's status in which the Corporation records the Participant's clearing-related activity and uses the term "Account" to refer generally to these different account types. For both types of User status, the User is directly liable to the Corporation for settlement of their cleared transactions.

Persons may be admitted as Members directly by the Registrant without having to secure the authorization of any other Member and Members have the broadest rights and obligations in relation to the Registrant. In contrast, a person will be admitted as a User only with the authorization of a Member and may utilize the Clearing Services as a User only for so long as it has a Member's authorization in place. A Member that authorizes a User is responsible for guaranteeing the financial performance beyond the margin posted to the User's Account at the Registrant, and in this respect Members, but not Users, are required to make contributions to the Registrant's Guaranty Fund.

Members and Independent Users are obligated under the Rules and Procedures to post margin and make Outstanding Exposure Settlement payments associated with their open cleared transactions in their Accounts at the Registrant directly to the Registrant. For Supported Users, as noted, their authorizing Members are responsible for posting margin with and making Outstanding Exposure Settlement payments to the Registrant for their Supported Users' open cleared transactions in the Supported User Accounts at the Registrant.

Each Participant – Member, Independent User or Supported User – has direct contractual obligations to the Registrant to settle its novated Eligible Securities Transactions. During business as usual, Participants will fulfill their settlement obligations to the Registrant on their Cash Treasury Transactions and novated legs of their Repo Transactions pursuant to the Registrant's settlement instructions by exchanging Eligible Securities and cash payment directly between them through the Securities Settlement Banks.

Banks and Securities Settlement Banks. The Registrant will designate certain banks (i.e., Banks, as defined under the Rules) that will facilitate the movement of cash and collateral among Members, Users, and the Registrant. First, the Registrant will designate one or more Banks where the Registrant, Members, and Independent Users are required to maintain accounts for the purpose of margin and Outstanding Exposure Settlement payment flows. Members that authorize Supported Users must maintain separate accounts at the Banks for the margin and Outstanding Exposure Settlement payment flows associated with their authorized Supported Users' cleared transactions and for the margin and Outstanding Exposure Settlement payment flows associated with their own cleared transactions.

The Registrant will maintain accounts at the Bank separately for holding margin posted to the Registrant for (i) Member Accounts, (ii) Supported User Accounts of Supported Users authorized by broker-dealer Members that will rely upon the debit treatment for funds on deposit

at a clearing agency under Item 15 of the reserve formula in Exhibit A to Rule 15c3-3, (iii) Independent User Accounts, and (iv) Supported User Accounts not covered by clause (ii).[6]

Separately, Members and Users must maintain accounts at one or more banks or trust companies designated by the Registrant as Securities Settlement Banks, which accounts are used for the purpose of delivering and receiving cash and securities between Participants to settle their Cash Treasury Transactions or the novated legs of their Repo Transactions. For Repo Transactions that are Clear to Hold, the Securities Settlement Bank will be responsible for holding securities delivered to settle the Start Leg in collateral accounts in the names of the respective Members and Users engaged in such Repo Transaction.

III.   Participant Standards

The Registrant has established different categories of persons that are eligible to access its Clearing Services as Participants (*i.e.*, as Members or Users). As set forth in the Registrant's Rule 302, the categories cover registered broker-dealers, banks, other registered clearing agencies, registered investment companies, and insurance companies,[7] which align with the categories enumerated in Section 17A(b)(3)(B) of the Exchange Act. In addition, Rule 302 recognizes four other categories of persons that are eligible to become Participants: firms registered under the CEA as futures commission merchants ("FCMs"),[8] unregistered investment pools with U.S. domiciled registered investment advisers, proprietary trading firms and trust companies.[9]

A Member is an eligible person that applies for Member status and is approved as a Member pursuant to Chapter 3 of the Registrant's Rules. To become a Member, a person must execute a Member Agreement with the Registrant and satisfy the Registrant's eligibility criteria and other conditions. Among other terms, as provided in Rule 305(a), the Member Agreement will set out the Member's (i) consent to abide by the Registrant's By-Laws, Rules and Procedures (including as may be amended from time to time), (ii) agreement that the By-Laws, Rules, and Procedures are part of the terms and conditions of every contract or transaction that it may make or have with the Registrant, (iii) agreement to maintain adequate controls to ensure continued satisfaction of financial and operational obligations of itself and each User it has authorized, if applicable; and (iv) representation and warranty, if it authorizes Users, that it has any regulatory approval or

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[6] The Registrant has designed its account structure, both for the internal Accounts it will maintain for Participants and for accounts at the Bank level to comply with the segregation requirements of SEC Rule 17ad-22(e)(6)(i) and to satisfy the requirements of Note H to Exhibit A of Rule 15c3-3. The Registrant understands there is a separate process it will have to undertake to seek the Commission's approval of the relevant Rules for Note H purposes for the Commission to issue a notice that broker-dealers may include the debit in their customer reserve calculations. The Registrant is not seeking approval of its Rules for that purpose during the application process and will take that step after it obtains approval as a clearing agency.

[7] Registered clearing agencies, registered investment companies and insurance companies may be admitted as Users only.

[8] Many FCM are also registered as broker-dealers and would be covered under that category as well. The separate category for FCMs is relevant for any FCM firm seeking to become a Participant that is not also dually registered as a broker-dealer.

[9] Trust companies may be admitted as Users only.

license that may be required for it to do so and to perform its obligations under the Rules and Procedures in relation to its authorized Users.

A Member may clear its own Eligible Securities Transactions through a Member Account at the Registrant. A Member may also nominate and authorize persons to become Independent Users or Supported Users of the Registrant and assumes certain financial and other obligations with respect to each approved User it authorizes. Each Member must make and maintain a Required Guaranty Fund Contribution in an amount (adjusted from time to time) equal to the greater of a fixed contribution of $10 million or a variable contribution for its proportionate share of the Guaranty Fund determined on a risk-basis taking into consideration the Member's own cleared transactions and cleared transactions of Users it authorizes.

A User is any eligible person that applies for User status and is approved as a User pursuant to Chapter 3 of the Registrant's Rules. To become a User a person must execute a User Agreement with the Registrant and satisfy the Registrant's User eligibility criteria and other conditions. Among other terms, as provided in Rule 305(b), the User Agreement sets out the User's agreement (i) to abide by the Registrant's By-Laws, Rules and Procedures (including as may be amended from time to time) and (ii) that the By-Laws, Rules, and Procedures are part of the terms and conditions of every contract or transaction that it may make or have with the Registrant. An applicant for User status must be nominated by a Member, which Member authorizes the applicant, if approved, to use the Clearing Services as a User. In contrast to Members (as noted), Users do not have Guaranty Fund deposit obligations.

The Registrant has established financial responsibility requirements that Member applicants must meet, and which continue to apply post-approval to Members. These requirements, principally set forth in Rules 306(b) and 309(b), vary based upon the nature of the Member applicant's business. As an overarching principle, a Member must have sufficient financial resources to meet its obligations to the Registrant, including to make and maintain its Required Guaranty Fund Contribution (as adjusted from time to time) and to fulfill the financial obligations it assumes under the Registrant's Rules and Procedures for any Users it authorizes.

The Registrant does not impose direct financial responsibility requirements on User applicants. The Registrant believes it is more appropriate to rely upon Members that authorize Users to determine the appropriate financial responsibility standards to impose based on their assessment of a User's financial circumstances and their obligations to conduct due diligence on their authorized Users (described below).

Each Member or User applicant must meet requirements regarding operational capability and business experience, as set forth, respectively, in paragraphs (a) and (c) of Rule 306 and in Rule 307, which apply on a continuing basis as provided in paragraph (a) of Rule 309. The Registrant's operational capability criteria generally require applicants to have adequate personnel, books and records, and internal procedures to process transactions promptly and accurately, and to communicate with the Registrant. The Registrant's business experience criteria require applicants to have personnel with sufficient operational background and experience to ensure the Participant's ability to conduct business in the type of securities transactions cleared by the Registrant. The Registrant does not require Participants to maintain a portfolio of cleared transactions of any minimum size or to maintain a minimum cleared transaction volume.

As provided in Rule 303(c), before nominating a person as a User, a Member must conduct reasonable due diligence on the person's credit and liquidity profile and operational capabilities regarding the prospective User's ability to fund its obligations to the Registrant and, if applicable, to the Member. The Member must have policies and procedures for conducting both initial and ongoing due diligence of its authorized Users, which must cover the elements set out in Rule 306(c)(iii). For example, the Member should determine each authorized User's risk and monitor the risks associated with each authorized User's clearing of transactions through the Registrant along with authorized Users' clearing activity on an intraday and overnight basis.

The Registrant has established disqualification criteria pursuant to which it may disapprove a person's application for Member or User status if the person or a person in the applicant's controlling management is subject to statutory disqualification under Section 3(a)(39) of the Exchange Act.

Upon the Registrant's acceptance of a Member's or User's transaction for clearing, the Registrant novates the transaction and the Member or User becomes the counterparty to the Registrant on such transaction. As explained above, the Member or User is liable as a principal to the Registrant with respect to settlement of the transaction. Members and Users are also liable to the Registrant for margin and Outstanding Exposure Settlement obligations, but in the case of a Supported User, the authorizing Member is responsible for posting margin with and paying Outstanding Exposure Settlement to the Registrant for the Supported User's Account. A Member is free to enter into a commercial agreement with a User it authorizes to facilitate the posting deposit of margin and/or the exchange of Outstanding Exposure Settlement for the User's cleared positions.

The Registrant may (in accordance with the procedures in Chapters 10 and 11 of the Rules) take action with respect to a Participant that fails to maintain Registrant's requirements, including limitations on its access to the Registrant's services and possible loss of Participant privileges.

Based on the foregoing, the Registrant believes that its Rules and Procedures comply with the Participant standards of Sections 17A(b)(3)(B), (F), and (I) and 17A(b)(4)(B) of the Exchange Act, and Rules 17Ad-22(b)(5) – (b)(7) and 17Ad-22(d)(2).

IV.   Risk Management Framework

As a central counterparty, one of the Registrant's primary functions is to manage risk, thus reducing risk and supporting the stability of the broader financial system in both ordinary and stressed market environments. The Registrant employs a risk management framework which is intended to: (i) reduce the potential impact of a Participant Default via credit risk management standards and ongoing monitoring, and (ii) ensure that the Registrant has sufficient financial and liquidity resources to manage the Default of its largest Participants.

As explained in Section III (and in Exhibit O), the Registrant has established onboarding requirements pursuant to its Rules for each Participant to mitigate counterparty risk, including Member financial responsibility requirements established in its Rules, and the Registrant may take action against a Participant for its failure to remain in compliance with applicable requirements.

Additionally, the Registrant seeks to mitigate counterparty and liquidity risk presented by Participants through mechanisms, including its credit rating process for Members, credit limits,

daily risk monitoring, margin collection, Outstanding Exposure Settlement exchange, backtesting, and stress testing.

Margin is computed and collected in cash or permissible non-cash form during each clearing cycle to cover security price movements over the anticipated length of time needed for the Registrant to manage the portfolio of a Defaulting Member or Defaulting User (*i.e.*, liquidation time or margin period of risk). Margin is calculated in accordance with the Registrant's proprietary risk-based margin model, the SPAN 2 framework, and is designed to cover price movements over the margin period of risk established for the relevant products. The margin period of risk used by the Registrant for Eligible Securities Transactions is at least two business days, based on the liquidity characteristics and market structure for buy and sell securities transactions (including Repo Transactions). The SPAN 2 framework is designed to achieve the desired coverage level of 99% over the margin period of risk on an *ex post* basis using parameters based on relevant historical data. The methodology of the SPAN 2 framework is based on two primary aspects to capture the market risks of a portfolio (i.e., market risk component): i) filtered Historical Value-at-Risk ("HVaR") component (generally weighted at 75%); and ii) Stressed Value-at-Risk ("SVaR") component (generally weighted at 25%.). The SPAN 2 methodology generates scenarios for the risk factors relevant for securities products cleared by the Registrant, such as the change in value of the Treasury securities and repo rate. The SPAN 2 framework also includes a liquidity and concentration risk component to account for the additional risks that may arise in closing out a concentrated portfolio of a Defaulting Member or Defaulting User.

In the event of a Default, the Registrant will rely upon established credit and liquidity "waterfalls" to prevent losses to its Participants and minimize the potential for market disruption. With respect to a Defaulting Member, as set out in Rule 406(a), the first layer of the waterfall to address potential credit losses includes the Defaulting Member's margin and Required Guaranty Fund Contribution, as well as any other assets of the Defaulting Member available to the Registrant. In the limited circumstance where a Member is declared in Default for failure to post margin or make any Outstanding Exposure Settlement payments for any Supported User it has authorized, the margin posted to the Registrant in the affected Support User Account will also be applied to discharge the obligations specific to that Account, where necessary.

With respect to a Defaulting User that is an Independent User, the first layer of the financial safeguards waterfall includes the Defaulting User's margin and any other assets of the Defaulting User available to the Registrant. If the Defaulting User is a Supported User, the first layer of the financial safeguards waterfall includes the margin posted to the Defaulting User's Supported User Account for the Defaulting User; if such funds do not fully discharge the Defaulting User's obligations, the Registrant may apply any collateral in excess of the margin requirement posted to it by the authorizing Member for its Supported Users that the Member has not designated as margin for any particular Supported User Account (e.g., for any non-Defaulting Users) in the Member's most recent collateral value report submitted to the Corporation.

A User's authorizing Member is liable to the Registrant for any credit losses exceeding the first layer of the financial resources available to discharge the Defaulting User's obligations. If the Defaulting User's Member fails to satisfy its liability, the Registrant may Default that Member. In that event, such Member's resources would also be available to address potential uncovered credit losses to the Registrant. If the potential credit losses arising from a Default exceed this layer of the

financial safeguards waterfall, the next layer consists of the Registrant's $50 Million corporate contribution.

The Registrant will maintain and structure the Guaranty Fund using its stress test methodology that is designed to ensure that the size of the Guaranty Fund is at least equal to the largest theoretical loss to the Registrant resulting from the Default of two Member Families in extreme but plausible market conditions. The Registrant will measure the theoretical loss posed by a Member family as the shortfall between the stress loss and collateral on deposit for initial margin (the "largest net debtor amount") at the Member Family level, covering (as applicable) Member Accounts and the User Accounts of a predefined number of Users with the largest credit exposures at each Member, to determine the two Member Families that present the largest theoretical loss to the Corporation in extreme but plausible market conditions.

The Registrant requires each Member to contribute U.S. Dollar cash or U.S. Treasury securities with remaining maturities of less than ten (10) years to the Guaranty Fund. The Registrant may require Members satisfy their Required Guaranty Fund Contribution with a minimum amount or proportion of cash. No applicant approved as a Member is eligible to clear transactions before making its Required Guaranty Fund Contribution.

The Registrant will maintain Default Assessments powers sized to 200% of each non-defaulting Member's Required Guaranty Fund Contribution if a single or multiple Member(s) Default(s) to the Registrant during the Cooling Off Period. These potential Default Assessments represent an unfunded portion of the waterfall to address potential credit losses. Default Assessments powers are intended to protect the market and Participants by enabling the Registrant to maintain operations during extreme market stress. The Default Assessments would only be called for in the event the margin and Guaranty Fund deposits of the Defaulting Members, the Registrant's contributed capital, and the mutualized Guaranty Fund are exhausted (subject to the Registrant's discretion in certain circumstances to issue an advance demand). The Registrant assesses each Member on a *pro rata* basis relative to its Required Guaranty Fund Contribution.

The Registrant also employs numerous liquidity risk management mechanisms that are designed to enable it to continue meeting its settlement obligations notwithstanding the occurrence of liquidity or credit events, including, but not limited to, its rights to close-out, initiate paired transactions, access committed and non-committed repo financing lines (including the Registrant's rules-based capped liquidity facility ("CLF")), and substitute U.S. Dollar cash in the Guaranty Fund with U.S. Treasury securities.

V.   Transaction Submission and Matching

The Registrant monitors a messaging queue dashboard in real-time for trade submissions. The dashboard communicates both inbound and outbound messages, including trade submissions, settlement confirmation and failures, and transfers, such as bulk transfer activity. Trade processing is executed in near real-time, and the Registrant's operations system allows for both the Registrant and Participants to monitor exposure created by their respective positions.

Transactions may be submitted directly to the Registrant or through an Eligible Platform (*e.g.*, agency trading platform or affirmation/confirmation platform acting pursuant to an agreement with

the Registrant) as explained further below. An authorizing Member may enter but neither affirm nor decline a trade initiated on behalf of its authorized User.

For tri-party Clear to Hold Transactions, Participants will submit executed transactions to the Securities Settlement Bank system, as is current market practice. This Securities Settlement Bank will then submit the transaction to the Registrant for clearing. This Securities Settlement Bank will utilize a SWIFT-based transaction submission API to submit matched transactions to the Registrant for clearing.

For Clear to Deliver Transactions and Cash Treasury Transactions, Participants may submit executed transactions to the Registrant (1) as matched transactions from an Eligible Platform, (2) as single-sided transactions to be matched in the Registrant's clearing system, or (3) a Participant may enter and allege a transaction to another Participant to claim or decline using the Registrant's user interface. All platform-executed transactions will be sent to the Registrant using a FIXML-based trade submission API.

Single-sided transactions may be submitted via direct entry into the clearing system's user interface or from an external messaging platform with the matching to be performed by the Registrant. Single-sided trades will be matched by the Registrant when the required relevant attributes submitted to the Registrant by both parties for each transaction correspond. Participants hold the option to cancel a single-sided trade submitted prior to novation and may affirm or decline trades that have been alleged to that Participant.

Pre-matched transactions submitted to the Registrant are received as matched trades and cannot be rejected or canceled by any party other than the Registrant. The Registrant will send a reject message for any transactions that do not follow the Registrant's specifications (e.g., messaging specifications or product eligibility). Participants may correct any transaction messages rejected for invalid FIXML specifications and resubmit the transaction for clearing. Participants are notified with a message anytime the status of their transaction changes. Any pending, unmatched single-sided transactions will be rejected by the Registrant at the end of the Business Day.

Following novation, any cancellation or amendment of a submitted transaction requires the involvement of the Registrant. Canceled trades between Participants may be modified and resubmitted.

VI.   Novation

Upon submission of a pre-matched or a successful full match of a transaction request, the Registrant will validate the transaction, account level details, and Member limits placed on a particular Participant. Following successful validations, the trade is novated and the Registrant becomes the buyer to each seller and the seller to each buyer (i.e., the central counterparty) for each transaction.

The Registrant determines whether to novate a matched transaction submitted for clearing. The novation determination is the same irrespective of whether the transaction is matched prior to submission to the Registrant or is matched by the Registrant. The Registrant performs a product validation, account validation, and credit control check on each submitted trade prior to novation.

The product validation checks the economics of the transaction and ensures that submitted dates are valid settlement dates (*i.e.,* Business Days, exclusive of Federal Reserve holidays), and the account validation confirms that each Participant's clearing account is in good standing with the Registrant. For Clear to Deliver Transactions and Cash Treasury Transactions, the CUSIP is validated, and for Clear to Hold Transactions, the maturity basket is validated.

For the credit control check, Members may manage credit controls imposed on Users by using the Registrant's system to populate predetermined risk limits or they may use their own internal risk systems and approve or reject transactions on a transaction-by-transaction basis. The Registrant will conduct a credit check as part of the novation process.

If Members use their internal risk systems to approve or reject transactions effected by the Users they authorize, the Registrant will send a request consent message, on a transaction-by-transaction basis to the Member. The Member must reply with a message to indicate its approval or rejection of the transaction.

Upon completion of the validations and credit checks, the transaction is novated (see Diagrams 1 through 3, attached).

Any transactions not novated by the deadlines specified by the Registrant will be rejected from clearing, and Participants may resubmit these transactions for the next eligible clearing date (see Diagram 6 below, with respect to clearing deadlines). If the transaction is not resubmitted by the applicable deadline or is resubmitted and rejected a second time, it may not be resubmitted. The Registrant takes no view on what impact, if any, the rejection of a transaction has on the parties' obligations under that transaction.

That aside, if the transaction is an Eligible Secondary Market Transaction, the Member (or Members) to the transaction are responsible for determining how to handle the transaction to assure compliance with their obligation (set out in CMESC Rule 202) to submit the transaction to a covered clearing agency. The Registrant will monitor Members' compliance with that obligation and may take action against a Member for failure to comply with that obligation.

VII.   Settlement

Participants will be responsible to the Registrant to settle their trade exposures, post margin and pay Outstanding Exposure Settlement obligations. Clear to Deliver Transaction, Clear to Hold Transaction, and Cash Treasury Transaction settlements will follow existing market practices.

Clear to Deliver Transaction settlements may occur throughout the day, and Clear to Hold Transaction settlements will occur at the end-of-the-day. Under normal circumstances, Clear to Deliver Transactions and Cash Treasury Transactions submitted for T+0 settlement must settle by 3:00 PM[10] ET on the day of the transaction submission, and Clear to Hold Transactions must settle by 6:30 PM ET (see Diagrams 4 and 5, below, with respect to settlement). Any transaction that does not complete settlement by those timelines will be resolved pursuant to the CMESC Rulebook

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[10] All times contained in this document refer to Eastern time.

(CMESC Rule 1506 for Cleared to Deliver and Clear to Hold Transactions, and CMESC Rule 1507 for Cash Treasury Transactions) and as described in the Settlement Failures section below.

During each clearing cycle, the Registrant marks to market all open transactions and computes margin and settlement variation (i.e., a component of the Outstanding Exposure Settlement) requirements for Participants. Regarding margin, the Registrant will compare the calculated margin requirement against margin collateral held by the Registrant for the relevant Account and issue a margin call for any deficiency that must be met in U.S. Dollar cash. The Registrant will also facilitate the exchange of settlement variation among Participants during each clearing cycle and settlement variation requirements will be collected in U.S. Dollar cash.

Participants will be able to view the status of a transaction and their settlement obligations through the clearing system user interface trade blotter or through reports generated by the Registrant. Participants may substitute cash held for initial margin with other permissible non-cash collateral prior to the deadline. Reports provided to all Participants include, but are not limited to, trade register, coupon report, margin report, and settlement obligation report (see Diagram 6, below, with respect to initial margin and settlement variation).

A. Settlement Failures

1. Failure to Deliver Securities on Start Leg

With respect both to Clear to Deliver Transactions and Clear to Hold Transactions, when a Participant fails to deliver securities on the Start Leg of a transaction, the Registrant will: (i) allocate the fail to one or more Participant(s) that are entitled to receive the same Eligible Securities (for Clear to Deliver Transactions) or allocate the fail to one or more Member(s) or User(s) that are entitled to receive the securities in the same General Collateral Bucket (for Clear to Hold Transactions) that the failing Participant was obligated to deliver; (ii) assess against the failing Participant the repo rate based on the full delivery obligation; and (iii) assess against the failing Participant a fail charge as determined by the Registrant for each day that such Participant fails to deliver the Eligible Securities. The Registrant will pay any amounts collected *pro rata* to the Participant(s) to which the Registrant allocates the fail. If a Participant partially satisfies its obligation to deliver securities to the Registrant on the Start Leg of a transaction, the Participant will receive cash equal to the value of the securities it delivered, subject to the conditions set out in the Rules. In a Clear to Hold Transaction, a failure to deliver securities may be corrected if (1) the original parties to the transaction agree to modify the transaction to reflect the amount of securities delivered, or (2) the Participant that failed to deliver the securities will provide cash (instead of securities) as collateral to fully satisfy its delivery obligation. In a Clear to Deliver Transaction, a failure to deliver securities may be corrected if the original parties to the transaction agree to modify the transaction to reflect the amount of securities actually delivered.

The Registrant may buy-in a Participant that has failed to deliver securities on the Start Leg of a transaction. After the Registrant purchases the securities, the fail-to-deliver is extinguished, and, if the buy-in price is less than the repurchase price, the Registrant will pay the difference to the failing Participant. Conversely, if the buy-in price exceeds the repurchase price, the failing Participant must pay the difference to the Registrant. Additionally, a Participant to whom a fail has been allocated may submit a buy-in request to the Registrant not earlier than one (1) day after

such allocation has been made, and the Participant may effect the buy-in with the Registrant's approval. Alternatively, instead of effecting a buy-in, a Participant to whom a fail has been allocated may effect a cash settlement with the Registrant's approval.

2. Failure to Deliver Securities on Off Leg

When a Participant fails to deliver securities on the Off Leg of a transaction, the Registrant will allocate the fail to one or more Participant(s) that are entitled to receive the same Eligible Securities that the failing Participant was obligated to deliver, and the Registrant may assess against the failing Participant a fail charge as determined by the Registrant for each day that such Participant fails to deliver the Eligible Securities. The Registrant will pay the collected fail charges *pro rata* to the Participant(s) to which the Registrant allocates the fail. If a Participant partially satisfies its obligation to deliver securities on the Off Leg of a transaction, the Participant will receive cash equal to the value of the securities it delivered, subject to the conditions set out in the Rules. A Participant cannot fail to deliver securities on the Off Leg in Clear to Hold Transactions because the securities will be held by the Securities Settlement Bank.

The Registrant may buy in a Participant that has failed to deliver securities to the Registrant on the Off Leg of a transaction. After the Registrant purchases the securities, the fail-to-deliver is extinguished, and, if the buy-in price is less than the repurchase price, the Registrant will pay the difference to the failing Participant. Conversely, if the buy-in price exceeds the repurchase price, the failing Participant must pay the difference to the Registrant. Additionally, a Participant to whom a fail has been allocated may submit a buy-in request to the Registrant not earlier than one (1) day after such allocation has been made, and the Participant may effect the buy-in with the Registrant's approval. Alternatively, instead of effecting a buy-in, a Participant to whom a fail has been allocated may effect a cash settlement with the Registrant's approval.

3. Failure to Deliver Cash on Start Leg or Off Leg

Failure to deliver cash in a Clear to Deliver Transaction or Clear to Hold Transaction may be considered a Default. Where the Registrant declares an event of Default or ceases to act for a Participant, the Registrant may take default management (including liquidity management) actions permitted under its Rules. Where a Participant fails to deliver cash on the Start Leg, the Registrant may permit parties to mutually agree to modify the size of the transaction in order to correct the failure to deliver.

4. Failure to Deliver Securities on Cash Treasury Transactions

With respect to Cash Treasury Transactions, when a Participant fails to deliver securities on the settlement day of a transaction, the Registrant will: (i) allocate the fail to one or more Participant(s) that are entitled to receive the same Eligible Securities; and (ii) assess against the failing Participant a fail charge as determined by the Registrant for each day that such Participant fails to deliver the Eligible Securities. The Registrant will pay any amounts collected to the Participant(s) to which the Registrant allocates the fail. If a Participant partially satisfies its obligation to deliver securities to the Registrant, the Participant will receive cash equal to the value of the securities it delivered, subject to the conditions set out in the Rules.

The Registrant may buy in a Participant that has failed to deliver securities to the Registrant. After the Registrant purchases the securities, the fail-to-deliver is extinguished, and, if the buy-in price is less than the repurchase price, the Registrant will pay the difference to the failing Participant. Conversely, if the buy-in price exceeds the repurchase price, the failing Participant must pay the difference to the Registrant. Additionally, a Participant to whom a fail has been allocated may submit a buy-in request to the Registrant not earlier than one (1) day after such allocation has been made, and the Participant may effect the buy-in with the Registrant's approval. Alternatively, instead of effecting a buy-in, a Participant to whom a fail has been allocated may effect a cash settlement with the Registrant's approval.

B. Transaction Modification

A transaction may be modified or amended at any time prior to the submission deadline for the Business Day on which such transaction is settling, or at a later time if approved by the Registrant. The original parties to the transaction must mutually agree to modify or amend the transaction and notify the Registrant through electronic communication. If approved by the Registrant, the original transaction will be terminated and a new transaction may be submitted by the Participants for clearing through the Registrant. The Participants will be notified of the action taken by the Registrant in this regard.

C. T+0 and T+1 Settlement

Market practice permits repo transactions to settle on a T+0 (often referred to as cash settlement) and a T+1 (often referred to as regular-way settlement) basis in accordance with the deadlines and requirements associated with Fedwire Securities Service. The Registrant requires T+0 settling Repo Transactions to have been submitted and novated no later than 2:55 PM ET on the Business Day of submission. Transactions to be settled on a T+1 basis must be submitted and novated by 8:00 PM on the Business Day of submission.

VIII.   Netting

To reduce settlement risk, Repo Transactions that settle on T+0 will be settled in real-time on a gross basis. Separately, to maximize efficiency for Participants, Cash Treasury Transactions and Repo Transactions that settle on a T+1 basis and have identical CUSIPs will be settled on a net basis.

For Clear to Deliver Transactions and Cash Treasury Transactions, settlement obligations of cash outright and repo transactions at the CUSIP level with the same settlement date will be netted by the Registrant. Net settlement of next day (T+1) cash outright and repo transactions will occur at the Registrant's end-of-day settlement price. For instance, if a Participant has a scheduled cash treasury delivery obligation of 100mm of CUSIP A and a Clear to Deliver Off-Leg to receive 50mm CUSIP A the following Business Day, the Participant's net settlement obligation for CUSIP A would be to deliver 50mm. However, if a Participant has a scheduled cash delivery obligation of 100mm of CUSIP A on Business Day X and a Clear to Deliver Off-Leg of 50mm CUSIP A scheduled to settle on Business Day Y, the Participant's settlement obligation for Business Day X would be to deliver 100mm of CUSIP A, and receive 50mm of CUSIP A on Business Day Y.

With respect to Clear to Hold Transactions, netting will only occur against additional Clear to Hold transactions in the same General Collateral Bucket with the same scheduled settlement date. Such transactions would not net against either Cash Treasury Transactions or Clear to Deliver Transactions.

ATTACHED DIAGRAMS:

Diagram 1:

A. Single-Sided Transaction Submission – Clear to Deliver Repo Transactions
B. Single Sided Transaction Submission – Cash Treasury Transactions

Diagram 2:

A. Execution Platform Based Submission – Clear to Deliver Repo Transactions
B. Execution Platform Based Submission – Cash Treasury Transactions

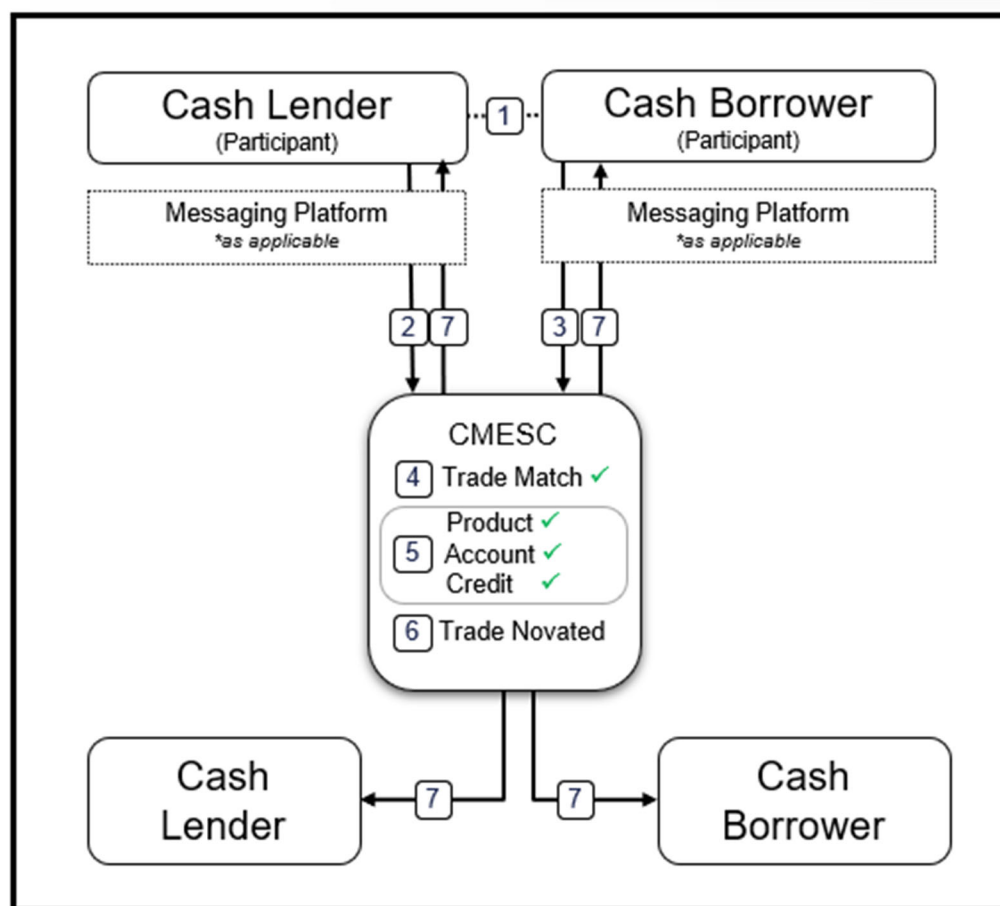Diagram 3: Tri-Party Transaction Submission – Clear to Hold Repo Transactions

Diagram 4:

A. Clear to Deliver Repo Transaction Settlement
B. Cash Treasury Transaction Settlement

Diagram 5: Clear to Hold Transaction Settlement

Diagram 6: Clearing Deadlines

Diagram 1

A. Single Sided Transaction Submission – Clear to Deliver Repo Transactions

- Cash borrower and cash lender agree to a repo transaction that will be submitted to the Registrant.

- The cash lender will enter its single-sided transaction directly to the Registrant, via an API or the user interface of the Registrant's clearing system, or via an external messaging platform. Cash lender is advised that the transaction status is pending.

- The cash borrower will enter its single-sided transaction directly to the Registrant, via an API or the user interface of the Registrant's clearing system, or via an external messaging platform. Cash borrower is advised that the transaction status is pending.

- The Registrant matches the single-sided transactions based on the information required to be submitted to the Registrant for each repo transaction as set out in the Procedures, including: the full legal names of the Participants that are the parties to the transaction, or such identifier as the Registrant may assign to Participants; the notional amount of the repo transaction; the CUSIP of the securities to be provided as collateral for the repo transaction;

the start date and end date of the repo transaction; the start cash and end cash of the repo transaction; and the repo rate.

- The Registrant goes through internal processes to perform product and account validations and risk checks. Product validation determines whether the economics of the transaction are within the Registrant's acceptable parameters. Those validations include the following:

  - For Clear to Deliver Transactions, the CUSIP, dates, repo rate, and haircut level (if applicable) are verified.

  - Accounts are verified to be set up and in good standing.

  - Credit checks are performed on Users.

- Upon successful validation, the transaction novates and the Registrant becomes counterparty to each party to the transaction.

- The Registrant sends clearing confirmation messages to the parties (or the messaging platform, as applicable) and, if applicable, their authorizing Members. This message is sent in near real-time via the FIXML API and represents notification that the transaction has cleared. The parties will receive (from the Registrant or messaging platform, as applicable) an updated "cleared" status in the Registrant's systems. The transaction will now be brought into the Registrant's settlement and clearing cycles. The parties are also able to view their settlement obligations in the Registrant's clearing system and any generated reports.

If the Registrant rejects a transaction for clearing as provided in paragraph (d) of CMESC Rule 602 and related Procedures, the Registrant expects a Member to comply with its obligation under paragraph (b) of CMESC Rule 202 in another manner.
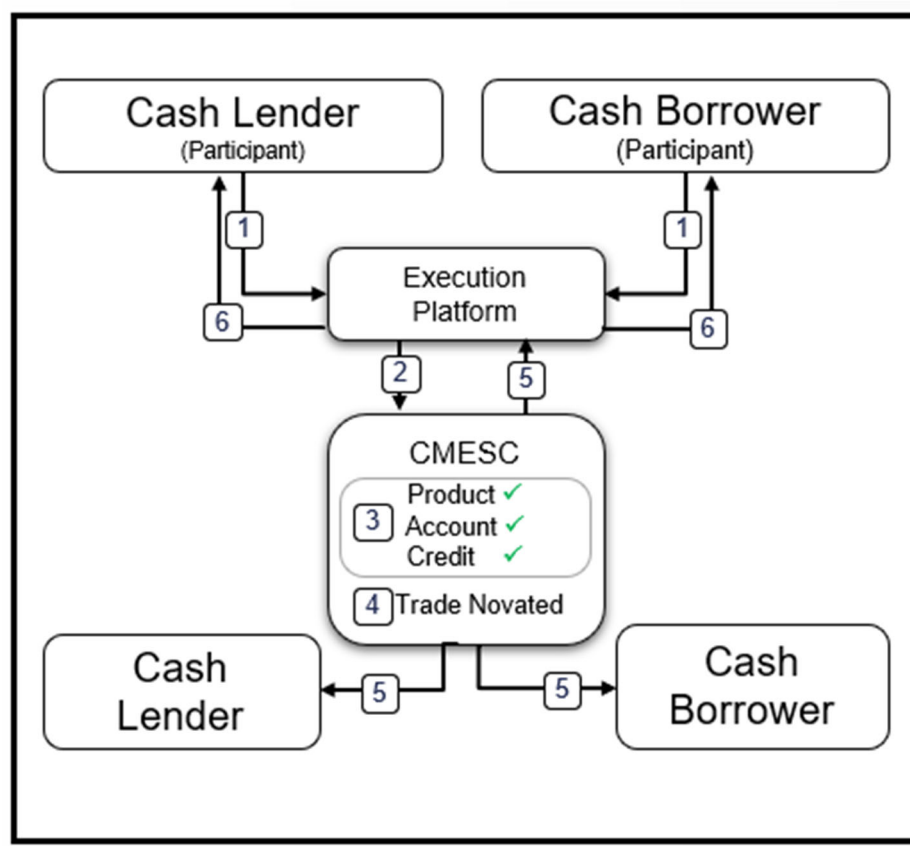
B. Single Sided Transaction Submission – Cash Treasury Transactions
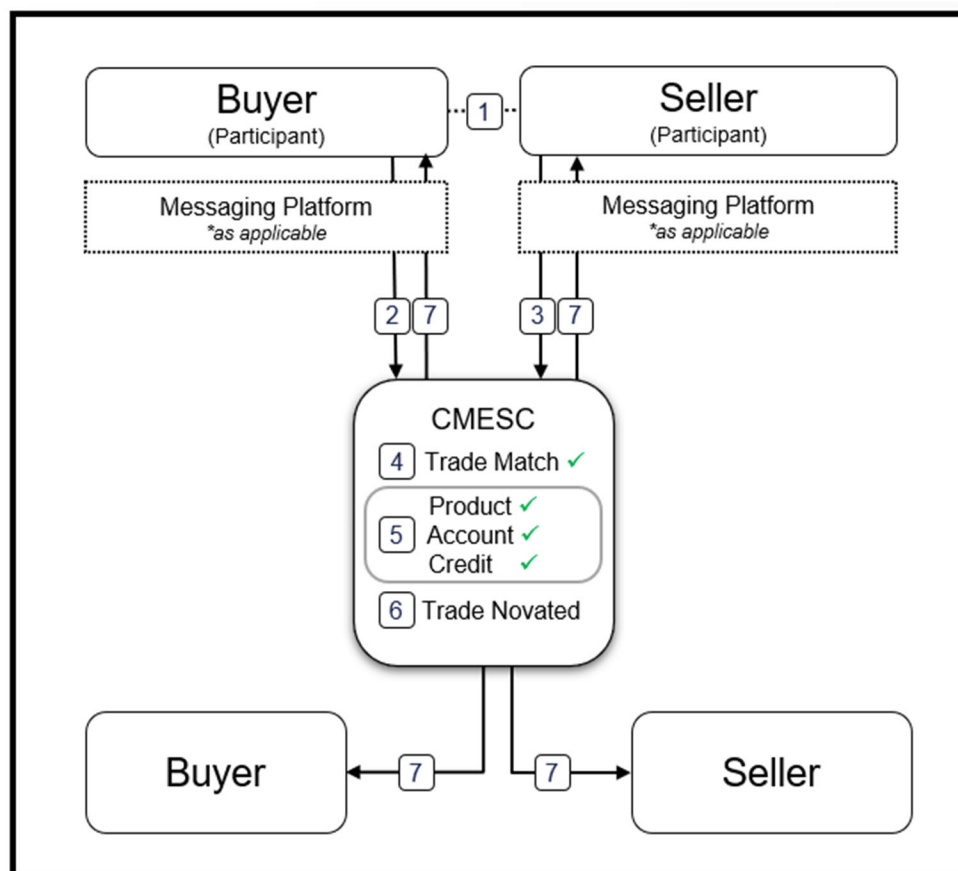
- Buyer and seller agree to a cash Treasury security transaction that will be submitted to the Registrant.

- The buyer will enter its single-sided transaction directly to the Registrant, via an API or the user interface of the Registrant's clearing system, or via an external messaging platform. Buyer is advised that the transaction status is pending.

- The seller will enter its single-sided transaction directly to the Registrant, via an API or the user interface of the Registrant's clearing system, or via an external messaging platform. Seller is advised that the transaction status is pending.

- The Registrant matches the single-sided transactions based on the information required to be submitted to the Registrant for each cash Treasury security transaction as set out in the Procedures, including: the full legal names of the Participants that are the parties to the transaction, or such identifier as the Registrant may assign to Participants; the notional amount of the transaction; the CUSIP of the securities to be exchanged as part of the transaction; the settlement date of the transaction; and the settlement cash value of the transaction.

- The Registrant goes through internal processes to perform product and account validations. Product validation determines whether the economics of the transaction are within the Registrant's acceptable parameters. Those validations include the following:

    - For Cash Treasury Transactions, the CUSIP, settlement date, and price are verified.

    - Accounts are verified to be set up and in good standing.

    - Credit checks are performed on Users.

- Upon successful validation, the transaction novates and the Registrant becomes counterparty to each party to the transaction.

- The Registrant sends clearing confirmation messages to the parties (or the messaging platform, as applicable) and, if applicable, their authorizing Members. This message is sent in near real-time via the FIXML API and represents notification that the transaction has cleared. The parties will receive (from the Registrant or messaging platform, as applicable) an updated "cleared" status in the Registrant's systems. The transaction will now be brought into the Registrant's settlement and clearing cycles. The parties are also able to view their settlement obligations in the Registrant's clearing system and any generated reports.

    If the Registrant rejects a transaction for clearing as provided in paragraph (d) of CMESC Rule 602 and related Procedures, the Registrant expects a Member to comply with its obligation under paragraph (b) of CMESC Rule 202 in another manner.

- The transaction will be booked to settle T+1, or on the scheduled Issue Date for transactions occurring before the Issue Date.
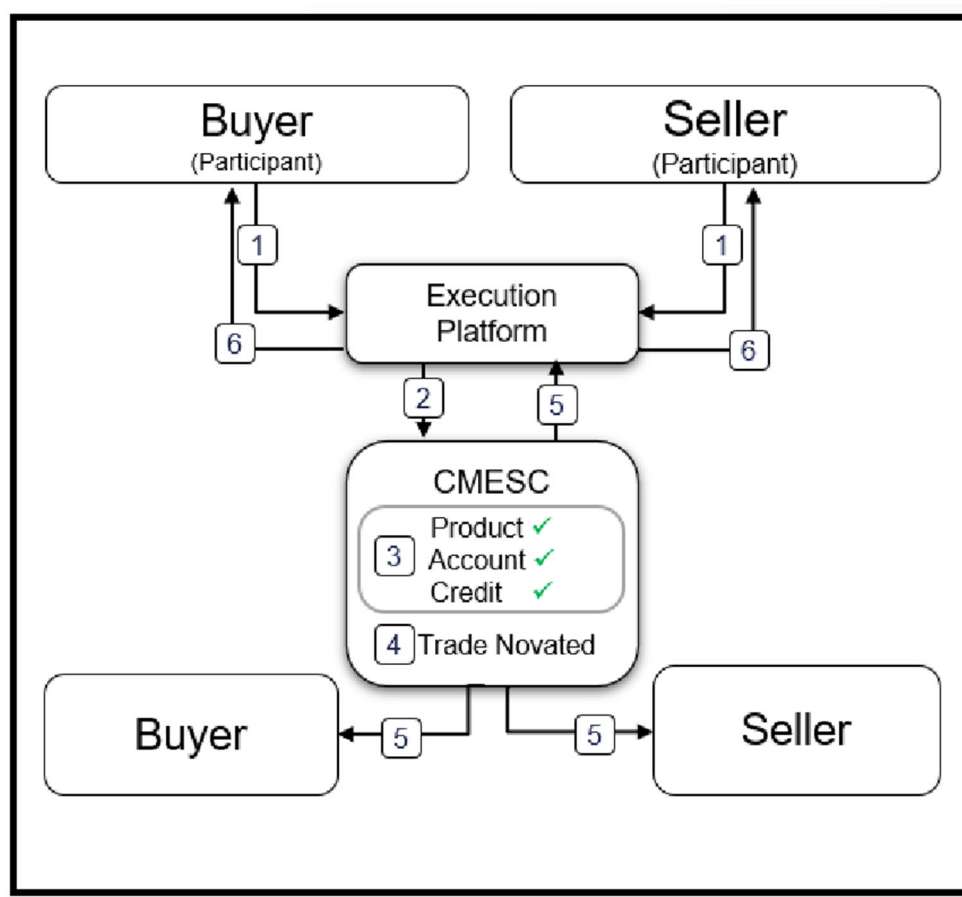
Diagram 2

A. Execution Platform Based Submission – Clear to Deliver Repo Transactions

- Cash borrower and cash lender agree to a repo transaction via an execution platform and agree that the transaction will be submitted to the Registrant.

- The execution platform submits the transaction to the Registrant for clearing. The transaction and account details are sent on a FIXML-based message in accordance with the rules of the transaction submission API.

- The Registrant goes through internal processes to perform product and account validations. Product validation determines whether the economics of the transaction are within the Registrant's acceptable parameters. Those validations include the following:

  - For Clear to Deliver Transactions, the CUSIP, dates, repo rate, and haircut level (if applicable) are verified.

  - Accounts are verified to be set up and in good standing.

  - Credit checks are performed on Users.

- Upon successful validation, the transaction novates and the Registrant becomes counterparty to each party to the transaction.

- The Registrant sends clearing confirmation messages to the execution platform and the parties and, if applicable, their authorizing Members. This message is sent to both parties in near real-time via the FIXML API and represents notification that the transaction has cleared. The transaction will now be brought into the Registrant's settlement and clearing cycles. The parties are also able to view their settlement obligations in the Registrant's clearing system and any generated reports.

  If the Registrant rejects a transaction for clearing as provided in paragraph (d) of Rule 602 and related Procedures, the Registrant expects a Member to comply with its obligation under paragraph (b) of Rule 202 in another manner.

B. Execution Platform Based Submission – Cash Treasury Transactions


- Buyer and seller agree to a cash Treasury security transaction via an execution platform and agree that the transaction will be submitted to the Registrant.

- The execution platform submits the transaction to the Registrant for clearing. The transaction and account details are sent on a FIXML-based message in accordance with the rules of the transaction submission API.

- The Registrant goes through internal processes to perform product and account validations. Product validation determines whether the economics of the transaction are within the Registrant's acceptable parameters. Those validations include the following:

    - For Cash Treasury Transactions, the CUSIP, settlement date, and price are verified.

    - Accounts are verified to be set up and in good standing.

    - Credit checks are performed on Users.

- Upon successful validation, the transaction novates and the Registrant becomes counterparty to each party to the transaction.

- The Registrant sends clearing confirmation messages to the execution platform and the parties and, if applicable, their authorizing Members. This message is sent to both parties in near real-time via the FIXML API and represents notification that the transaction has cleared. The transaction will now be brought into the Registrant's settlement and clearing cycles. The parties are also able to view their settlement obligations in the Registrant's clearing system and any generated reports.

    If the Registrant rejects a transaction for clearing as provided in paragraph (d) of Rule 602 and related Procedures, the Registrant expects a Member to comply with its obligation under paragraph (b) of Rule 202 in another manner.

- The transaction will be booked to settle T+1, or on the scheduled Issue Date for transactions occurring before the Issue Date.

Diagram 3

Tri-Party Transaction Submission – Clear to Hold Repo Transactions
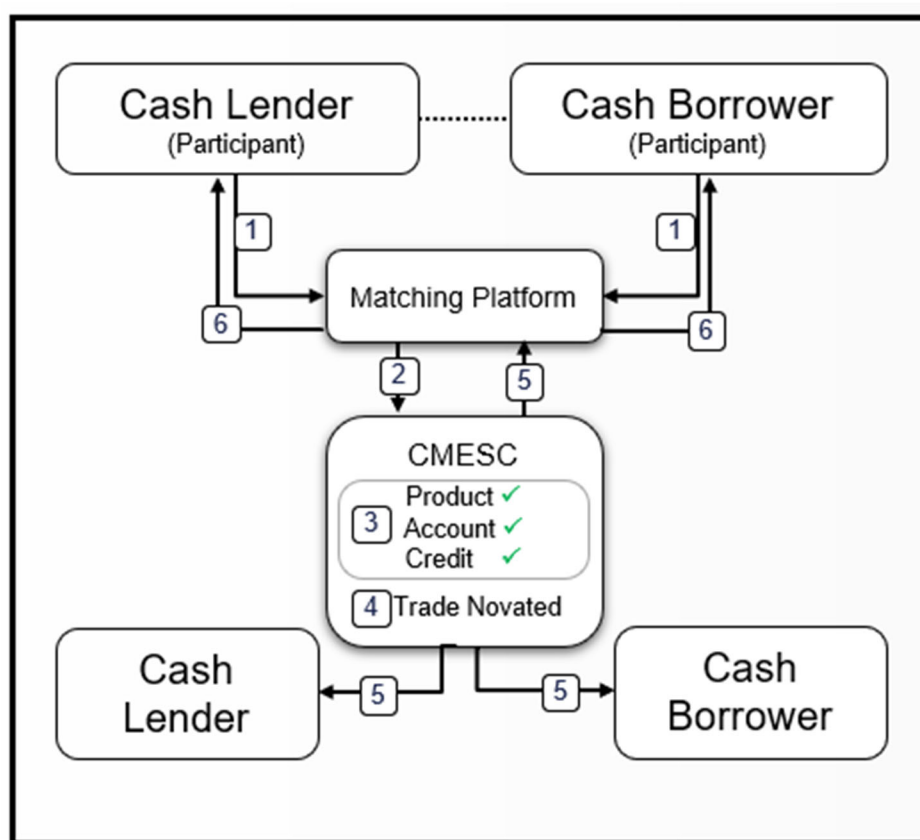
- Cash borrower and cash lender agree to a Clear to Hold Transaction and enter the transaction into the Securities Settlement Bank's tri-party repo platform. The transaction is matched.

- The Securities Settlement Bank submits the transaction to the Registrant for clearing. The transaction details are sent on a SWIFT-based message to the Registrant's clearing system.

- The Registrant goes through internal processes to perform product and account validations. Product validation determines whether the economics of the transaction are within the Registrant's acceptable parameters. Those validations include the following:

  - For Clear to Hold Transactions, the maturity basket, dates, repo rate, and trade price are verified.

  - Accounts are verified to be set up and in good standing.

  - Credit checks are performed on the Users.

- Upon successful validation, the transaction novates and the Registrant becomes counterparty to each party to the transaction.

- The Registrant sends clearing confirmation messages to the Securities Settlement Bank's tri-party repo platform and the parties and, if applicable, their authorizing Members. This message is sent in near real-time via the FIXML API and represents notification that the transaction has cleared.

- The transaction will now be brought into the Registrant's settlement and clearing cycles. The parties are also able to view their settlement obligations in the Registrant's clearing system or the Securities Settlement Bank's tri-party repo platform.

  If the Registrant rejects a transaction for clearing as provided in paragraph (d) of Rule 602 and related Procedures, the Registrant expects a Member to comply with its obligation under paragraph (b) of Rule 202 in another manner.

Diagram 4

A. Clear to Deliver Repo Transaction Settlement
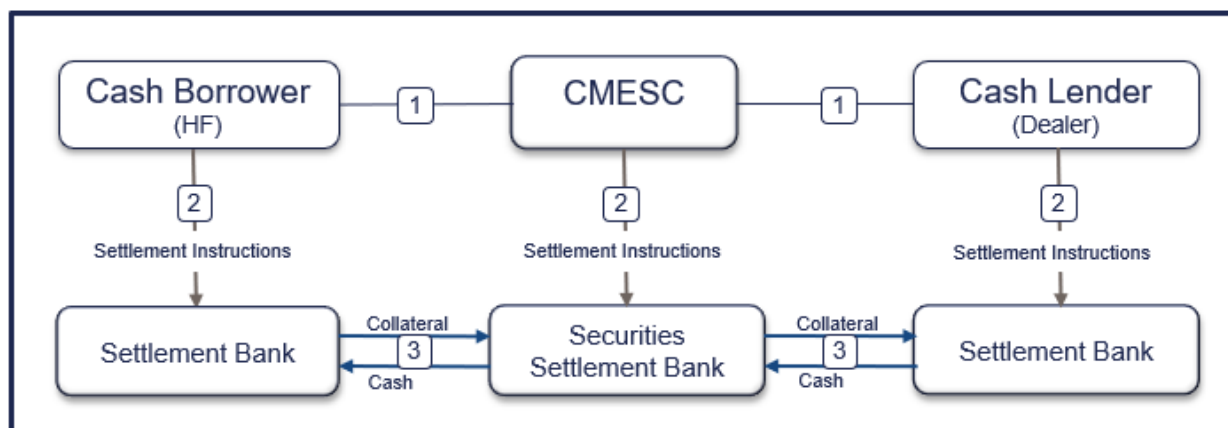
- A transaction settlement life cycle for Clear to Deliver Transactions starts after the novation of a repo transaction where the Registrant has become the counterparty to both sides of the transaction. The cash borrower, or deliverer of securities, initiates settlement. Securities will settle on a delivery versus payment basis via Fedwire Securities Service.

- The cash borrower and cash lender will each provide (separate) instructions to its Securities Settlement Bank (or an intermediary that in turn instructs the settlement bank, i.e., a prime broker) to deliver securities to, or receive securities from, its counterparty, the Registrant. The instructions will include relevant transaction data (including all data required by Fedwire Securities Service).

- The Registrant will provide instructions to its Securities Settlement Bank to purchase securities versus cash from the cash borrower and sell securities versus cash to the cash lender.

- For T+1 transactions, the Registrant may inform the cash borrower and cash lender of a netted settlement obligation, if applicable, which will be inclusive of other Clear to Deliver and Cash Treasury Transactions for the same CUSIP.

  Note: This diagram represents the Start Leg of a Repo Transaction. The Off Leg of a Repo Transaction is substantially similar to this process, with final settlement amounts to reflect accrued interest associated with the Repo Transaction (i.e., interest earned by the lender of cash).

B. Cash Treasury Transaction Settlement
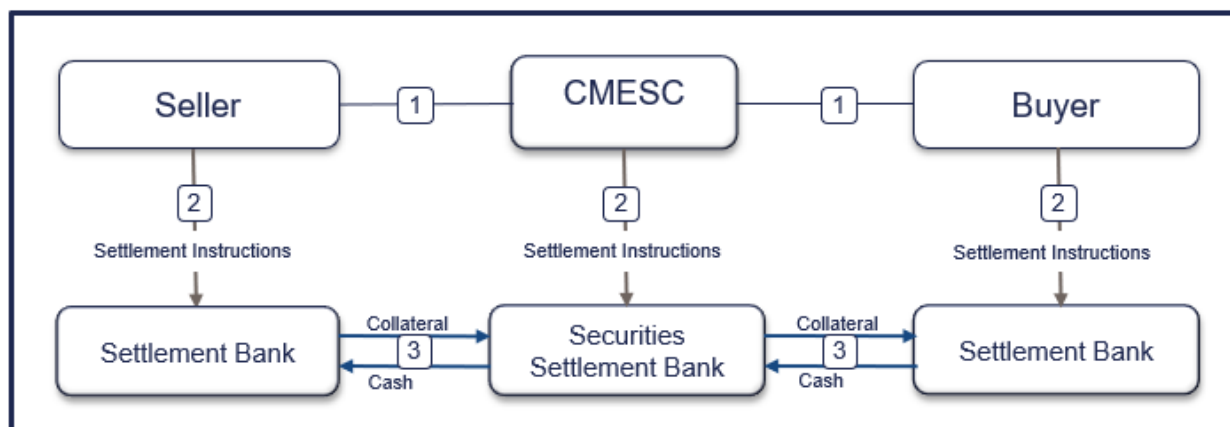
- A transaction settlement life cycle for Cash Treasury Transactions starts after the novation of a cash transaction where the Registrant has become the counterparty to both sides of the transaction. On the settlement date, the seller, or deliverer of securities, initiates settlement. Securities will settle on a delivery versus payment basis via Fedwire Securities Service.

- The Registrant may inform the seller and buyer of a netted settlement obligation, if applicable, which will be inclusive of other Clear to Deliver and Cash Treasury Transactions for the same CUSIP.

Diagram 5

Clear to Hold Transaction Settlement
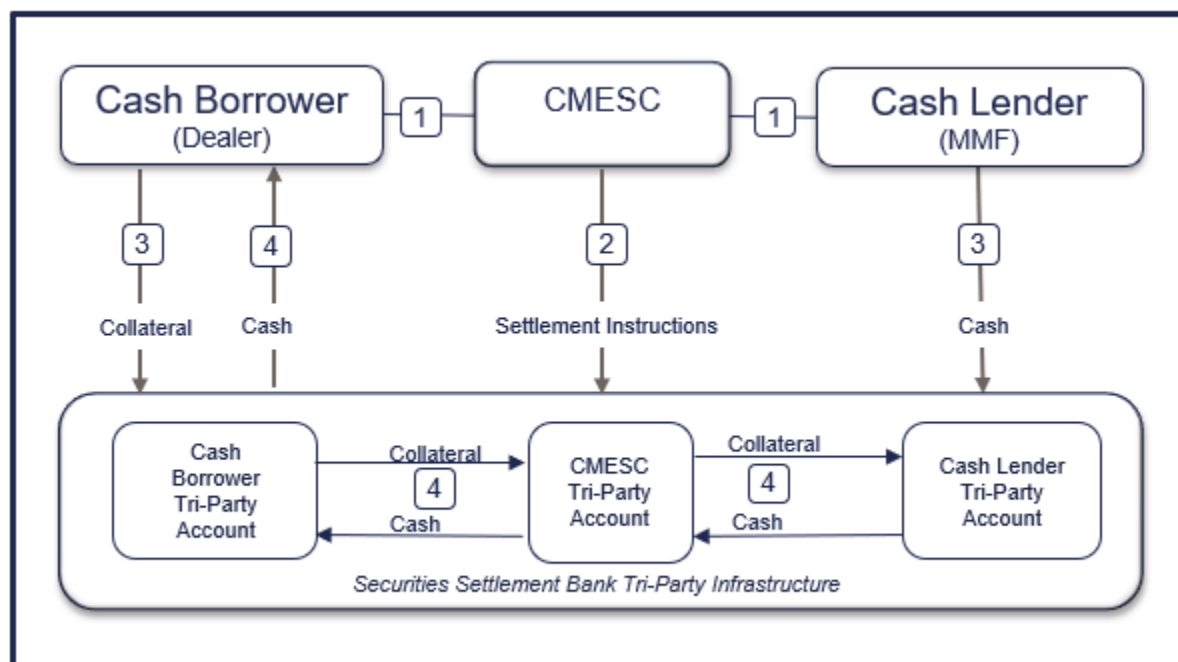

- A transaction settlement life cycle for a Clear to Hold Transaction starts after the novation of a repo transaction where the Registrant has become the counterparty to both sides of the transaction.

- The Registrant aligns the cleared repo tri-party settlement workflow with existing industry practices on the Securities Settlement Bank's tri-party platform. The Registrant does not send tri-party settlement instructions at the transaction level, but instead sends an aggregated settlement obligation for the cash borrower and cash lender across all cleared transactions to the Securities Settlement Bank platform by 2:00 PM ET.

- The cash borrower and cash lender instruct the Registrant's Securities Settlement Bank as to delivery of securities and/or cash into their tri-party accounts at the Registrant's Securities Settlement Bank to satisfy their obligations. If there is no instruction to the Securities Settlement Bank from a cash borrower, the Securities Settlement Bank will allocate acceptable collateral based on its own allocation methodology.

- Cash and securities are settled inside the Securities Settlement Bank's tri-party environment.

Diagram 6

Clearing Deadlines

Clearing Events Timelines

CMESC processing timelines for T+0 and T+N settlement

Time (ET)	Event
8:30 AM	(←) Settlement opens for Cash Treasury Transaction and bilateral trade settlement
8:30 AM	(→) CMESC auto debits initial margin deposits and Outstanding Exposure Settlement, and sends settlement instructions to the Securities Settlement Bank
12:00 PM	(→) Intraday clearing cycle positions snapped
1:00 PM	(→) Trade matching and submission deadline for T+0 tri-party repo settlement
1:00 PM	(→) Intraday clearing cycle reports distributed that include, but are not limited, to trade register, initial margin, settlement variation, and settlement obligations
2:00 PM	(←) CMESC issues tri-party trade settlement reports distributed and settlement instructions; CMESC auto debits initial margin deposits and settlement variation (i.e., component of Outstanding Exposure Settlement) for intraday clearing cycle by this time
2:55 PM	(→) Trade matching and submission deadline for T+0 bilateral repo settlement
3:00 PM	(→) Cut off of Cash Treasury Transaction and bilateral trade settlement, as well as substitution of collateral and cash for posted initial margin
3:30 PM	(→) Failure management cut off for Cash Treasury and Bilateral trade settlement
6:30 PM	(←) Tri-party settlement complete
8:00 PM	(←) T+1 trade submission deadline
8:00 PM	(→) End of day clearing cycle positions snapped
8:01 PM	(←) T+0 trade submission opens*
9:00 PM	(→) End of day clearing cycle reports distributed that include, but are not limited, to trade register, netting, coupon payment, initial margin, settlement, repo rate accrual, and settlement obligations

All times ET

Monday Trade Submission Opens at 5:00pm on Sunday