annual hour burden is as follows: [(2 legal hours × 12 months × $744) × 305] + [(3 compliance hours × 12 months × $365) × 305] = $9,453,780.[2]

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

The public may view and comment on this information collection request at: *https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202605-3235-001* or email comment to *MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov* within 30 days of the day after publication of this notice, by August 24, 2026.

Dated: July 21, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–14930 Filed 7–22–26; 8:45 am]

BILLING CODE 8011–01–P

[2] To calculate the occupational hourly rates used in this release, the Commission uses occupational mean hourly wage data from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics (BLS) for ''Securities, Commodity Contracts, and Other Financial Investments and Related Activities'' (NAICS 523). *See Occupational Employment and Wage Statistics,* U.S. Bureau of Labor Statistics, *https://www.bls.gov/oes/; see also Standard Occupational Classification,* U.S. Bureau of Labor Statistics, *https://www.bls.gov/soc/* (describing occupational classification system used by BLS); Exec. Off. of the President, Off. of Mgmt. & Budget, North American Industry Classification System (2022), *available at https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf* (describing the industry classification system used by BLS and other agencies). The mean hourly wage for each occupation is adjusted for changes in the seasonally adjusted employment cost index for private wages and salaries between the data reference period and when the data are released by BLS. *See Employment Cost Index,* U.S. Bureau of Labor Statistics, *https://www.bls.gov/eci/.* The adjusted mean hourly wage is then multiplied by a factor that accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as an average over the 10 most recently available years of data of the ratio of the Bureau of Economic Analysis's annual gross output data for NAICS 523 to total annual wages across all occupations for NAICS 523 in the OEWS data. *See Gross Output by Industry,* U.S. Bureau of Economic Analysis, *https://www.bea.gov/data/industries/gross-output-by-industry; Occupational Employment and Wage Statistics,* U.S. Bureau of Labor Statistics, *https://www.bls.gov/oes/.* The final product is the occupational hourly rate. *See generally* Updated Methodology for Calculating Occupational Hourly Rates (Dec. 19, 2025), *available at https://www.sec.gov/files/method-occupational-hourly-rates.pdf.*

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105954; File No. SR–CMESC–2026–004]

Self-Regulatory Organizations; CME Securities Clearing Inc.; Order Approving Proposed Rule Change To Support Members' Risk Management of and Enhance Their Ability To Authorize Persons as Users

July 20, 2026.

I. Introduction

On May 21, 2026, CME Securities Clearing Inc. (''CMESC'') filed with the Securities and Exchange Commission (''Commission'') proposed rule change SR–CMESC–2026–004, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act'') [1] and Rule 19b–4 thereunder.[2] The proposed rule change would modify the Rules of CMESC (''Rules'') [3] regarding (1) Member enforcement of contractual termination rights against an authorized User, (2) secondary security interests in and liens against User funds, and (3) Member participation in the close-out of an authorized Defaulting User's positions. The proposed rule change was published for comment in the **Federal Register** on June 8, 2026.[4] The Commission has received no comments on the changes proposed. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Background

On December 1, 2025, the Commission approved CMESC's application for registration as a clearing agency to provide central counterparty services for U.S. Treasury Securities.[5] CMESC states that based on engagement with market participants and trade associations during the application review, CMESC identified changes that could be made to its Rules designed to enhance Members' risk management flexibility and mitigate potential constraints on their ability to authorize Users due to potential capital constraints.[6] CMESC states that the proposed rule change is designed to further support prompt close-out of a User's positions, regardless of the User's Default status.[7]

Currently, a person may become a Participant to utilize CMESC's Clearing Services as a Member or a User.[8] Members may clear proprietary Eligible Securities Transactions through CMESC [9] and may authorize Users to clear their own proprietary Eligible Securities Transactions through CMESC.[10] A person may become a User only with the authorization of a Member, but the User is contractually bound to settle its Eligible Securities Transactions directly with CMESC.[11] Users may participate in CMESC's Clearing Services as Independent Users or Supported Users.[12]

A Member has certain obligations under the Rules with respect to persons admitted as Users pursuant to the Member's authorization. For example, an authorizing Member must establish, maintain, and enforce User Due Diligence Policies and Procedures.[13] In the event of a User Default, if any losses remain after CMESC applies the margin posted to the Account of the Defaulting User, the authorizing Member will be required to provide funds to discharge the remaining losses.[14]

A Member must enter into an Authorization Agreement with each User it authorizes pursuant to which the Member agrees to authorize the User.[15] An authorizing Member or User must provide CMESC with ten Business Days' advance notice of its termination of the Authorization Agreement for any reason, subject to CMESC's discretion to provide a shorter notification period.[16]

CMESC states that for a Member that is a bank (or a firm affiliated with a bank), it would be beneficial if the Rules would provide an explicit means for such Member to enforce any contractual rights it may have under its agreement(s) governing such Member's relationship with an authorized User to

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Terms not defined herein are defined in the Rules, as applicable, *available at https://www.cmegroup.com/rulebook/CMESC/CMESC%20Rulebook.pdf.*

[4] Securities Exchange Act Release No. 34–105605 (Jun. 3, 2026), 91 FR 34666 (Jun. 8, 2026) (File No. SR–CMESC–2026–004) (''Notice of Filing'').

[5] Securities Exchange Act Release No. 104281 (Dec. 1, 2025), 90 FR 55926 (Dec. 4, 2025).

[6] See Notice of Filing, *supra* note 4, at 34667.

[7] *Id.*

[8] *See e.g.,* Rule 301, *supra* note 3.

[9] *Id.*

[10] *See e.g.,* Rules 302(a) and 305(c), *supra* note 3.

[11] *See e.g.,* Rules 305(d) and 1504(b), *supra* note 3.

[12] *See e.g.,* Rule 301(b), *supra* note 3. An Independent User is obligated to post margin and make Outstanding Exposure Settlement payments to CMESC for its Independent User Account. *See e.g.,* Rules 501 and 506, *supra* note 3. In contrast, for a Supported User, the Member authorizing the Supported User is obligated to post margin and make Outstanding Exposure Settlement payments to CMESC for the Supported User Account associated with the Member's authorization. *See e.g.,* Rules 501, 513, and 506, *supra* note 3.

[13] *See* Rule 306(c)(iii), *supra* note 3.

[14] *See* Rule 406(b)(ii)(A) and Rule 406(b)(ii)(B), *supra* note 3.

[15] See Notice of Filing, *supra* note 4, at 34667.

[16] *Id.*

terminate all the authorized User's Eligible Securities Transactions cleared through CMESC in the User Account associated with the Member's authorization, so that such agreement(s) may be treated as qualified master netting agreements [17] under bank regulatory capital requirements.[18] CMESC further states that there may be regulatory capital benefits for a Member that is a bank or bank affiliate if such Member has a security interest, secondary to CMESC's, in the margin or other funds posted to the Account of an authorized User and to have assurance that in the event of an authorized User Default, the Defaulting User's open positions at CMESC will be closed out (*i.e.,* liquidated or terminated) promptly.[19]

III. Description of the Proposed Rule Change

The proposed changes would introduce changes to the Rules to authorize Member enforcement of contractual termination rights against Users, provide for secondary security interests in User funds, and authorize Member participation in the close-out of a User's positions. CMESC states the proposed modifications will enhance Members' abilities to enforce contractual termination rights and contractual liens against a User's margin or other funds held by CMESC that Members may have under their contractual arrangements with their authorized Users.[20] CMESC states that the proposed rule changes are also designed to further strengthen and clarify an authorizing Member's ability to participate in the liquidation of an authorized User's positions in the event of the User's Default.[21]

The proposed changes include proposed new Rule 316 (Member Exercise of Contractual Rights Against an Authorized User), new Rule 317 (Member Second Priority Lien Against Independent User Margin), and modifications to Rule 101 (Definitions), Rule 405 (Default Management Process), Rule 513 (Margin Deposited for Supported Users Using the Repo or Cash Treasury Clearing Services), Rule 602 (Submission of Transaction Data), and Rule 1507 (Default Management). CMESC states that these modifications are intended to support Members' risk management of their authorized Users and to support Members' ability and capacity to authorize Users.[22] CMESC states that these changes will support CMESC's efforts to attract and to on-board Members and Users prior to CMESC's launch of its Clearing Services and on an ongoing basis thereafter by enhancing the attractiveness of CMESC's Clearing Services offering for prospective Members.[23]

A. Member's Contractual Termination Rights Outside an Authorized User's Default to CMESC

CMESC proposes two changes to its Rules to further facilitate a Member's enforcement of its contractual termination rights in relation to a User it authorizes. First, CMESC proposes adopting new Rule 316 (Member Exercise of Contractual Rights Against an Authorized User), which sets out a process whereby an authorizing Member may, pursuant to a request to CMESC and subject to certain conditions, immediately assume an authorized User's positions pursuant to the Member's contractual termination rights, provided that neither the User nor the Member is in Default to CMESC. Second, CMESC proposes changes to Rule 602 (Submission of Transaction Data) to recognize explicitly that an authorizing Member may submit transactions for an authorized User's Account if the User has given the Member the authority to do so, provided again that neither the User nor the Member is in Default. The proposed changes to Rule 602 would cover trade submission by an authorizing Member both as a routine matter and as a potential means for a Member to exercise contractual termination rights in relation to an authorized User by submitting liquidating transactions for the authorized User's Account.[24]

As noted, proposed Rule 316 sets out the process and conditions for an authorizing Member to assume an authorized User's positions pursuant to contractual termination rights as between the Member and the User. Proposed Rule 316(a) applies to the circumstance when a User is in default to its authorizing Member, or is otherwise subject to a termination event, under one or more binding agreements between the Member and User and neither party is in Default. Proposed Rule 316(a) introduces the term ''Affected User Account'' for purposes of proposed Rule 316 and defines the term separately in relation to an Affected User that is a Supported User and an Affected User that is an Independent User.

Proposed Rule 316(b) sets out that an Affected Member may submit a written request to CMESC, in such form as CMESC may prescribe, to promptly transfer all the positions in Eligible Securities Transactions in the Affected User Account to the Account of the Affected Member. The Member's request may also request the transfer of initial margin or other funds in the Affected User Account, and CMESC will promptly effect the requested transfer. Proposed Rule 316(b) explicitly sets out that each Eligible Securities Transaction that is transferred is novated to the Affected Member, such that the transaction is terminated in the Affected User's Account and an equivalent position is established, with the Affected Member substituted as CMESC's counterparty to the Eligible Securities Transaction.

Proposed Rule 316(c) sets out the condition that transfers pursuant to the proposed Rule will only occur if the Affected User is not in Default to CMESC at the time of the request or at the time the transfers are to be effectuated. If a User is subject to a Default to CMESC under the Rules, CMESC's default management rules will govern and the authorizing Member(s) will have the opportunity to close-out the Defaulting User's positions.[25]

Proposed Rule 316(d) sets forth certain conditions that apply when an Affected Member submits a written request to transfer the Affected User's positions pursuant to the Rule. A Member's request to transfer an Affected User's positions pursuant to proposed Rule 316 is deemed by CMESC to constitute an election of the Member to terminate its Authorization Agreement with the User with immediate effectiveness, and thus, the Member is ceasing to authorize the Affected User. Proposed Rule 316(d) also eliminates the need for the Member to separately submit advance notice of termination of the Authorization Agreement.

Proposed Rule 316(d) sets out that when an Affected Member submits a written request to CMESC to effect a transfer pursuant to this Rule, the Affected Member is deemed to represent, warrant, and covenant to

[17] See 12 CFR 50.3.

[18] CMESC states that pursuant to the relevant capital rules, a banking organization is only permitted to recognize the effects of financial collateral or offsetting transactions for capital purposes if the banking organization satisfies certain requirements, including that the banking organization must have the right to terminate the transaction and set off or apply collateral ''promptly upon an event of default'' under the bilateral agreement between the banking organization and its client. *See* Notice of Filing, *supra* note 4, at 34668.

[19] See Notice of Filing, *supra* note 4, at 34668.

[20] See Notice of Filing, *supra* note 4, at 34666–67.

[21] See Notice of Filing, *supra* note 4, at 34667.

[22] See Notice of Filing, *supra* note 4, at 34667.

[23] *Id.*

[24] See Notice of Filing, *supra* note 4, at 34668–69.

[25] See Notice of Filing, *supra* note 4, at 34668.

CMESC that the Affected User is in default to the Affected Member, or subject to a termination event, under the Contractual Terms, and that it has the authority under the Contractual Terms to request CMESC to take such action. The Affected Member also is deemed to represent to CMESC that the Affected Member has reasonably determined that it will be able to meet its initial margin and other obligations on all positions in its Member Account following completion of the transfer.

Proposed Rule 316(e) sets out that CMESC has no liability to the Affected Member or the Affected User for any loss or costs that they may incur in connection with the transfer of any positions from the Affected User Account to the Account of the Affected Member pursuant to the proposed Rule. Proposed Rule 316(e) also provides that the Affected Member will indemnify CMESC and its affiliates and their respective officers, employees and agents against any and all losses, liabilities, damages, claims, costs or expenses they may suffer or incur arising out of or in connection with any dispute between the Affected Member and Affected User regarding any action taken or not taken pursuant to proposed Rule 316.

As an alternative to the transfer of all the positions in Eligible Securities Transactions in the Affected User Account, CMESC also proposes changes to Rule 602 to facilitate a Member's ability to liquidate an authorized User's transactions pursuant to its contractual termination rights by submitting liquidating transactions for the authorized User's Account associated with the Member's authorization. Specifically, CMESC is proposing to add a new sentence to existing Rule 602 to provide that transaction data may be submitted by a Member for the Account of a User that it authorizes, provided that the User is not in Default.

In addition, an authorizing Member could submit transactions on behalf of an authorized User either as a routine matter or in connection with contractual termination rights pursuant to the proposed changes to Rule 602.[26] To assure the Member has the authority to submit transactions for the User's Account, proposed changes to Rule 602 set out that, when the Member submits transaction data for an authorized User, the Member is deemed to represent that it has the authority to do so. In the proposed changes to Rule 602, the Member indemnifies CMESC and its affiliates and their respective officers, employees and agents against any and all losses, liabilities, damages, claims, costs or expenses they may suffer or incur arising out of or in connection with any dispute between the authorizing Member and User regarding such action taken by the Member.

B. A Member's Subordinate Security Interest in User Collateral

CMESC proposes to establish explicit structures whereby the authorizing Member will have a claim to the return of any excess margin of the User associated with the Member's authorization that remain following CMESC's default management process for a Defaulting User or following the termination of a Member's authorization of a User and satisfaction of the User's obligations to CMESC.[27] The legal approach differs for a Supported User and an Independent User.

First, CMESC is proposing modifications to Rule 513, which governs the treatment of margin deposited with CMESC for Supported User Accounts, to add new paragraph (c) to provide explicitly that CMESC will maintain a Supported User Account as a ''securities account'' under Article 8 of the New York Uniform Commercial Code (proposed Rule 513(c) uses the defined term ''NY UCC'') and that CMESC is the securities intermediary in relation to the authorizing Member who establishes the Supported User Account in its name for the benefit of the Supported User.

Pursuant to these modifications, because the authorizing Member is responsible for posting initial margin for the Account of the Supported User, CMESC will establish within its books and records a Supported User Account for each Supported User of the authorizing Member that is in the name of the Member and is for the benefit of the Supported User. To secure its obligations to CMESC, each authorizing Member and each User grants to CMESC a first priority and unencumbered security interest and lien against any property, cash, securities, or collateral deposited with, held by, pledged to, or otherwise available to, CMESC by such authorizing Member or User. Thus, CMESC has a first priority and unencumbered security interest in and lien against the initial margin and other funds deposited in the Supported User Account.[28] CMESC states that, by providing that CMESC will maintain a Supported User Account as a ''securities account'' under Article 8 of the NY UCC and that CMESC is the securities intermediary in relation to the authorizing Member, the Member will be the entitlement holder for the Supported User Account and be entitled to the return of any excess margin or other funds remaining following CMESC's default management process and termination of the Member's authorization of the Supported User and satisfaction of CMESC's first priority claim.[29]

Proposed Rule 513(c) also clarifies that all margin, whether in the form of cash or Qualified Margin Securities, or other funds credited to the Supported User Account for the benefit of a Supported User of the Member are treated as ''financial assets'' within the meaning of Article 8 of the NY UCC, that New York is the ''securities intermediary's jurisdiction'' for purposes of the NY UCC, and that New York law will govern all issues specified in Article 2(1) of the Hague Securities Convention (which, if not overridden, means the Hague Securities Convention would determine the law applicable to such issues).[30] As a related change, CMESC is proposing to add a definition to Rule 101 of the term ''NY UCC,'' which is used in proposed new paragraph (c) of Rule 513. As defined, the term means ''the Uniform Commercial Code enacted by the State of New York as in effect from time to time.''

Independent Users establish Accounts in their own name with CMESC and are responsible for posting initial margin (and Outstanding Exposure Settlement) directly to CMESC.[31] Thus, CMESC is proposing new Rule 317 under which CMESC will recognize and accommodate the grant of a second priority security interest to a Member by an authorized Independent User in

[26] See Notice of Filing, *supra* note 4, at 34669.

[27] *Id.*

[28] See Notice of Filing, *supra* note 4, at 34670.

[29] *Id.*

[30] Article 2(1) of the Hague Securities Convention states: This Convention determines the law applicable to the following issues in respect of securities held with an intermediary—(a) the legal nature and effects against the intermediary and third parties of the rights resulting from a credit of securities to a securities account; (b) the legal nature and effects against the intermediary and third parties of a disposition of securities held with an intermediary; (c) the requirements, if any, for perfection of a disposition of securities held with an intermediary; (d) whether a person's interest in securities held with an intermediary extinguishes or has priority over another person's interest; (e) the duties, if any, of an intermediary to a person other than the account holder who asserts in competition with the account holder or another person an interest in securities held with that intermediary; (f) the requirements, if any, for the realisation of an interest in securities held with an intermediary; (g) whether a disposition of securities held with an intermediary extends to entitlements to dividends, income, or other distributions, or to redemption, sale or other proceeds.

[31] See Notice of Filing, *supra* note 4, at 34670.

initial margin or other funds credited to the User's Independent User Account.

Under proposed Rule 317, a Member and an Independent User authorized by the Member may enter into an Authorization Agreement or other appropriate related agreement that contains a provision whereby the authorized Independent User grants the Member a second priority security interest and lien against any initial margin or other funds credited to the relevant Independent User Account. For purposes of proposed Rule 317, such credited initial margin or other funds are referred to as the ''Independent User Funds.''

As provided in proposed Rule 317(a), the agreement under which the security interest is granted must contain certain minimum terms to assure that the agreement does not contain terms that conflict with CMESC's first priority security interest in and lien against such funds or CMESC's application of such funds in connection with the management of any Default of the Independent User. These minimum terms include: (i) the authorizing Member's acknowledgment of CMESC's first priority and unencumbered security interest and lien, (ii) the authorizing Member will exercise control over the Independent User Funds only in the instances of User Default or termination of the Authorization Agreement between the Member and the Independent User and the Independent User's obligations to CMESC are satisfied, and (iii) the Member's security interest will be asserted after CMESC's management of the Independent User's User Default or closing the Independent User's account and satisfaction of all obligations. CMESC is including paragraph (b) in proposed Rule 317 to reaffirm that an Independent User may not grant any party a security interest in or lien against the initial margin or other funds credited to its User Account to any person other than CMESC or its authorizing Member associated with the User Account, and may only grant the lien to the authorizing Member in accordance with Rule 317.[32] CMESC states these are important contractual terms that reinforce CMESC's priority claim to apply Independent User Funds under the Rules and are intended to avoid competing claims to Independent User Funds between CMESC and the authorizing Member.[33]

Finally, paragraph (c) of proposed Rule 317 provides that CMESC will cooperate with the authorizing Member and Independent User to execute such documents as the Member may reasonably request to perfect its security interest and enforce its lien. This provision recognizes that CMESC may have to execute documentation to enable the Member to perfect its secondary security interest in and have an enforceable lien against the Independent User Funds and confirms that CMESC will cooperate with the Member to give effect to the purpose of proposed Rule 317.[34]

C. A Member's Rights to Participate in the Liquidation of a User's Positions if the User Defaults

CMESC is proposing changes to three Rules to further delineate and clarify an authorizing Member's right to participate in the close-out of an authorized User's positions in the event of the User's Default: (i) changes to Rule 405(c) (User Default); (ii) related conforming and clarifying changes to Rule 1507(b); and (iii) changes to the definition of the term ''close-out'' in Rule 101.

Rules 405 and 1507 together address the process that CMESC will follow in the event of the Default of an authorized Member or User. CMESC is proposing changes to Rule 405 and related changes to Rule 1507(b) to set out explicitly that CMESC will promptly provide an authorizing Member the opportunity to participate in the close-out of the Defaulting User's positions on CMESC's behalf and to provide more detail with respect to how the authorizing Member may participate and the authorizing Member's obligations if it elects to participate.

CMESC states that a core objective in managing the Default of a User is that the Defaulting User's positions be closed out promptly.[35] Although, according to CMESC, this is implicit in Rule 405, to provide clarity and certainty, CMESC proposes to state explicitly in Rule 405(c) that when the authorizing Member declines to close-out the positions, CMESC will liquidate them promptly in accordance with the Rule.[36] The proposed changes to Rule 1507(b) reiterate the prompt liquidation standard, both when CMESC is responsible for closing out the positions and when the authorizing Member participates in the close-out.

CMESC is proposing numerous changes in Rule 405(c), which governs a User Default. CMESC is proposing to modify subparagraph (c)(i) to indicate explicitly that CMESC will promptly notify each authorizing Member of a Defaulting User that the Member may participate in the close-out of the positions in each User Account associated with the Member's authorization. Proposed Rule 405(c)(i) refers to the positions of a Defaulting User in each User Account associated with the Member's authorization as the ''Defaulting User Positions.'' CMESC also proposes changes to clarify that after CMESC notifies an authorizing Member of its opportunity to participate in closing out the Defaulting User Positions on behalf of CMESC, the Member should promptly respond within the period CMESC prescribes and will be deemed to decline the opportunity to participate if the Member has not responded within such time.

CMESC is also proposing to delete the last sentence in Rule 405(c)(i), which sets out that a Member that agrees to liquidate the Defaulting User's portfolio on behalf of CMESC will be responsible for meeting the financial and settlement obligations of CMESC with respect to open positions of the Defaulting User in an effort to avoid ambiguity and duplication.

CMESC proposes adding new subparagraph (ii) to Rule 405(c) to provide additional detail regarding how a Member may participate in the close-out of the Defaulting User Positions if it elects to do so.[37] As set forth in proposed Rule 405(c)(ii), the Member may participate in the manner established in this part of the Rule (*i.e.,* Rule 405(c)(ii) and its subparts) or in another manner, both of which would be determined in consultation with CMESC. Proposed Rule 405(c)(ii) sets out two ways for a Member to participate in the close-out of the Defaulting User Positions: liquidation of the Defaulting User Positions and reestablishment in the Member's Account, and Member participation in the close-out of the Defaulting User Positions specific to the liquidation of any Defaulting User Position that is a Repo Transaction for which the Member is a contra party to the original transaction.

The proposed changes described above elaborate how a Member may participate in closing out the Defaulting User Positions do not change the Member's obligation under Rule 406(b)(iii) to cover any losses that exceed the Defaulting User's initial margin and other assets available to

[32] See Notice of Filing, *supra* note 4, at 34669–70.

[33] See Notice of Filing, *supra* note 4, at 34670.

[34] See Notice of Filing, *supra* note 4, at 34670–71.

[35] *Id.*

[36] *Id.*

[37] *Id.*

CMESC.[38] Therefore, CMESC proposes adding a new subparagraph (iii) under Rule 405(c) to clarify that the Member's obligation under Rule 406(b)(iii) to fully discharge the losses and liabilities to CMESC associated with the User's Default in each User Account associated with the Member's authorization, once such losses and liabilities are finalized, remains in effect, notwithstanding the Member's decision to participate in the close-out of the Defaulting User Positions.

CMESC also proposes changes to existing subparagraph (ii) of Rule 405(c), which is proposed to be renumbered as Rule 405(c)(iv), to align with the revised provisions discussed above regarding the actions that CMESC will take to close-out, including liquidation of, the Defaulting User Positions in relation to any authorizing Member that declines to participate in the close-out of the Defaulting User Positions associated with the Member's authorization.[39] CMESC proposes to clarify that CMESC will *promptly* initiate the close-out process described in the Rules for the User Account of the Defaulting User associated with the Member's authorization. CMESC also proposes to delete the last sentence, which is a ''for avoidance of doubt'' provision that is adequately explained in Rule 406(b)(iii), as described above.

CMESC also proposes changes to existing subparagraph (iii) of Rule 405(c), which is proposed to be renumbered as Rule 405(c)(v), to set out more directly that CMESC will apply the financial resources described in Rule 406(b) to the Defaulting User's obligations owed to CMESC, regardless whether the authorizing Member elects to participate in the close-out of the Defaulting User Positions pursuant to Rule 405(c). As a result of the proposed changes to Rule 405 described above, CMESC is proposing conforming and clarifying changes to Rule 1507(b) related to prompt notification of their right to close-out Defaulting User positions. Finally, CMESC is proposing clarifying changes to the definition of ''close-out'' in Rule 101 to mean liquidation or termination of a cleared Eligible Securities transaction consistent with CMESC rules.

IV. Discussion and Commission Findings

For the reasons set forth below, CMESC believes the proposed rule change is consistent with Section 17A of the Act,[40] Rule 17ad–22(e)(13),[41] Rule 17ad–22(e)(18),[42] Rule 17ad–22(e)(19),[43] and Rule 17ad–22(e)(21)(i).[44]

A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.[45]

As described in Section III, CMESC proposes changes to its rules regarding Members who have authorized Users into CMESC. More specifically, as discussed in Section III.A, CMESC proposes to clarify the process in which Members can assume authorized User positions and submit transactions for authorized Users. In Section III.B, CMESC proposes to address potential constraints on Members relating to User authorization imposed by bank regulatory capital requirements. In Section III.B, CMESC further proposes to clarify how Members may enforce contractual termination rights and secondary lien rights against authorized Users' margin or other funds held by CMESC. In Section III.C., CMESC proposes to clarify the process through which a Member may participate in the liquidation of an authorized User's positions in the event of the User's Default.

These modifications should support Members' ability to participate in and authorize Users in CMESC's Clearing Services. By providing authorizing Members with greater ability to manage their risks associated with Users, the proposal should facilitate authorizing Members to submit more trades to CMESC. Increasing Member participation in CMESC's Clearing Services would promote the prompt and accurate clearance and settlement of securities transactions because securities transactions that might otherwise be conducted bilaterally would benefit from CMESC's risk management and guarantee of settlement. Accordingly, supporting Member participation and User authorization should promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.[46]

B. Consistency With Rule 17ad–22(e)(13)

Rule 17ad–22(e)(13) requires, in part, that the rules of a covered clearing agency be reasonably designed to ensure the covered clearing agency has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations.[47]

As described in Section III.C, the proposed changes to Rule 405(c) and Rule 1507(b) are designed to help ensure that, in the event of a default, the Defaulting User's positions be closed out promptly to minimize losses and liquidity demands and continue to meet CMESC's settlement obligations. The ability for the authorizing Member to take prompt action to close-out, including liquidate, the Defaulting User's positions is reflected in multiple places in the proposed rule change. In particular, proposed Rule 405(c) provides that CMESC will promptly notify each authorizing Member of a Defaulting User that the Member may participate in closing out the positions in each User Account associated with the Member's authorization. CMESC also proposes changes to clarify that, after CMESC notifies a Member of its opportunity to participate in closing out the Defaulting User Positions, the Member should promptly respond within the period CMESC prescribes or be deemed to forego the opportunity.

In addition, proposed Rule 405(c)(ii) provides two non-exclusive ways in which authorizing Members may participate in closing out positions of Defaulting Users they authorize, both requiring that the Defaulting User Positions be closed out promptly and that the Member provide a detailed written statement of its calculation of the liquidation value promptly following the Liquidation Date. Similarly, if the authorizing Member declines to participate in the close-out of the Defaulting User's positions associated with the Member's authorization, proposed Rule 405(d)(iv) requires CMESC to promptly initiate the close-out process described in the Rules for the User Account of the Defaulting User. Finally, proposed changes to Rule 1507(b) specify that CMESC will ''promptly'' notify the authorizing Member of the Member's right to close-out the Defaulting User's positions and make clear that the Member and CMESC will act promptly to effectuate the close-

[38] See Notice of Filing, *supra* note 4, at 34672.

[39] *Id.*

[40] 15 U.S.C. 78q–1(b)(3)(F).

[41] 17 CFR 240.17ad–22(e)(13).

[42] 17 CFR 240.17ad–22(e)(18).

[43] 17 CFR 240.17ad–22(e)(19).

[44] 17 CFR 240.17ad–22(e)(21)(i).

[45] 15 U.S.C. 78q–1(b)(3)(F).

[46] *Id.*

[47] 17 CFR 240.17ad–22(e)(13).

out pursuant to and in accordance with proposed changes to Rule 405(c).

These changes should ensure that CMESC has the authority and operational capacity to take timely action to promptly close-out a Defaulting User's positions because they identify the process and timing of managing a Defaulting User's positions, including prompt notification, explicit Member participation, and defined procedures for liquidation. In addition, by proposing changes to Rule 405(c), described above in Section III.C, to provide the authorizing Member the opportunity to participate in a prompt close-out of the User's positions, the proposed changes to Rule 405(c) should help minimize losses from the User Default and, thus, contain losses and liquidity demands, enabling CMESC to continue to meet its obligations while also providing timing and process clarity should the Member decline the opportunity. Therefore, these changes should ensure that CMESC has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations, consistent with Rule 17ad–22(e)(13).[48]

C. Consistency With Rule 17ad–22(e)(18)(iv)(C)

CMESC believes that the proposed rule change is consistent with Rule 17ad–22(e)(18)(iv)(C), which requires, in part, a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury securities to ensure that it has appropriate means to facilitate access to clearance and settlement services for eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants such as Independent Users and Supported Users.[49]

As described in Section III.A, the proposed rule change consists of changes designed to set forth the process by which Members may authorize Users. These changes include: (i) proposals to provide detail about the process in which Members can assume authorized User positions and submit transactions for authorized Users; (ii) proposals to create a legal structure to provide an authorizing Member with a securities entitlement under NY UCC; and (iii) proposals to clarify Members' abilities to participate in close-out of positions of Users they authorize if a User defaults. In particular, the changes to support Members' risk management are intended to provide a documented means for Members to enforce contractual termination rights under their agreements with authorized Users when those Users are not in default under CMESC's Rules. Furthermore, the changes to create a securities entitlement under NY UCC are related to excess assets in the Supported User Account, and the changes will provide the Member a means to obtain and perfect a secondary security interest in and lien against Independent User Funds held by CMESC for the Independent User Account. These changes should enhance the ability and capacity of Members to authorize Users, which will support CMESC's efforts to attract and to on-board Members and Users prior to CMESC commencing operations of its Clearing Services and on an ongoing basis thereafter and enhance access to CMESC's Clearing Services for prospective Members and Users. As such, adopting these changes should help CMESC provide appropriate means to facilitate access to clearance and settlement services for eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants, consistent with Rule 17ad–22(e)(18)(iv)(C).[50]

D. Consistency With Rule 17ad–22(e)(19)

Rule 17ad–22(e)(19) requires that the rules of a covered clearing agency identify, monitor and manage material risks to the clearing agency arising from arrangements that indirect participants have with direct participants to access the clearing agency's clearing and settlement services.[51]

As discussed in Section III.B, the proposed rule change provides a means for a Member to enforce contractual liquidation rights and any secondary rights to User collateral it may negotiate with an authorized User, subject to terms that protect CMESC's ability to manage risk pursuant to its Rules. As such, in the proposed rules, CMESC receives a representation from an authorizing Member that the Member will indemnify CMESC and related parties against any losses, liabilities, damages, claims, or expenses incurred arising out of any dispute between the Member and its authorized User. Furthermore, the changes establish specific structures whereby the Member's claim is secondary to CMESC's primary right. Accordingly, a Member's claim to such collateral is limited to the return of any excess margin or other funds remaining following CMESC's default management process if the User is in Default or following termination of the Member's authorization of the User and satisfaction of the User's obligations to CMESC. As a result, CMESC (1) retains its first priority lien status, and (2) would be indemnified against potential losses; these changes therefore should allow CMESC to manage material risks related to the arrangements between Members and Users, consistent with Rule 27ad–22(e)(19).[52]

E. Consistency With Rule 17ad–22(e)(21)(i)

Rule 27ad–22(e)(21)(i) requires that a covered clearing agency have clearing and settlement arrangements that are efficient and effective in meeting the requirements of its participants and the markets the clearing agency services.[53]

As discussed in Section II, based on its engagement with market participants and trade associations, CMESC identified the proposed changes described in Section III that are designed to enhance authorizing Members' risk management flexibility and mitigate potential constraints on their ability to authorize Users due to potential capital constraints. Furthermore, as discussed in Sections III.A–III.C, the changes are designed to further support prompt close-out of a User's position, regardless of Default status, and to facilitate access to the clearance and settlement services while also supporting Members' ability to participate in CMESC's Clearing Services. Therefore, adopting these proposed changes should help meet the needs of Members and Users by enhancing Members' ability to authorize Users by addressing potential constraints imposed by bank regulatory capital requirements. Furthermore, they should further support the enforceability of certain contractual terms that are separately negotiated between a Member and an authorized User, consistent with Rule 17ad–22(e)(21)(i).[54]

V. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and in particular with the requirements of Section 17A of the Exchange Act[55] and the rules and regulations promulgated thereunder.

[48] *Id.*

[49] 17 CFR 240.17ad–22(e)(18).

[50] *Id.*

[51] 17 CFR 240.17ad–22(e)(19).

[52] *Id.*

[53] 17 CFR 240.17ad–22(e)(21)(i).

[54] *Id.*

[55] 15 U.S.C. 78q–1.

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act [56] that proposed rule change SR–CMESC–2026–004 be, and hereby is, *approved*.[57]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[58]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–14860 Filed 7–22–26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105950; File No. SR–NYSETEX–2026–28]

Self-Regulatory Organizations; NYSE Texas, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Connectivity Fee Schedule

July 20, 2026.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on July 7, 2026, the NYSE Texas, Inc. (''NYSE Texas'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Connectivity Fee Schedule to add MX2 Options to the list of third party data feeds to which Users can connect. The proposed rule change is available on the Exchange's website at *www.nyse.com* and at the principal office of the Exchange.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Connectivity Fee Schedule to add MX2 Options to the list of third party data feeds to which Users [4] can connect. Currently, Users are offered connectivity to data feeds from third party markets and other content service providers (''Third Party Data Feeds'') at the Mahwah, New Jersey data center (''MDC'').[5] The Exchange now proposes to amend the list to incorporate a new feed from MX 2 LLC (''MX2 Options'').[6]

The proposed rule change will become operational as soon as practicable after the MX2 Options data feed is live. The announced date for the MX2 Options data feed to be live is September 14, 2026.[7] The Exchange currently expects that the proposed rule change would become operative soon thereafter. The Exchange will announce the date through a customer notice.

Proposed Change to the List of Third Party Data Feeds

So that the Exchange may offer connectivity to MX2 Options, it proposes to add it to the list of available Third Party Data Feeds (proposed additions italicized):

Third party data feed	Monthly recurring connectivity fee per third party data feed
Miami International Securities Exchange/MIAX PEARL	$2,000
MX2 Options	*2,000*

The Exchange would provide connectivity to MX2 Options as a convenience to Users.

As with the existing connections to Third Party Data Feeds, including the existing connections to Third Party Data Feeds from MEMX (''MEMX Third Party Data Feeds''), the Exchange would receive a connection to the MX2 Options data feed (the ''Proposed Third Party Data Feed'') from the content service provider at the relevant source. The Exchange would then provide connectivity to that data to Users for a fee. Users would connect to MX2 Options over the internet protocol (''IP'') network, a local area network available in the MDC. The Proposed Third Party Data Feed would include trading and other information concerning the securities that are traded on MX2 Options.

As with the existing connections to Third Party Data Feeds, including the existing connection to MEMX Third Party Data Feeds, in order to connect to the Proposed Third Party Data Feed, a User would enter into a contract with the third party content service provider, pursuant to which it may charge the User for the data feed. The Exchange would receive the Proposed Third Party Data Feed in remote locations and transport it over its fiber optic network to the MDC. After the content service provider and User entered into an

[56] 15 U.S.C. 78s(b)(2).

[57] In approving the proposed rule change, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[58] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] For purposes of the Exchange's colocation services, a ''User'' means any market participant that requests to receive colocation services directly from the Exchange. *See* Securities Exchange Act Release No. 87408 (October 28, 2019), 84 FR 58778 at n.6 (November 1, 2019) (SR–NYSECHX–2019–12). As specified in the Fee Schedule, a User that incurs colocation fees for a particular colocation service pursuant thereto would not be subject to colocation fees for the same colocation service charged by the New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., and NYSE National, Inc. (together, the ''Affiliate SROs''). Each Affiliate SRO has submitted substantially the same proposed rule change to propose the change described herein.

[5] Through its Fixed Income and Data Services (''FIDS'') business, Intercontinental Exchange, Inc. (''ICE'') operates the MDC. The Exchange and the Affiliate SROs are indirect subsidiaries of ICE.

[6] *See* Securities Exchange Act Release No. 104152 (September 30, 2025), 90 FR 47867 (October 2, 2025) (SR–MX2–2025–01) (Order Granting Approval to a Proposed Rule Change To Adopt Rules To Govern the Trading of Options on the Exchange for a New Facility Called MX2 Options).

[7] *See* ''September 2026 Go Live Date for MX2 Options'' at *https://memx.com/insights/september-2026-go-live-date-for-mx2-options.*