

## **CME Securities Clearing CA-1 – EXHIBIT O**

### **Exhibit Request:**

**Attach as Exhibit O a description of any specifications, qualifications, or other criteria which limit, are interpreted to limit, or have the effect of limiting access to, or use of, any clearing agency service furnished by the registrant and state the reasons for imposing such specifications, qualifications, or other criteria.**

### **Response:**

Below is a description of the relevant Rules regarding the specifications, qualification and criteria that limit, may be interpreted to limit, or have the effect of limiting, access to, or use of the Corporation's Clearing Services. These specifications, qualifications and criteria provide objective standards that are necessary and appropriate to protect the Corporation against potential risks brought into the Corporation by participants, permit fair and open access and do not unfairly discriminate in the admission of clearing participants or among clearing participants.

### **Participant Types**

The Corporation has two general types of participants: (1) Members,<sup>1</sup> which are direct participants, and (2) Users, which are indirect participants. A Member is any person that has applied for and been approved for membership in the Corporation pursuant to Chapter 3 of the Rules in respect of the Clearing Services it applied for to be a Member, has executed a Member Agreement with the Corporation, and has met such membership criteria as specified by the Corporation from time to time. A Member may submit proprietary Eligible Securities Transactions to the Corporation for clearing and may nominate and authorize Users to submit Eligible Securities Transactions to the Corporation for clearing.

A User is any person that (i) a Member, based on appropriate due diligence, has nominated to the Corporation to become User; (ii) has applied to the Corporation for approval as a User, been approved by the Corporation as such and has executed a User Agreement with the Corporation; (iii) the nominating Member agrees to authorize to submit specified proprietary Eligible Securities Transactions to the Corporation for clearing; and (iv) has met other User criteria as may be specified by the Corporation from time to time.

### **Categories of Members and Users**

Rule 302, consistent with Section 17A(b)(3)(B) of the Securities Exchange Act, specifies categories of persons who are eligible to be Members or Users of the Corporation. Rule 302 permits the Corporation to add categories of persons eligible to be Members or Users with respect to specific Eligible Securities Transactions, subject to necessary regulatory approvals. Members and Users must agree to abide by the By-Laws, the Rules, and Procedures.

### **Member and User Requirements**

A Member that nominates and authorizes persons to be Users must have in place policies and

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<sup>1</sup> Terms used in this exhibit shall have the meanings set out in the Rules, unless otherwise indicated.

procedures that, among other things, demonstrate its ability to perform due diligence of each such person's credit and liquidity profiles to ensure the person can fund its obligations to the Corporation and, if applicable, to the Member, if the person is approved as a User.

Members and Users must meet standards of operational capability, experience and competence, and other qualifications as set forth in the Corporation's Rules including, but not limited to, Rules 306 and 307, as well as applicable Procedures and the Corporation's policies. Members are additionally subject to standards of financial responsibility as set forth in the Corporation's Rules including, but not limited to, Rule 306.

In addition to the requirements set forth in Rules 306 and 307, a Member or User must meet any other requirements applicable to it, as set forth in the Rules and Procedures, including having the capacity to use a specific Clearing Service as set forth in the Chapter Rules.

A person approved as a Member must make a contribution to the Corporation's Guaranty Fund (the Required Guaranty Fund Contribution under the Rules). In contrast, a User is not required to make any contribution to the Guaranty Fund.

### **Approval of the Corporation**

Rule 308 permits the Corporation to approve an applicant to be a Member or User only if the Corporation has received no substantial information that would reasonably and adversely reflect on the applicant or its Controlling Management to such an extent that the applicant should be denied Member or User status. As set out in paragraph (a) of Rule 308, the Corporation, in its sole discretion, shall determine whether specified criteria should be the basis for denial of the application for Member or User status.