



NATIONAL
SECURITIES
CLEARING
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

Underlined and boldface text indicates new text

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RULE 4(A) – SUPPLEMENTAL LIQUIDITY DEPOSITS

SEC. 1. Overview. The Corporation requires sufficient liquidity to enable it to effect the settlement of its payment obligations as a central counterparty. The two principal sources of liquidity for the Corporation are deposits to the Clearing Fund and a committed line of credit. A substantial proportion of the liquidity needed by the Corporation is attributable to the exposure presented to the Corporation by its Members who would generate the largest settlement debits in stressed market conditions. In order to ensure that the Corporation has sufficient liquidity to meet its payment obligations, it is appropriate that such Members provide additional liquidity to the Corporation in the form of supplemental liquidity deposits to the Clearing Fund, offset by any liquidity they or their affiliates may also provide to the Corporation in the form of commitments under the line of credit. This Rule 4(A) describes how such additional liquidity in the form of supplemental liquidity deposits to the Clearing Fund shall be calculated and provided.

SEC. 2. Defined Terms. The following terms shall have the meanings specified:

“Affiliate” means a person that controls or is controlled by or is under common control with another person. Control of a person means the direct or indirect ownership or power to vote more than 50% of any class of the voting securities or other voting interests of any person.

“Affiliated Family” means a group of Members, excluding from the group any Member that is a securities clearinghouse, depository, exchange or other market infrastructure, in which each Member in the group is an Affiliate of at least one other Member in the group.

“Calculation Date” means a Regular Activity Calculation Date or Special Activity Calculation Date.

“Commitment” means a commitment to lend to the Corporation under the Credit Facility.

“Credit Facility” means a committed credit facility that the Corporation maintains to enable the Corporation to satisfy losses and liabilities of the Corporation incident to the operation of its clearance and settlement business.”

“Effective Date” means the Effective Date of any renewal of the Credit Facility then in effect.

“Liquidity Obligation” means a Regular Activity Liquidity Obligation or Special Activity Liquidity Obligation.

“Maturity Date” means the Maturity Date under the Credit Facility then in effect.

“Options Expiration Activity Period” means the period (i) beginning at the opening of business on the Friday preceding the Saturday that is the quarterly expiration date for stock options, stock market index options and stock market index futures (or the Business Day before that if such Friday is not a Business Day) and (ii) ending at the close of business on the third Settlement Day following such date. If the quarterly expiration date for stock options, stock market index options and stock market index futures is changed to a Friday, the “Options Expiration Activity Date” shall mean the period (i) beginning at the opening of business on such Friday (or the Business Day before that if such Friday is not a Business Day) and (ii) ending at the close of business on the third Settlement Day following such date.

“Peak Liquidity Exposures” means Regular Activity Peak Liquidity Exposures or Special Activity Peak Liquidity Exposures.

“Regular Activity Business Day” means a Business Day that is not included in an Options Expiration Activity Period.

“Regular Activity Calculation Date” means the Regular Activity First Tranche Calculation Date or Regular Activity Second Tranche Calculation Date or any Regular Activity Interim Calculation Date.

“Regular Activity Daily Liquidity Need” means, on any Regular Activity Business Day, the amount of liquid resources, as calculated and determined by the Corporation, needed to effect the settlement of its payment obligations as a central counterparty over a four-day settlement cycle, assuming the default on that Business Day of the Unaffiliated Member or Affiliated Family that would cause the largest liquidity exposure to the Corporation over that cycle in stressed market conditions.

“Regular Activity First Tranche Calculation Date” has the meaning given to such term in Section 3 below.

“Regular Activity First Tranche Liquidity Obligation” has the meaning given to such term in Section 4 below.

“Regular Activity First Tranche Liquidity Provider” has the meaning given to such term in Section 4 below.

“Regular Activity Interim Calculation Date” has the meaning given to such term in Section 11 below.

“Regular Activity Interim Liquidity Obligation” has the meaning given to such term in Section 12 below.

“Regular Activity Interim Liquidity Provider” has the meaning given to such term in Section 12 below.

“Regular Activity Liquidity Call” has the meaning given to such term in Section 16 below.

“Regular Activity Liquidity Lookback Period” means the 12 month period ending on the applicable Regular Activity Calculation Date.

“Regular Activity Liquidity Obligation” means a Regular Activity First Tranche Liquidity Obligation or Regular Activity Second Tranche Liquidity Obligation or any Regular Activity Interim Liquidity Obligation.

“Regular Activity Liquidity Provider” means a Regular Activity First Tranche Liquidity Provider or Regular Activity Second Tranche Liquidity Provider or any Regular Activity Interim Liquidity Provider.

“Regular Activity Peak Liquidity Exposure” means, (i) with respect to an Unaffiliated Member, the largest liquidity need that the Corporation would have in the event of the default of such Unaffiliated Member on any Regular Activity Business Day, (ii) with respect to a Member of an Affiliated Family, the largest liquidity need that the Corporation would have in the event of the default of such Member on any Regular Activity Business Day, and, (iii) with respect to an Affiliated Family, the largest liquidity need the Corporation would have in the event of the simultaneous default of all of the Members of that Affiliated Family on any Regular Activity Business Day, in each case as calculated and determined by the Corporation.

“Regular Activity Peak Liquidity Need” means the largest Regular Activity Supplemental Liquidity Need observed at any time during the applicable Regular Activity Liquidity Lookback Period.

“Regular Activity Peak Liquidity Need Date” means the date of the applicable Regular Activity Peak Liquidity Need.

“Regular Activity Prefund Deposit” means a cash deposit of a Member to the Clearing Fund made by wire transfer to an account designated by the Corporation:

1. **that is in excess of the Required Deposit of the Member of the Clearing Fund;**
2. **that the Member deposits to the Clearing Fund at any time for any reason;**
3. **that the Member undertakes to keep on deposit in the Clearing Fund for at least seven Business Days after the day of the deposit; and**
4. **that the Member designates as a “Regular Activity Prefund Deposit” at the time of the deposit in a manner specified by the Corporation.**

“Regular Activity Provider Lookback Period” means the six month period ending on the applicable Regular Activity Liquidity Calculation Date.

“Regular Activity Second Tranche Calculation Date” has the meaning given to such term in Section 7 below.

“Regular Activity Second Tranche Liquidity Obligation” has the meaning given to such term in Section 8 below.

“Regular Activity Second Tranche Liquidity Provider” has the meaning given to such term in Section 8 below.

“Regular Activity Supplemental Deposit” shall have the meaning given to such term in Section 5, and shall include any amount deposited to the Clearing Fund in satisfaction of a Regular Activity First Tranche Liquidity Obligation (pursuant to Section 6 below), Regular Activity Second Tranche Liquidity Obligation (pursuant to Section 10 below), Regular Activity Interim Liquidity Obligation (pursuant to Section 14 below) or Regular Activity Liquidity Call (pursuant to Section 17 below).

“Regular Activity Supplemental Liquidity Need” means, on any Regular Activity Business Day, the amount by which the Regular Activity Daily Liquidity Need of the Corporation exceeds the sum of (i) all Required Deposits to the Clearing Fund and (ii) any Regular Activity Prefund Deposits to the Clearing Fund.

“Reset Date” means the date that is the six month anniversary of the Effective Date.

“Special Activity Business Day” means a Business Day that is included in an Options Expiration Activity Period.

“Special Activity Daily Liquidity Need” means, on any Special Activity Business Day, the amount of liquid resources, as calculated and determined by the Corporation, needed to effect the settlement of its payment obligations as a central counterparty over a four-day settlement cycle, assuming the default on that Business Day of the Unaffiliated Member or Affiliated Family that would cause the largest liquidity exposure to the Corporation over that cycle in stressed market conditions.

“Special Activity Liquidity Call” has the meaning given to such term in Section 24 below.

“Special Activity Liquidity Lookback Period” means the 24 month period (or longer period as determined by the Corporation in its discretion) ending on the applicable Special Activity Calculation Date.

“Special Activity Liquidity Obligation” has the meaning given to such term in Section 21 below.

“Special Activity Liquidity Provider” has the meaning given to such term in Section 21 below.

“Special Activity Provider Lookback Period” means the period coextensive with the applicable Special Activity Liquidity Lookback Period.

“Special Activity Peak Liquidity Exposure” means, (i) with respect to an Unaffiliated Member, the largest liquidity need that the Corporation would have in the event of the default of such Unaffiliated Member on any Special Activity Business Day, (ii) with respect to a Member of an Affiliated Family, the largest liquidity need that the Corporation would have in the event of the default of such Member on any Special Activity Business Day, and, (iii) with respect to an Affiliated Family, the largest liquidity need the Corporation would have in the event of the simultaneous default of all of the Members of that Affiliated Family on any Special Activity Business Day.

“Special Activity Peak Liquidity Need” means the largest Special Activity Supplemental Liquidity Need observed at any time during the applicable Special Activity Liquidity Lookback Period.

“Special Activity Peak Liquidity Need Date” means the date of the applicable Special Activity Peak Liquidity Need.

“Special Activity Prefund Deposit” means a cash deposit of a Member to the Clearing Fund made by wire transfer to an account designated by the Corporation:

1. **that is in excess of the Required Deposit of the Member of the Clearing Fund;**
2. **that the Member deposits to the Clearing Fund not later than the time specified by the Corporation on the First Business Day of an Options Expiration Activity Period, if the Member anticipates that its Special Activity Peak Liquidity Exposure at any time during such Options Expiration Activity Period will be greater than the amount calculated by the Corporation pursuant to this Rule 4(A);**
3. **that the Member undertakes to keep on deposit in the Clearing Fund for at least seven Business Days after the end of the applicable Options Expiration Activity Period; and**
4. **that the Member designates as a “Special Activity Prefund Deposit” at the time of the deposit in a manner specified by the Corporation.**

“Special Activity Supplemental Deposit” shall have the meaning given to such term in Section 22, and shall include any amount deposited to the Clearing fund in satisfaction of a Special Activity Liquidity Obligation (pursuant to Section 23 below) or Special Activity Liquidity Call (pursuant to Section 25 below).

“Special Activity Supplemental Liquidity Need” means, on any Special Activity Business Day, the amount by which the Special Activity Daily Liquidity Need of the Corporation exceeds the sum of (i) all Required Deposits to the Clearing Fund, (ii) all Regular Activity Supplemental Deposits to the Clearing Fund, (iii) any Regular Activity Prefund Deposits to the Clearing Fund and (iv) any Special Activity Prefund Deposits to the Clearing Fund.

“Supplemental Deposit” means a Regular Activity Supplemental Deposit or Special Activity Supplemental Deposit.

“Unaffiliated Member” means a Member that (i) is not in any Affiliated Family and (ii) is not a securities clearinghouse, depository, exchange or other market infrastructure.

Regular Activity First Tranche Liquidity Obligations

SEC. 3. Regular Activity First Tranche Calculation Date Determinations. On the day that is 60 days prior to the anticipated Effective Date of the renewal (or replacement) of the Credit Facility that is then in effect (the “Regular Activity First Tranche Calculation Date”),¹ the Corporation shall determine:

- a. the Regular Activity Daily Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;**
- b. the Regular Activity Supplemental Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;**
- c. the Regular Activity Peak Liquidity Need of the Corporation on the applicable Regular Activity Peak Liquidity Need Date;**
- d. the Regular Activity Peak Liquidity Exposure of each Unaffiliated Member or Affiliated Family during the applicable Regular Activity Provider Lookback Period; and**
- e. the 30 Unaffiliated Members and/or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period.**

¹ **Special Transition Rule. If this Rule 4(A) first becomes effective after the Effective Date of the next renewal (or replacement) of the Credit Facility in May 2013, the Corporation shall designate a date which shall be deemed to be a Regular Activity Interim Calculation Date and all of the procedures set forth in Sections 11 through 14 shall be implemented on that basis with any adjustments in timing (consistent with the purposes of Sections 11-14) that the Corporation determines to be necessary or convenient under the circumstances.**

SEC. 4. Regular Activity First Tranche Liquidity Obligations and Providers. The 30 Unaffiliated Members and/or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period (each, a “Regular Activity First Tranche Liquidity Provider”) shall have a supplemental liquidity obligation to the Corporation (a “Regular Activity First Tranche Liquidity Obligation”), determined for each First Tranche Liquidity Provider in accordance with the following formula:

A = B multiplied by (C divided by D), where --

A is the Regular Activity First Tranche Liquidity Obligation of such Regular Activity First Tranche Liquidity Provider;

B is the Regular Activity Peak Liquidity Need of the Corporation;

C is the Regular Activity Peak Liquidity Exposure of such Regular Activity First Tranche Liquidity Provider during the applicable Regular Activity Provider Lookback Period; and

D is the aggregate amount of the Regular Activity Peak Liquidity Exposures of all Regular Activity First Tranche Liquidity Providers during the applicable Regular Activity Provider Lookback Period.

SEC. 5. Satisfaction of Regular Activity First Tranche Liquidity Obligations. In satisfaction of its Regular Activity First Tranche Liquidity Obligation to the Corporation, a Regular Activity First Tranche Liquidity Provider shall make a supplemental liquidity deposit to the Clearing Fund (a “Regular Activity Supplemental Deposit”) in an amount determined in accordance with the following formula:

A = B minus C minus (D multiplied by B divided by E), where --

A is the Regular Activity Supplemental Deposit of such Regular Activity First Tranche Liquidity Provider;

B is the Regular Activity First Tranche Liquidity Obligation of such Regular Activity First Tranche Liquidity Provider;

C is, (i) with respect to an Unaffiliated Member, the aggregate amount (if any) of its Commitment and the Commitment of any Affiliate of such Unaffiliated Member under the Credit Facility on the Effective Date, and, (ii) with respect to an Affiliated Family, the aggregate amount (if any) of the Commitments of all Members of the Affiliated Family and any Affiliates of such Members under the Credit Facility on the Effective Date;

D is the aggregate amount of all Commitments other than the Commitments of Regular Activity First Tranche Liquidity Providers and their Affiliates under the Credit Facility on the Effective Date; and

E is the aggregate amount of the Regular Activity First Tranche Liquidity Obligations of all Regular Activity First Tranche Liquidity Providers.

SEC. 6. Notice of Regular Activity First Tranche Liquidity Obligations and Payment of Regular Activity Supplemental Deposits. Within five Business Days after the Regular Activity First Tranche Calculation Date, the Corporation shall provide each Regular Activity First Tranche Liquidity Provider with an estimate of its Regular Activity First Tranche Liquidity Obligation. Within two Business Days after the Effective Date, the Corporation shall provide each Regular Activity First Tranche Liquidity Provider with the amount of its required Regular Activity Supplemental Deposit. Within three Business Days after receiving such notice from the Corporation, a Regular Activity First Tranche Liquidity Provider shall make its Regular Activity Supplemental Deposit to the Clearing Fund in cash by wire transfer to an account designated by the Corporation.

Regular Activity Second Tranche Liquidity Obligations

SEC. 7. Regular Activity Second Tranche Calculation Date Determinations. On the day that is the six month anniversary of the Regular Activity First Tranche Calculation Date (the “Regular Activity Second Tranche Calculation Date”), the Corporation shall determine:

- a. the Regular Activity Daily Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;**
- b. the Regular Activity Supplemental Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;**
- c. the Regular Activity Peak Liquidity Need of the Corporation on the applicable Regular Activity Peak Liquidity Need Date;**
- d. the Regular Activity Peak Liquidity Exposure of each Unaffiliated Member or Affiliated Family during the applicable Regular Activity Provider Lookback Period; and**
- e. the 30 Unaffiliated Members and/or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period.**

SEC. 8. Regular Activity Second Tranche Liquidity Obligations and Providers. The 30 Unaffiliated Members and/or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period (each, a “Regular Activity Second Tranche Liquidity Provider”) shall have a supplemental liquidity obligation to the Corporation (a “Regular Activity Second Tranche Liquidity Obligation”), determined for each Second Tranche Liquidity Provider in accordance with the following formula:

A = B multiplied by (C divided by D), where --

A is the Regular Activity Second Tranche Liquidity Obligation of such Regular Activity Second Tranche Liquidity Provider;

B is the Regular Activity Peak Liquidity Need of the Corporation on the applicable Regular Activity Peak Liquidity Need Date;

C is the Regular Activity Peak Liquidity Exposure of such Regular Activity Second Tranche Liquidity Provider during the applicable Regular Activity Provider Lookback Period; and

D is the aggregate amount of the Regular Activity Peak Liquidity Exposures of all Regular Activity Second Tranche Liquidity Providers during the applicable Regular Activity Provider Lookback Period.

SEC. 9. Satisfaction of Regular Activity Second Tranche Liquidity Obligations.
In satisfaction of its Regular Activity Second Tranche Liquidity Obligation to the Corporation, a Regular Activity Second Tranche Liquidity Provider shall make a Regular Activity Supplemental Deposit to the Clearing Fund in an amount determined in accordance with the following formula:

A = B minus C minus (D multiplied by B divided by E), where --

A is the Regular Activity Supplemental Deposit of such Regular Activity Second Tranche Liquidity Provider;

B is the Regular Activity Second Tranche Liquidity Obligation of such Regular Activity Second Tranche Liquidity Provider;

C is, (i) with respect to an Unaffiliated Member, the aggregate amount (if any) of its Commitment and the Commitment of any Affiliate of such Unaffiliated Member under the Credit Facility on the Reset Date, and (ii) with respect to an Affiliated Family, the aggregate amount (if any) of the Commitments of all Members of the Affiliated Family and any Affiliates of such Members under the Credit Facility on the Reset Date;

D is the aggregate amount of all Commitments other than the Commitments of Regular Activity Second Tranche Liquidity Providers and their Affiliates under the Credit Facility on the Reset Date; and

E is the aggregate amount of the Regular Activity Second Tranche Liquidity Obligations of all Regular Activity Second Tranche Liquidity Providers.

SEC. 10. Notice of Regular Activity Second Tranche Liquidity Obligations and Payment of Regular Activity Supplemental Deposits.
Within five Business Days after the Regular Activity Second Tranche Calculation Date, the Corporation shall provide each Regular Activity Second Tranche Liquidity Provider with an estimate

of its Regular Activity Second Tranche Liquidity Obligation. Within two Business Days after the Reset Date, the Corporation shall provide each Regular Activity Second Tranche Liquidity Provider with the amount of its required Regular Activity Supplemental Deposit. Within three Business Days after receiving such notice from the Corporation, a Regular Activity Second Tranche Liquidity Provider shall make its Regular Activity Supplemental Deposit to the Clearing Fund in cash by wire transfer to an account designated by the Corporation.

Regular Activity Interim Liquidity Obligations

SEC. 11. Regular Activity Interim Calculation Date Determinations. If, with respect to any Business Day between Regular Activity Calculation Dates, there is a decrease in excess of such threshold as determined by the Corporation from time to time in the aggregate amount of Regular Activity Supplemental Deposits to the Clearing Fund and Commitments under the Credit Facility, because a Member has ceased to be participant or the Corporation has ceased to act for such Member or for any other reason, the Corporation shall, within three Business Days after such Business Day (the “Regular Activity Interim Calculation Date”), determine:

- a. the Regular Activity Daily Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;
- b. the Regular Activity Supplemental Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;
- c. the Regular Activity Peak Liquidity Need of the Corporation on of the applicable Regular Activity Peak Liquidity Need Date;
- d. the Regular Activity Peak Liquidity Exposure of each Unaffiliated Member or Affiliated Family during the applicable Regular Activity Provider Lookback Period; and
- e. the 30 Unaffiliated Members and/or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period.

SEC. 12. Regular Activity Interim Liquidity Obligations and Providers. The 30 Unaffiliated Members and/or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period (each, a “Regular Activity Interim Liquidity Provider”) shall have a supplemental liquidity obligation to the Corporation (a “Regular Activity Interim Liquidity Obligation”), determined for each Regular Activity Interim Liquidity Provider in accordance with the following formula:

A = B multiplied by (C divided by D), where --

- A is the Regular Activity Interim Liquidity Obligation of such Regular Activity Interim Liquidity Provider;**
- B is the Regular Activity Peak Liquidity Need of the Corporation on the applicable Regular Activity Peak Liquidity Need Date;**
- C is the Regular Activity Peak Liquidity Exposure of such Regular Activity Interim Liquidity Provider during the applicable Regular Activity Provider Lookback Period; and**
- D is the aggregate amount of the Regular Activity Peak Liquidity Exposures of all Regular Activity Interim Liquidity Providers during the applicable Regular Activity Provider Lookback Period.**

SEC. 13. Satisfaction of Regular Activity Interim Liquidity Obligations. In satisfaction of its Regular Activity Interim Liquidity Obligation to the Corporation, a Regular Activity Interim Liquidity Provider shall make a Regular Activity Supplemental Deposit to the Clearing Fund in an amount determined in accordance with the following formula:

A = B minus C minus (D multiplied by B divided by E), where --

- A is the Regular Activity Supplemental Deposit of such Regular Activity Interim Liquidity Provider;**
- B is the Regular Activity Interim Liquidity Obligation of such Regular Activity Interim Liquidity Provider;**
- C is, (i) with respect to an Unaffiliated Member, the aggregate amount (if any) of its Commitment and the Commitment of any Affiliate of such Unaffiliated Member under the Credit Facility on the immediately preceding Effective Date or Reset Date, as the case may be, and, (ii) with respect to an Affiliated Family, the aggregate amount (if any) of the Commitments of all Members of the Affiliated Family and any Affiliates of such Members under the Credit Facility on the immediately preceding Effective Date or Reset Date, as the case may be;**
- D is the aggregate amount of all Commitments other than the Commitments of Regular Activity Interim Liquidity Providers and their Affiliates under the Credit Facility on the Regular Activity Interim Calculation Date; and**
- E is the aggregate amount of the Regular Activity Interim Liquidity Obligations of all Regular Activity Interim Liquidity Providers.**

SEC. 14. Notice of Regular Activity Interim Liquidity Obligations and Payment of Regular Activity Supplemental Deposits. Promptly after the Regular Activity Interim Calculation Date, the Corporation shall provide each Regular Activity Interim Liquidity Provider with the amount of its required Regular Activity

Supplemental Deposit. Within three Business Days after receiving such notice from the Corporation, a Regular Activity Interim Liquidity Provider shall make its Regular Activity Supplemental Deposit to the Clearing Fund in cash by wire transfer to an account designated by the Corporation.

Adjustments of Regular Activity Supplemental Deposits

SEC. 15. Adjustments of Deposits. Upon any recalculation of Regular Activity Liquidity Obligations:

- a. if the new Regular Activity Liquidity Obligation of a Regular Activity Liquidity Provider is more than the existing Regular Activity Supplemental Deposit of such Regular Activity Liquidity Provider, the Regular Activity Liquidity Provider shall, within three Business Days after receiving notice of the amount of its required Regular Activity Supplemental Deposit, deposit the amount of the difference to the Clearing Fund in cash by wire transfer to an account designated by the Corporation;**
- b. if the new Regular Activity Liquidity Obligation of a Regular Activity Liquidity Provider is less than the existing Regular Activity Supplemental Deposit of such Regular Activity Liquidity Provider, the Regular Activity Liquidity Provider shall be entitled to a refund of the amount of the difference (up to the amount of its existing Regular Activity Supplemental Deposit), payable ten Business Days after the applicable Regular Activity Calculation Date, but nothing shall reduce or in any way affect any Commitment or other obligation of any Member or Affiliate of any Member under the Credit Facility; and**
- c. if a Regular Activity Liquidity Provider no longer has a Regular Activity Liquidity Obligation, such Liquidity Provider shall be entitled to a refund of the entire amount of its existing Regular Activity Supplemental Deposit, payable five Business Days after the applicable Regular Activity Calculation Date, but nothing shall reduce or in any way affect any Commitment or other obligation of any Member or Affiliate of any Member under the Credit Facility.**

Regular Activity Liquidity Calls

SEC. 16. Determination of Regular Activity Liquidity Calls. If, with respect to any Regular Activity Business Day between Regular Activity Calculation Dates, the Corporation observes an increase in its Regular Activity Supplemental Liquidity Need in excess of such threshold as determined by the Corporation from time to time, the Corporation shall be entitled to call on the Member whose increase in activity levels caused (or was the primary cause of) such increase in the Regular Activity Supplemental Liquidity Need of the Corporation to deposit to the Clearing Fund, as an addition to its Regular Activity Supplemental Deposit, an amount equal to the difference between (i) the Regular Activity Supplemental Liquidity

Need on such Regular Activity Business Day, and (ii) the Regular Activity Peak Liquidity Need of the Corporation as determined in the most recent Regular Activity Calculation Date (a “Regular Activity Liquidity Call”).

SEC. 17. Satisfaction of Regular Activity Liquidity Calls. Within three Business Days after receiving a Regular Activity Liquidity Call from the Corporation, a Member shall deposit the amount of the Regular Activity Liquidity Call to the Clearing Fund by wire transfer to an account designated by the Corporation.

Refunds of Regular Activity Supplemental Deposits

SEC. 18. Refunds of Deposits. Unless sooner payable pursuant to Section 15(c), a Regular Activity Liquidity Provider shall be entitled to a refund of the entire amount of its Regular Activity Supplemental Deposit, payable five Business Days after the Maturity Date.

SEC. 19. Ceasing to be a Participant. Regular Activity Supplemental Deposits shall not be subject to the provisions of Section 6 of Rule 4 relating to when a Member retires from membership.

Special Activity Liquidity Obligations

SEC. 20. Special Activity Calculation Date Determinations. On a day that is no later than the fifth Business Day preceding any Options Expiration Activity Period (the “Special Activity Calculation Date”), the Corporation shall determine:

- a. the Special Activity Daily Liquidity Need of the Corporation on each Special Activity Business Day of the applicable Special Activity Liquidity Lookback Period;**
- b. the Special Activity Supplemental Liquidity Need of the Corporation on each Special Activity Business Day of the applicable Special Activity Liquidity Lookback Period;**
- c. the Special Activity Peak Liquidity Need of the Corporation on the applicable Special Activity Peak Liquidity Need Date;**
- d. the Special Activity Peak Liquidity Exposure of each Unaffiliated Member or Affiliated Family during the applicable Special Activity Provider Lookback Period; and**
- e. the 30 Unaffiliated Members and/or Affiliated Families with the largest Special Activity Peak Liquidity Exposures during the applicable Special Activity Provider Lookback Period.**

SEC. 21. Special Activity Liquidity Obligations and Providers. The 30 Unaffiliated Members and/or Affiliated Families with the largest Special Activity Peak Liquidity Exposures during the applicable Special Activity Provider Lookback Period (each, a “Special Activity Liquidity Provider”) shall have a supplemental liquidity

obligation to the Corporation (a “Special Activity Liquidity Obligation”), determined for each Special Activity Liquidity Provider in accordance with the following formula:

A = B multiplied by (C divided by D), where --

A is the Special Activity Liquidity Obligation of such Special Activity Liquidity Provider;

B is the Special Activity Peak Liquidity Need of the Corporation on the applicable Special Activity Peak Liquidity Need Date;

C is the Special Activity Peak Liquidity Exposure of such Special Activity Liquidity Provider during the applicable Special Activity Provider Lookback Period; and

D is the aggregate amount of the Special Activity Peak Liquidity Exposures of all Special Activity Liquidity Providers during the applicable Special Activity Provider Lookback Period.

SEC. 22. Satisfaction of Special Activity Liquidity Obligations. In satisfaction of its Special Activity Liquidity Obligation to the Corporation, a Special Activity Liquidity Provider shall make a supplemental liquidity deposit to the Clearing Fund (a “Special Activity Supplemental Deposit”) in an amount equal to its Supplemental Activity Liquidity Obligation.

SEC. 23. Notice of Special Activity Liquidity Obligations and Payment of Special Activity Supplemental Deposits. Promptly after the Special Activity Calculation Date, the Corporation shall provide each Special Activity Liquidity Provider with the amount of its Special Activity Liquidity Obligation for that Options Expiration Activity Period. Not later than the close of business on the second Business Day preceding the applicable Options Expiration Activity Period, a Special Activity Liquidity Provider shall make its Special Activity Supplemental Deposit to the Clearing Fund in cash by wire transfer to an account designated by the Corporation.

Special Activity Liquidity Calls

SEC. 24. Determination of Special Activity Liquidity Calls. If, with respect to any Special Activity Business Day between Special Activity Calculation Dates, the Corporation observes an increase in its Special Activity Supplemental Liquidity Need in excess of such threshold as determined by the Corporation from time to time, the Corporation shall be entitled to call on the Member whose increase in activity levels caused (or was the primary cause of) such increase in the Special Activity Supplemental Liquidity Need of the Corporation to deposit to the Clearing Fund, as an addition to its Special Activity Supplemental Deposit, an amount equal to the difference between (i) the Special Activity Supplemental Liquidity Need of the Corporation on such Special Activity Business Day and (ii) the

Special Activity Peak Liquidity Need of the Corporation as determined in the most recent Special Activity Calculation Date (a “Special Activity Liquidity Call”).

SEC. 25. Satisfaction of Special Activity Liquidity Calls. Within three Business Days after receiving a Special Activity Liquidity Call from the Corporation, a Member shall deposit the amount of the Special Activity Liquidity Call to the Clearing Fund by wire transfer to an account designated by the Corporation.

Refunds of Special Activity Supplemental Deposits

SEC. 26. Deposits Made in Satisfaction of a Liquidity Obligation. A Special Activity Liquidity Provider shall be entitled to a refund of the amount of its Special Activity Supplemental Deposit made in satisfaction of a Supplemental Activity Liquidity Obligation, payable seven Business Days after the end of the applicable Options Expiration Activity Period.

SEC. 27. Deposits Made in Satisfaction of a Liquidity Call. A Special Activity Liquidity Provider shall be entitled to a refund of the amount of its Special Activity Liquidity Deposit made in satisfaction of a Special Activity Liquidity Call, payable on the second Business Day preceding the next Options Expiration Activity Period.

SEC. 28. Ceasing to be a Participant. Special Activity Supplemental Deposits shall not be subject to the provisions of Section 6 of Rule 4 relating to when a Member ceases to be a participant.

Miscellaneous Matters

SEC. 29. Obligations of Affiliated Families and Unaffiliated Members.

- a. The Liquidity Obligations of an Affiliated Family shall be the several obligations of all of the Members of the Affiliated Family ratably in proportion to their applicable Peak Liquidity Exposures.**
- b. In the event of any failure of an Unaffiliated Member to satisfy a Liquidity Obligation in full when due, the Corporation may (i) debit the amount of any such deficiency to the account of such Unaffiliated Member, (ii) collect such amount in systemwide settlement and (iii) credit such amount as a Supplemental Deposit for the account of such Unaffiliated Member. The Corporation may also exercise any and all of its other default rights under these Rules.**
- c. In the event of any failure of a Member of an Affiliated Family to satisfy a Liquidity Obligation in full when due, the Corporation may, (i) debit the amount of any such deficiency to the account of such Member, (ii) collect such amount in systemwide settlement and (iii) credit such amount as a Supplemental Deposit for the account of such Member.**

The Corporation may also exercise any and all of its other default rights under these Rules.

SEC. 30. Application of Supplemental Deposits.

- a. A Supplemental Deposit of a Member may not be withdrawn by the Member unless it is entitled to a refund of such deposit pursuant to Sections 15, 18, 26 or 27 above.**
- b. A Supplemental Deposit of a Member shall form a part of the actual deposit of the Member to the Clearing Fund but shall be in addition to, and separate from, (i) the Required Deposit of the Member and (ii) any other deposit of the Member to the Clearing Fund.**
- c. A Supplemental Deposit of a Member (i) may be invested, paid, applied and loaned as provided in Section 2 of Rule 4 and (ii) may be used to satisfy a loss or liability as provided in Section 3 of Rule 4.**
- d. A Supplemental Deposit of a Member may not be used to calculate or be applied to satisfy any *pro rata* charge pursuant to Section 4 of Rule 4.**