and in the same manner (including with respect to the payout terms and amount). All market participants will be subject to the same rules applicable to binary KPI options, as described in this proposed rule change. Except as set forth in the proposed rule change, binary KPI options will trade in the same manner as binary KPI options on Cboe.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary KPI options have been approved to be listed on Cboe and other options exchanges may propose similar products. Additionally, as noted above, substantively similar products to binary KPI options, as proposed, are available in the OTC market and various other markets.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar products. The Exchange believes the proposed rule change will provide investors with a comparable alternative to Cboe, the OTC market and other venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. As a result, the Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition, as it will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–24X–2026–33 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–24X–2026–33. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules/sro.shtml*). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–24X–2026–33 and should be submitted on or before December 14, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[100]

Vanessa A. Countryman,

Secretary.

[FR Doc. 2026–23748 Filed 11–20–26; 8:45 am]

BILLING CODE 8011–01–P

[100] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–106926; File No. SR–CMESC–2026–009]

Self-Regulatory Organizations; CME Securities Clearing Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Operational Rule Changes

November 18, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 6, 2026, CME Securities Clearing Inc. (''CMESC'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change described in Items I, II, and III below, which Items have been substantially prepared by CMESC. CMESC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act.[3] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. CMESC's Statement of the Terms and Substance of the Proposed Rule Change

The proposed rule change of CME Securities Clearing Inc. (''CMESC'') consists of amendments to the CMESC Rules[4] 101 (Definitions), 503 (Haircut Collateral), 601 (Accounts), 604 (Designation of Banks for Settling Transactions), 1503 (Novation of Transactions), 1504 (Settlement Obligations for Transactions), 1505 (Outstanding Exposure Settlement for Eligible Securities Transactions; Reports), and 1506 (Eligible Securities Transaction Fails). Each of the proposed changes is described in more detail below.

II. CMESC's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

In its filing with the Commission, CMESC 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 these statements may be examined at the places specified in Item IV below. CMESC has prepared summaries, set forth in Sections A, B,

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

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] ''Rules'' refers to The Rules of CME Securities Clearing Inc., *available at https://www.cmegroup.com/rulebook/CMESC/CMESC%20Rulebook.pdf*. Capitalized terms used herein and not defined have the meanings assigned to such terms in the Rules.

and C below, of the most significant aspects of such statements.

A. CMESC's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

(a) Purpose

The purpose of the proposed rule change is to (i) clarify the treatment of Haircut Collateral in Clear to Hold Transactions, (ii) modify the Rules regarding accounts and banks that Participants may use to settle deliverable obligations in Cash Treasury Transactions and Clear to Deliver Transactions, (iii) modify the description of CMESC's daily settlement reports, including the content of such reports, to reflect CMESC's netting practice with respect to settlement obligations for Cash Treasury Transactions and Clear to Deliver Transactions, (iv) clarify and update the descriptions of the settlement obligations and processing in existing Rules to more align with CMESC's settlement practices with respect to Eligible Securities Transactions, (v) update the descriptions of Outstanding Exposure Settlement calculations and processes for Eligible Securities Transactions, (vi) update settlement fails provisions, and (vii) make certain other technical, administrative, clarifying and conforming changes to ensure consistency and improve clarity and readability of the Rules.

Specifically, CMESC proposes to:

1. Amend Rules 503(b) and 101 to better describe certain features of Haircut Collateral in Clear to Hold Transactions;

2. Amend Rules 601, 604, 1504(c) and 101 to provide Participants with a wider range of options for banks used to settle securities delivery obligations for Cash Treasury Transactions and Clear to Deliver Transactions;

3. Amend Rules 1504(e) and 101 regarding CMESC's daily settlement reports, including updated descriptions to reflect CMESC's practice with respect to netting settlement obligations for Cash Treasury Transactions and Clear to Deliver Transactions;

4. Amend Rules 1504(d), (f) and (g) to consolidate duplicative text and revise the descriptions of settlement and netting procedures for Clear to Deliver Transactions, Cash Treasury Transactions and Clear to Hold Transactions for greater consistency, while also amending Rule 1504(f) to permit CMESC to settle obligations resulting from a same-day settling Cash Treasury Transaction or Clear to Deliver Transaction directly with the Participant counterparties to a riskless principal, without delivering securities or making payment to the riskless principal, where the riskless principal and its Participant counterparties have identical and offsetting settlement obligations, and amending Rule 1504(f)(v) to clarify certain operational timelines;

5. Amend Rule 1505 to update the description of CMESC's calculation and processing of Outstanding Exposure Settlement for Eligible Securities Transactions, including:

a. Amending Rules 1505(a) and 1505(d) to update the description of Outstanding Exposure Settlement calculation and process for Clear to Hold Transactions;

b. Amending Rules 1505(b), 1505(c) and 1505(f) to update the description of Outstanding Exposure Settlement calculation and processing for Cash Treasury Transactions and Clear to Deliver Transactions; and

c. Amending Rule 1505(b)(ii) to address processing for atypical trades such as transfers and related cash adjustments;

6. Amend Rule 1506 to update partial settlement fails provisions for both Cash Treasury Transactions and Clear to Deliver Transactions and for Clear to Hold Transactions, including amending Rule 1506(h) to restrict CMESC's buy-in rights only to Cash Treasury Transactions and Clear to Deliver Transactions; and

7. Make certain other technical, administrative, clarifying and conforming changes to ensure consistency and improve clarity and readability of the Rules.

The proposed rule change does not impact CMESC's risk management practices or related policies. Rather, it serves to clarify and update operational processes to provide certain details that were not previously provided. Each of the proposed changes is described in more detail below.

Description of the Proposed Rule Change

1. Amendments to Rule 503(b) To Clarify Treatment of Haircut Collateral in Clear To Hold Transactions and Rule 101 To Clarify the Meaning of Haircut Collateral

CMESC proposes several non-substantive changes to Rule 503(b)(i) to clarify the treatment of Haircut Collateral for Clear to Hold Transactions. First, CMESC proposes to clarify the meaning of the first sentence in Rule 503(b)(i), which currently provides that if Participants who are parties to a Clear to Hold Transaction have calculated and posted Haircut Collateral with respect to such transaction to the Securities Settlement Bank, CMESC will deem such Haircut Collateral as pledged to CMESC. CMESC proposes to clarify this statement by further providing that that if a Participant who is a party to a Clear to Hold Transaction has posted Haircut Collateral to CMESC, CMESC will deem such Haircut Collateral as pledged to CMESC to secure obligations of the posting Participant to CMESC, by changing ''If Participants who are parties to a Clear to Hold Transaction have posted Haircut Collateral . . .'' to ''If a Participant who is a party to a Clear to hold Transaction has posted Haircut Collateral . . .'', deleting ''calculated and'' and adding ''to secure obligations of the posting Participant to the Corporation'' to the first sentence of Rule 503(b)(i).

In addition, CMESC proposes to further clarify the meaning of the second sentence in Rule 503(b)(i) to provide that CMESC will collect initial margin for each Participant for Clear to Hold Transactions novated to CMESC on a portfolio basis, rather than calculating and collecting initial margin on each individual transaction submitted for clearance and settlement, in order to better reflect CMESC's batch processing and portfolio-based margining processes as described in its documentation. Rule 503(b)(i) is being amended to provide that CMESC will ''then calculate and collect initial margin for each Clear to Hold Transaction submitted'' to CMESC ''for clearance and settlement'', by adding ''For each Participant,'' and ''Transactions novated'' to the second sentence of Rule 503(b)(i) and removing ''then calculate and'', ''each'' and ''for clearance and settlement'' from the second sentence.

The above changes do not change CMESC's practices for calculating each Participant's initial margin requirement or its treatment of Haircut Collateral posted by a Participant to the Securities Settlement Bank to secure such Participant's obligation to CMESC with respect to a Clear to Hold Transaction. These changes are intended to update descriptions in the Rulebook to better align with CMESC's initial margin practices and provide greater certainty regarding its treatment of Haircut Collateral.

Separately, CMESC proposes to amend the definition of ''Haircut Collateral'' in Rule 101 to clarify that ''Haircut Collateral'' means the ''market'' value of the Eligible Securities that the securities buyer receives under a Repo Transaction in excess of the value of funds the securities buyer

transfers to the securities seller under the Repo Transaction, in order to describe the valuation process with greater specificity.

2. Amendments to Rules 601, 604, 1504(c) and 101 With Respect to Securities Settlement Bank Arrangements and Accounts With Settlement Bank(s)

CMESC proposes to amend Rules 601, 604, 1504(c) and 101 with respect to settlement bank arrangements for settling Cash Treasury Transactions and Clear to Deliver Transactions and with respect to Securities Settlement Bank arrangements for settling Clear to Hold Transactions. Under existing Rule 604, all Members and Users must utilize the Securities Settlement Bank(s) that CMESC has designated to settle Eligible Securities Transactions. Rule 604(a) provides that CMESC must disclose to Members and Users the Securities Settlement Bank(s) it has designated to deliver and receive cash and Eligible Securities for the purpose of settlement. Under Rule 604(b), Members and Users must notify CMESC of their accounts at the designated Securities Settlement Bank(s).

CMESC proposes to amend Rule 604 (revised as ''Banks for Settling Transactions'') to provide Members and Users a greater choice of banks they may use to settle delivery obligations for Cash Treasury Transactions and Clear to Deliver Transactions with CMESC's Securities Settlement Bank(s), while clarifying that for Clear to Hold Transactions, Members and User must use the CMESC-designated Securities Settlement Bank(s). Specifically, CMESC proposes to amend Rule 604(a) as follows:

• Establish separate requirements for the Securities Settlement Bank(s) that CMESC will designate and disclose to its Participants for settlement of different types of Eligible Securities Transactions: ''(i) where the Corporation will hold accounts for the purpose of delivering'' cash and Eligible Securities to and ''receiving'' cash and Eligible Securities from ''Participants to settle Cash Treasury Transactions and Clear to Deliver Transactions'' and ''(ii) where the Corporation and Participants may hold accounts for the purpose of delivering cash and Eligible Securities to and receiving cash and Eligible Securities from one another to settle Clear to Hold Transactions and to hold Eligible Securities as collateral for such transactions.'' These changes maintain distinct settlement processes for Cash Treasury Transactions and Clear to Deliver Transactions on the one hand and Clear to Hold Transactions on the other hand, while clarifying that for purposes of settling Cash Treasury Transactions and Clear to Deliver Transactions, the Securities Settlement Bank designated by CMESC will hold CMESC's accounts and Participants are not required to maintain settlement accounts at the same designated Securities Settlement Bank, while for purposes of settling Clear to Hold Transactions, the Securities Settlement Bank designated by CMESC will hold both CMESC's and Participants' accounts; and

• Add a new sentence to Rule 604(a), consistent with the revisions outlined above, to permit Members and Users in Clear to Deliver and Cash Treasury Transactions to choose their banks for settlement, subject to satisfaction of certain conditions and CMESC's discretion to reject the Member's or User's choice of bank(s) due to operational or risk management considerations: ''Each Member and User that will clear Cash Treasury Transactions or Clear to Deliver Transactions may establish its accounts to facilitate settlement of such transactions at one or more banks or trust companies, provided that the bank or trust company is subject to supervision under Federal or State banking laws and has access to the Fedwire for securities and funds movements, provided further that the Corporation may, in its reasonable judgment, reject a bank or trust company as notified by a Participant to facilitate settlement of Cash Treasury Transactions or Clear to Deliver Transactions due to operational or risk management considerations and require the Participant to establish its account(s) at a different bank or trust company meeting the criteria set forth above.''

As a result of the proposed changes to Rule 604(a), CMESC also proposes to make conforming changes to Rule 604(b) as follows:

• Amend the first sentence of Rule 604(b) to specify that each Member and User must notify CMESC of the Securities Settlement Bank(s) ''(for Clear to Hold Transactions) or the banks or trust companies (for Cash Treasury Transactions and/or Clear to Deliver Transactions), as applicable'' that will act on its behalf with respect to handling settlement of Eligible Securities Transactions;

• Amend the second sentence of Rule 604(b) to clarify that each Member and User ''that will clear Clear to Hold Transactions'' is required to enter into an agreement with a Securities Settlement Bank from a list of institutions designated by CMESC for the settlement of ''such transactions.''; and

• Add a new sentence to the end of Rule 604(b) to expand the existing notification requirement in Rule 604(b) regarding any change in a Member's or User's Securities Settlement Bank: ''Each Member and User must immediately notify the Corporation of any change, as applicable, in any of its Securities Settlement Banks for settling and holding collateral for Clear to Hold Transactions or in any of the banks or trust companies where it maintains accounts to facilitate settlement of its Cash Treasury Transactions or Clear to Deliver Transactions.''

CMESC proposes to update the definition of ''Securities Settlement Bank'' in Rule 101 to conform to the proposed Rule 604 changes. Specifically, CMESC proposes to delete the reference to ''and designated by'' from the general definition and add language to clarify that a Securities Settlement Bank is a bank or trust company at which CMESC ''maintains one of more accounts'' for the purposes of facilitating the settlement of Eligible Securities Transactions and/or for holding collateral for Clear to Hold Transactions, as applicable. In addition, CMESC proposes to add new language to the definition to account for the requirement that ''a Member or User maintains one or more accounts at a Securities Settlement Bank pursuant to the Rules for the purposes of facilitating the settlement of and holding collateral for Clear to Hold Transactions.'' These amendments ensure that the definition applies to institutions through which Participants settle (i) Cash Treasury Transactions and Clear to Deliver Transactions; and (ii) Clear to Hold Transactions.

Further, CMESC also proposes to amend Rule 601 by adding new language to clarify that, in addition to the Accounts with CMESC, each Member and User also ''must establish accounts with one or more Banks in accordance with Rule 507 and accounts with one or more Securities Settlement Banks or other banks or trust companies in accordance with Rule 604, as pre-conditions'' to clearing Eligible Securities Transactions with CMESC, which replaces the existing language that provides ''accounts for settlement of Eligible Securities Transactions as specified and approved by the Corporation as a pre-condition''. These proposed changes are designed to set out the requirements for establishing accounts at one or more Banks for each Participant to satisfy initial margin and Outstanding Exposure Settlement requirements and for establishing

accounts at Securities Settlement Bank(s) and/or other banks or trust companies for purposes of settling Eligible Securities Transactions, in accordance with the revisions to Rule 604 described above.

Finally, CMESC also proposes to make conforming changes to Rule 1504(c) regarding ''Settlement Accounts'' to reflect the expansion of the Member's or User's settlement bank choice as described above. Specifically, CMESC proposes to delete existing language in Rule 1504(a) that requires a Participant to establish ''a settlement account at the Corporation's Securities Settlement Bank for the relevant transactions'' and ''[f]or Members and Users that are cash lenders, such Members and Users must establish a collateral account in its name and for its exclusive benefit at the Corporation's Securities Settlement Bank.'' CMESC proposes to add new language to require a Member or User to establish ''accounts in accordance with the requirements of Rule 604 for the purposes of delivering cash and Eligible Securities to and/or receiving cash and Eligible Securities from the Corporation.'' In addition, CMESC proposes to amend the last sentence in Rule 1504(c) to clarify that each Member and User is required to make available to CMESC upon request copies of its ''agreement with any Securities Settlement Bank'' and remove the existing requirement imposed on a Member or User to provide, upon CMESC's request, copies of its settlement account and collateral account agreements, as applicable.

3. Amendments to Rules 1504(e) and 101 on the Description of Daily Settlement Reports

CMESC proposes to amend existing Rule 1504(e) regarding daily settlement reports to better reflect CMESC's settlement and netting practices, including its processes for calculating net settlement obligations for Cash Treasury Transactions and Clear to Deliver Transactions. First, CMESC proposes to clarify that it will issue multiple daily settlement reports by adding new language to the first sentence to provide that CMESC will issue one or more settlement reports daily and define such settlement reports in the aggregate as ''Daily Settlement Reports.'' Further, CMESC proposes to revise the description of the content of the Daily Settlement Reports to clarify that the Daily Settlement Report will indicate whether the obligations and entitlements listed therein relate to Clear to Hold Transactions or ''to the settlement of deliverable'' Clear to Deliver Transactions and ''Cash Treasury Transactions'' to reflect the practice set forth in Rule 1504(g) with respect to determining net settlement obligations of Clear to Deliver Transactions and Cash Treasury Transactions that are scheduled to settled on the Business Day referenced in the Daily Settlement Reports. In addition, CMESC proposes to remove ''with respect to Clear to Deliver Transactions, whether settlement shall occur on a real-time gross basis or on a net basis'' to align with the updated description of the Daily Settlement Reports' content. Finally, CMESC proposes to change ''Daily Settlement Report'' in the last sentence to ''Daily Settlement Reports'' to reflect that there will be multiple settlement reports issued on each Business Day.

As a result of the proposed changes to Rule 1504(e) described above, which includes defining the term ''Daily Settlement Reports,'' CMESC proposes to add ''Daily Settlement Reports'' to Rule 101, where the term is defined as having the meaning prescribed in Rule 1504(e).

4. Amendments to Rule 1504(d), (f) and (g) To Consolidate Duplicative Text and Update the Descriptions of Settlement and Netting Procedures for Clear To Deliver Transactions and Cash Treasury Transactions and for Clear To Hold Transactions

A. Amendments to Rule 1504(d)

CMESC proposes to amend Rule 1504(d) to consolidate duplicative text. Currently, Rule 1504(d) provides that CMESC will settle same-day Repo Transactions in real time on a gross basis and will settle Cash Treasury Transactions and other Repo Transactions that settle other than same-day on a net basis, and with respect to Clear to Hold Transactions, CMESC will net settlement obligations only against additional Clear to Hold Transactions in the same General Collateral Bucket with the same scheduled settlement date. Because the procedures for settlement and netting of Eligible Securities Transactions are described in further detail in Rule 1504(f) and (g), CMESC proposes to simplify Rule 1504(d) and eliminate duplicative provisions by replacing the current rule text in its entirety with a new sentence stating that ''The Corporation may settle Eligible Securities Transactions in real time or on a deferred basis and may net settlement obligations in accordance with the procedures for settlement and netting of Clear to Hold Transactions and for Clear to Deliver Transactions and Cash Treasury Transactions in Rules 1504(f) and (g) below.''

B. Amendments to Rule 1504(f)

CMESC further proposes to amend its description of settlement procedures with respect to Eligible Securities Transactions in Rule 1504(f) as follows:

First, CMESC proposes to amend Rule 1504(f)(i) to clarify that, in addition to Clear to Deliver Transactions, Cash Treasury Transactions may also be submitted for same day (T+0) settlement. Both types of transactions will be processed and settled in real time on a gross basis. Further, CMESC proposes to provide a riskless principal transaction exception from the real-time gross settlement of same-day (T+0) Clear to Deliver Transactions and/or Cash Treasury Transactions in Rule 1504(f)(i), to allow CMESC to settle the obligations resulting from two offsetting Clear to Deliver Transactions or Cash Treasury Transactions for same-day (T+0) settlement having the same CUSIPs, same purchase price and same Participant acting as riskless principal in each offsetting transaction by settling directly with the other Participants that face the riskless principal in the offsetting transactions without delivering securities or making payment to the riskless principal. This approach eliminates unnecessary operational steps involving the riskless principal and CMESC by allowing for the settlements of cash and securities to occur between CMESC and the counterparties to the riskless principal. Finally, CMESC is proposing a conforming change to Rule 1504(f)(i) to clarify that it will instruct its Securities Settlement Bank to effect movement of collateral securities against cash upon receipt of securities from the Member's or User's settlement bank(s), as notified by the Member or User to CMESC pursuant to Rule 604(b), in accordance with the changes outlined above regarding Participants' greater choice of bank(s) for purposes of settling Clear to Deliver Transactions and Cash Treasury Transactions.

Second, CMESC proposes to amend Rule 1504(f)(ii) to make several conforming and clarifying changes to the description of settlement of Clear to Deliver Transactions and Cash Treasury Transactions on a deferred basis, for which settlement obligations will be determined on a net basis pursuant to Rule 1504(g). Specifically, CMESC proposes to clarify in two places in Rule 1504(f)(ii) that Rule 1504(f)(ii) applies to all Clear to Deliver Transactions and Cash Treasury Transactions submitted for deferred settlement, *i.e.,* settlement other than on the same day, which is not limited to T+1 settlement as reflected in the current Rules. Further,

CMESC proposes to clarify throughout Rule 1504(f)(ii) that the settlement instructions CMESC will issue to its Securities Settlement Bank for settlement on the next eligible settlement date are for the net settlement obligation resulting from the aggregate of each Participant's Clear to Deliver Transactions and Cash Treasury Transactions that are scheduled for delivery on the next eligible settlement date, rather than on the basis of ''netted'' transactions which is potentially ambiguous in meaning. CMESC is amending the final paragraph of (f)(ii) to require the Corporation's Securities Settlement Bank(s) to notify CMESC upon completion of the settlement of Clear to Deliver Transactions, Cash Treasury Transactions or the combination of both types of transaction, which is a more precise restatement of the legacy requirement to notify CMESC ''upon the settlement of any netted Clear to Deliver Transaction''. In addition, similar to the conforming change describe above, CMESC proposes to change ''the Member or User's Securities Settlement Bank, designated pursuant to Rule 604(b) to ''the Member's or User's settlement bank(s), as notified by the Member or User pursuant to Rule 604(b)'' to account for the proposed change to expand the Member's or User's choice of banks for purposes of settling Clear to Deliver Transactions and Cash Treasury Transactions, as described above.

Third, CMESC proposes to adjust Rule 1504(f)(iii) regarding settlement of Clear to Hold Transactions to describe with greater specificity the process for settling Clear to Hold Transactions via CMESC's Securities Settlement Bank(s). Existing Rule 1504(f)(iii) provides that CMESC will instruct its Securities Settlement Bank(s) to move securities against cash once Members and Users have ''funded their cash and security obligations in their settlement accounts at the Corporation's Securities Settlement Banks.'' CMESC proposes to adjust the last sentence in Rule 1504(f)(iii) to state that CMESC will instruct its Securities Settlement Bank(s) to move securities against cash once Members and Users have satisfied their cash and securities obligations by transferring cash and securities to CMESC's settlement accounts at its Securities Settlement Bank(s), which better reflects the distinct operational steps and contingencies for settling Clear to Hold Transactions.

Fourth, CMESC proposes to make several changes to Rule 1504(f)(v) to update the descriptions regarding various deadlines for submissions, processing and settlement of Eligible Securities Transactions. Specifically, CMESC proposes to:

- Modify Rule 1504(f)(v)(G) to clarify that the 3:00 p.m. Eastern Time settlement deadline on each Business Day applies to both Clear to Deliver Transactions and Cash Treasury Transactions submitted for same day (T+0) settlement, rather than only Clear to Deliver Transactions, which supports CMESC's processes for netting settlement obligations resulting from both transaction types. The modifications will also clarify that the same 3:00 p.m. Eastern Time deadline applies to the net collateral settlement obligations for the aggregate of Members' and Users' other Cash Treasury Transactions and Clear to Deliver Transactions scheduled to settle on that Business Day, rather than other Cash Treasury Transactions and Clear to Deliver Transactions from the previous Business Day, which is consistent with CMESC's proposed change to Rule 1504(f)(ii) to clarify that transactions submitted for deferred settlement are not limited only to T+1 settlement;
- Amend Rule 1504(f)(v)(I) to change the time window within which CMESC will work to resolve fails to deliver for Clear to Hold Transactions for T+0 settlement from the time window between 6:30 p.m. Eastern Time and 7:00 p.m. Eastern Time to the time window between 5:00 p.m. Eastern Time to approximately 6:30 p.m. Eastern Time and to add ''the Corporation's'' and ''the Members' and User's settlement banks'' to the last sentence of Rule 1504(f)(v)(I) to state that CMESC will coordinate with its Securities Settlement Bank(s), the Members' and Users' settlement banks and other stakeholders, as necessary, to resolve the failure to deliver, which is consistent with the expansion of the Members' and Users' choice of settlement banks as described above; and
- Make clarifying changes to Rule 1504(f)(v)(K) regarding CMESC's calculation of net collateral settlement obligations for each Participant at approximately 8:00 p.m. Eastern Time on each Business Day to better describe CMESC's settlement practice. CMESC proposes to clarify in Rule 1504(f)(v)(K) that it will calculate each Participant's net collateral settlement obligation resulting from the aggregate of such Participant's Clear to Deliver Transactions and Cash Treasury Transactions that are scheduled to settle the next Business Day. These changes are consistent with proposed changes to Rules 1504(f)(ii) and 1504(f)(v)(G) described above. As stated above, Clear to Deliver Transactions and Cash Treasury Transactions submitted for deferred settlement are not limited to T+1 settlement; therefore, on each Business Day, CMESC will process all of a Participant's deliverable transactions for deferred settlement and calculate the Participant's net collateral settlement obligation resulting from the Participant's aggregate Clear to Deliver and Cash Treasury Transactions that are scheduled to settle on the next Business Day, which will be the Participant's deliverable obligation on the next Business Day.

Fifth, CMESC proposes to make certain clarifying changes to Rule 1504(f)(vii) to update the descriptions of CMESC's settlement processes and associated transfers of cash and securities to improve clarity without substantively changing such processes. Specifically, CMESC proposes to:

- Add the phrase ''and subject to the Corporation receiving the securities required to settle the transaction in its relevant Corporation accounts'' to Rule 1504(f)(vii)(B) to clarify an implicit condition to CMESC's instructing its Securities Settlement Bank(s) to transfer cash from its account in such amount as required to meet its cash delivery obligations;
- Add ''and/'' in front of ''or'' in Rule 1504(f)(vii)(B)b. to clarify that the Member's or User's account maintained at such Member's or User's settlement bank(s) will be for settling Cash Treasury Transactions, Clear to Deliver Transactions or combination of both; and also add the phrase ''resulting from such transactions that are scheduled to settle on that Business Day'' to Rule 1504(f)(vii)(B)b. to clarify that the Member's or User's cash receipt entitlement is resulting from netting the cash settlement obligations for Cash Treasury Transactions and/or Clear to Deliver Transactions that are scheduled to settle on that Business Day, as described above;
- Add ''with respect to Clear to Hold Transactions,'' to Rule 1504(f)(vii)(C) to clarify that Rule 1504(f)(vii)(C) applies to Clear to Hold Transactions; and also add ''subject to the Corporation receiving the cash required to settle the transaction in its relevant Corporation account'' to the same paragraph to again clarify an implicit condition to CMESC's transferring or causing to be transferred securities in such amount as required to meet its settlement obligations; and
- Add ''Cash Treasury Transactions and/or'' in front of ''Clear to Deliver Transactions'' in Rule 1504(f)(vii)(C)b. to clarify that the Member's or User's account maintained at such Member's or User's settlement bank(s) will be for

settling Cash Treasury Transactions, Clear to Deliver Transactions or combination of both; and also add ''resulting from such transactions that are scheduled to settle on that Business Day'' to clarify that the Member or User's securities receipt entitlement is resulting from netting the securities settlement obligations for Cash Treasury Transactions and/or Clear to Deliver Transactions that are scheduled to settle on that Business Day.

Sixth, CMESC proposes to make certain changes to Rule 1504(f)(viii) to update the descriptions regarding additional settlement procedures for Clear to Deliver Transactions and Cash Treasury Transactions. Specifically, CMESC proposes to:

- Amend the heading of Rule 1504(f)(viii) to add Cash Treasury Transactions so the heading will become ''*Additional Settlement Procedures for Clear to Deliver Transactions and Cash Treasury Transactions*''; and also amend the lead-in language of Rule 1504(f)(viii) by removing ''settling on a real time gross basis'' and adding ''Cash Treasury Transactions and combination of the two, and except as set forth below'' to make clear that the additional settlement procedures in Rule 1504(f)(viii) apply to all Clear to Deliver Transactions, Cash Treasury Transactions and combination of the two, unless otherwise set forth in Rule 1504(f)(viii);
- Add new language to Rule 1504(f)(viii)(A) to make clear that, with respect to Clear to Deliver Transactions and Cash Treasury Transactions settling on the same day (T+0) on a real-time gross basis, the Member or User shall settle its obligations with CMESC only after it has received confirmation that the relevant transaction(s) have been novated by CMESC; and
- Amend Rule 1504(f)(viii)(B) with respect to partial delivery of a collateral settlement obligation in several respects: (i) change ''the collateral obligation'' in the first sentence to ''a collateral settlement obligation established by the Corporation'' to align with CMESC's operational practice of breaking larger settlement obligations into individual obligations, each of which would be considered a collateral settlement obligation that is subject to the partial delivery provisions in amended Rule 1504(f)(viii)(B); (ii) add new language to the second sentence to make clear that CMESC will only permit partial deliveries of a collateral settlement obligation for Clear to Deliver Transactions and/or Cash Treasury Transactions that are agreed to by the contra party and which comply with CMESC's Rules and the rules, policies, procedures and practices of the relevant Securities Settlement Bank(s) used to settle such obligations; (iii) remove ''such as by satisfying one or more exact expected delivery amounts of a total larger delivery obligation, as dictated by the Daily Settlement Report'' from the second sentence because it is unnecessary exemplary language and the other proposed amendments adequately convey the requirements; and (iv) modify the last sentence of existing Rule 1504(f)(viii)(B) by splitting it into two sentences to provide more detail. The amended first sentence will provide that, if the contra party accepts the partial offer, at the discretion of CMESC, CMESC staff may update its settlement instructions to accept partial processing of the applicable collateral settlement obligation(s). The second sentence will provide that any portion(s) of a collateral settlement obligation that are outstanding following the process described in Rule 1504(f)(viii)(B) (*i.e.,* that are subject to a partial fail) will remain open until the Business Day on which CMESC receives the outstanding Eligible Securities from the failing Member or User, which is a restatement of an existing term in Rule 1504(f)(viii)(B) that will be deleted as redundant.

Finally, CMESC also proposes certain other technical, administrative, clarifying and conforming changes to Rule 1504(f) that are not already described above. Please see the descriptions in the table under ''7. *Other Technical, Administrative, Clarifying and Conforming Changes*'' below.

C. Amendments to Rule 1504(g)

CMESC further proposes to amend its description of the netting procedures with respect to Eligible Securities Transactions in Rule 1504(g) as follows:

First, with respect to netting of cash delivery and securities settlement obligations for Clear to Hold Transactions, CMESC does not propose to change any substantive aspect of its procedures but proposes to clarify that cash or securities delivery and receipt entitlements for a given Business Day will be netted only by General Collateral Bucket for those Clear to Hold Transactions in which the Member or User is acting in the same capacity (*e.g.,* as a cash borrower or cash lender) that are scheduled to settle on that Business Day. The proposed changes to Rule 1504(g)(i)–(iii) are designed to carry through the clarification of the foregoing overarching principle underlying the netting of settlement obligations for Clear to Hold Transactions, each of which is described below:

- CMESC proposes to replace ''Repo'' Transactions with ''Clear to Hold'' Transactions throughout Rule 1504(g)(i)–(iii) to clarify that the netting procedures set forth in Rule 1504(g)(i)–(iii) apply specifically to the settlement obligations for Clear to Hold Transactions. Please see the descriptions in the table under ''7. *Other Technical, Administrative, Clarifying and Conforming changes* '' below for each replacement of ''Repo'' Transactions with ''Clear to Hold'' Transactions in Rule 1504(i)–(iii).
- With respect to netting of settlement obligations for Clear to Hold Transaction generally, CMESC proposes to add ''by General Collateral Bucket'' to the first sentence in Rule 1504(g)(i) to make clear that CMESC will separately net cash borrower and cash lender settlement obligations each Business Day for each Member and each User for all Clear to Hold Transactions by General Collateral Bucket.
- With respect to the netting of cash delivery obligations and receipt entitlements for Clear to Hold Transactions, CMESC proposes to add ''By General Collateral Bucket'' to Rule 1504(g)(ii)(A) to make clear that CMESC will net a Member's or User's cash delivery obligations and receipt entitlements by General Collateral Bucket separately for Clear to Hold Transactions in which the Member or User is acting as a cash borrower versus as a cash lender.
- In terms of netting the cash delivery obligations and receipt entitlements for a Member or User acting as a cash borrower, CMESC proposes to:
  - add ''for a given Business Day'' to Rule 1504(g)(ii)(B) to clarify that for those Clear to Hold Transactions in which a Member or User is acting as a cash borrower, CMESC will determine the Member's or User's cash delivery obligations and receipt entitlements for a given Business Day;
  - replace ''which begin on a given Business Day'' in Rule 1504(g)(ii)(B)a and ''terminating on that same Business Day'' in Rule 1504(g)(ii)(B)b. with ''in the same General Collateral Bucket which are scheduled to settle on that Business Day'' to make clear that for a given Business Day, CMESC will determine a Member's or User's cash receipt entitlement as a cash borrower based on the aggregate of all Clear to Hold Transactions in the same General Collateral Bucket which are scheduled to settle on that Business Day; and
  - add ''for each General Collateral Bucket'' to Rule 1504(g)(ii)(B)c. to make clear that CMESC will net the amounts in Rules 1504(g)(ii)(B)(a)–(b) to determine a net cash settlement delivery

obligation or receipt entitlement for each General Collateral Bucket with respect to those Clear to Hold Transactions in which the Member or User is acting as a cash borrower.

- In terms of netting the cash delivery obligations and receipt entitlements for a Member or User acting as a cash lender, CMESC proposes to mirror the changes described in the preceding paragraph to Rule 1504(g)(ii)(C). That is, CMESC proposes to:
  - add ''for a given Business Day'' to Rule 1504(g)(ii)(C) to clarify that for those Clear to Hold Transactions in which a Member or User is acting as a cash lender, CMESC will determine the Member's or User's cash delivery obligations and receipt entitlement for a given Business Day;
  - replace ''which begin on a given Business Day'' in Rule 1504(g)(ii)(C)a. and b. with ''in the same General Collateral Bucket which are scheduled to settle on that Business Day'' to make clear that, for a given Business Day, CMESC's will determine a Member's or User's cash delivery obligation as a cash lender based on the aggregate of all Clear to Hold Transactions in the same General Collateral Bucket which are scheduled to settle on that Business Day; and
  - add ''for each General Collateral Bucket'' to Rule 1504(g)(ii)(C)c. to make clear that CMESC will net the amounts in Rules 1504(g)(ii)(C)(a)–(b) to determine a net cash settlement delivery obligation or receipt entitlement for each General Collateral Bucket with respect to those Clear to Hold Transactions in which the Member or User is acting as a cash lender.
- In terms of netting the securities delivery obligations and receipt entitlements for Clear to Hold Transactions, CMESC proposes implementing clarifying changes to Rules 1504(g)(iii)(A), (B) and (C) that mirror the proposed changes to Rules 1504(g)(ii)(A), (B) and (C) described above with respect to the netting of cash delivery obligations and receipt entitlements for Clear to Hold Transactions. As a result of implementing these changes to Rules 1504(g)(iii)(A), (B) and (C), for Clear to Hold Transactions, the Rules will clarify how a Member's or User's securities delivery obligations will be netted against its securities receipt entitlements within the same General Collateral Bucket that are scheduled to settle on the same Business Day. Accordingly, CMESC proposes to delete the last sentence of Rule 1504(g)(iii)(B)c. to eliminate redundancy.

Second, with respect to netting of settlement obligations for Cash Treasury Transactions and Clear to Deliver Transaction, similar to the revised descriptions of netting procedures for Clear to Hold Transactions, CMESC does not propose to change any substantive aspect of the procedures for netting cash and securities settlement obligations for Cash Treasury Transactions and Clear to Deliver Transactions, but proposes to make a number of similar clarification changes to Rule 1504(g)(iv). Specifically, CMESC proposes to:

- Add to Rule 1504(g)(iv)(A) ''and determine the corresponding net cash settlement obligation for the aggregate for the resulting net collateral settlement obligations'' and ''and the associated cash settlement obligation'' and ''for a given Business Day'' to clarify that CMESC will net a Member's or User's cash and securities settlement obligations each Business Day for obligations to be settled on the next eligible Settlement Date by netting the Clear to Deliver Transaction Start Leg collateral settlement obligations, Clear to Deliver Transaction Off Leg collateral settlement obligations, and Cash Treasury Transaction collateral settlement obligations to determine the net collateral settlement obligations and the corresponding net cash settlement obligations, and then CMESC will determine a Member's or User's netted collateral delivery obligation and receipt entitlement (*i.e.,* the net collateral settlement obligation) per CUSIP, and the associated cash settlement obligation for each clearing account for a given Business Day by following the procedures described in Rule 1504(g)(iv)(A)a. to e. These revisions are intended to clarify the operational steps that apply where CMESC aggregates certain Cash Treasury Transactions and Clear to Deliver Transactions of a given Participant to determine its net settlement obligation;
- Replace ''for settlement on a given'' Business Day to ''to settle on that'' Business Day in Rule 1504(g)(iv)(A)a. and b. to comport with the phrase ''for a given Business Day'' in rule 1504(g)(iv)(A) and make clear that, with respect to a given Business Day, CMESC's determination of the amount of a Member or User's netted collateral delivery obligation and the amount of its netted collateral receipt entitlement is with respect to the deliverable transactions that are scheduled to settle on that Business Day;
- Replace ''transactions'' with ''Cash Treasury Transactions and/or Clear to Deliver Transactions'' and replace ''an obligation'' to ''a collateral settlement obligation'' in Rule 1504(g)(iv)(A)c. to clarify that ''transactions'' refer to Cash Treasury Transactions and/or Clear to Deliver Transactions'' and ''an obligation'' refers to ''a collateral settlement obligation'' resulting from such transactions on a standalone or combined basis, as applicable; and
- Add the word ''cash'' to the first line of Rule 1504(g)(iv)(A)e. and replace ''each'' with ''the relevant'' in two places in Rule 1504(g)(iv)(A)e. and add '', as applicable'' to the same paragraph to clarify that the calculation of cash settlement value is for each cash settlement obligation, and that the settlement value cash amount to be received or paid will be on the relevant collateral delivery obligation or collateral receipt entitlement, as applicable.

Third, CMESC proposes to delete Rule 1504(g)(v) with respect to the meaning of a Repo Transaction to ''begin on a given Business Day.'' Because CMESC proposes to add ''for a given Business Day'' in appropriate places in Rules 1504(g)(ii), (iii) and (iv), making the text of Rule 1504(g)(v) duplicative and appropriate for removal.

Finally, CMESC also proposes certain technical, administrative, clarifying and conforming changes to Rule 1504(g) that are not described above. Please see the descriptions in the table under ''7. *Other Technical, Administrative, Clarifying and Conforming changes*'' below.

5. Amendments to Rule 1505 To Update the Description of Outstanding Exposure Settlement Calculation and Processing for Eligible Securities Transactions

CMESC proposes to amend Rule 1505 to update the descriptions of Outstanding Exposure Settlement calculations and processes for Clear to Deliver Transactions, Cash Treasury Transactions and Clear to Hold Transactions, as well as the description of the form and components of Outstanding Exposure Settlement that is paid to or received from Members and Users during the intraday clearing cycle. Each of the proposed changes to Rule 1505 is described below.

First, CMESC proposes to amend Rule 1505(a) regarding Outstanding Exposure Settlement in general by adding a sentence with respect to the form(s) of Outstanding Exposure Settlement for Clear to Hold Transactions, to provide that Outstanding Exposures Settlement obligations will be met in the form(s) permitted by CMESC and the relevant Securities Settlement Bank(s). This amendment provides that acceptable forms for Outstanding Exposure Settlement must be permitted by CMESC and as well as the relevant Securities Settlement Bank(s) to ensure

that collateral acceptance operations remain aligned as between CMESC and its Securities Settlement Bank(s).

Second, with respect to Outstanding Exposure Settlement for Clear to Deliver Transactions, CMESC proposes to make the following amendments to Rule 1505(b):

- With respect to the settlement variation component of the Outstanding Exposure Settlement for Clear to Deliver Transactions described in Rule 1505(b)(i), CMESC proposes to:
  - clarify in Rule 1505(b)(i) that the loss or profit that will be paid to or collected from CMESC as a settlement variation payment is represented by the difference between the settlement prices for the applicable clearing cycles, multiplied by the par amount of the securities, instead of the difference between the settlement prices for the current and preceding clearing cycles, to reflect the practice that, for the first clearing cycle after novation of a Clear to Deliver Transaction, the settlement variation payment amount is represented by the difference between the current settlement price versus the price at which the Start Leg was purchased or sold, multiplied by the par amount of the securities;
  - add a sentence to Rule 1505(b)(i) to explain that the settlement variation payment amount for settlement cycles subsequent to the first settlement cycles shall be represented by the difference between the settlement price determined during the current settlement cycle versus the settlement price determined during the previous settlement cycle, multiplied by the par amount of the securities;
  - clarify that the accrued coupon interest included in the settlement price for Clear to Deliver Transactions is for the Business Day on which the settlement variation is to be settled, rather than the Business Day on which the settlement variation is calculated, by changing the word ''calculated'' to ''to be settled'' in the fourth sentence of Rule 1505(b)(i);
  - change the phrase ''Where a Cash Treasury Transaction is netted against another obligation'' in the fifth sentence of Rule 1505(b)(i) to ''Where the Corporation settles one or more Cash Treasury Transactions and/or Clear to Deliver Transactions on a net basis as provided in Rule 1504(g)'' to further clarify CMESC's processes for settling Cash Treasury Transaction obligations and Clear to Deliver Transaction obligations on a net basis as provided in Rule 1504(g);
  - clarify in the same fifth sentence of Rule 1505(b)(i) that CMESC will calculate settlement variation based on the resulting net delivery settlement obligation and subsequent settlement variation calculations for subsequent settlement cycles will use the settlement price for the net delivery settlement obligation determined during the previous settlement cycle as the starting price, by adding ''resulting net'', ''for subsequent settlement cycle'', ''net'', ''determined during the previous settlement cycle'' to the fifth sentence of Rule 1505(b)(i); and
  - clarify in the last sentence of Rule 1505(b)(i) that the Haircut Collateral amount will be subtracted from the par amount of the securities (instead of settlement value), when determining the settlement value, *i.e.,* settlement price multiplied by the par amount of the securities for each calculation of the settlement variation.
- With respect to the Repo Rate accrual component of the Outstanding Exposure Settlement for Clear to Deliver Transactions described in Rule 1505(b)(ii), CMESC proposes to:
  - add ''Except as otherwise provided in the Rules, the'' to the third sentence of Rule 1505(b)(ii) to account for certain special situations with respect to the calculation of daily repo rate accrual, such as transfers of positions between Accounts as described below; and
  - add a new sentence to the end of Rule 1505(b)(ii) to account for transfers of positions between Accounts pursuant to the Rules, in which case the aggregate repo rate accrual from the start date to the transfer date may be processed alongside a contrary cash adjustment at the time of the transfer.
- With respect to the Price Alignment Amount component of the Outstanding Exposure Settlement for Clear to Deliver Transactions described in Rule 1505(b)(iv), CMESC proposes to clarify the timing of resetting the calculation for the Price Alignment Amount in Rule 1505(b)(iv)(C). Currently, Rule 1505(b)(iv)(C) provides that the calculation of the Price Alignment Amount will be reset when a transaction is netted against another obligation for settlement. CMESC proposes to clarify that the Price Alignment Amount calculation will be reset when CMESC settles obligations resulting from Clear to Deliver Transactions and/or Cash Treasury Transactions on a net basis in accordance with Rule 1504(g) as described above so that the Price Alignment Amount calculation will be based on the resulting net settlement obligation. CMESC proposes to clarify its process by removing the phrase ''when a transaction is netted against another obligation for'' from Rule 1505(b)(iv)(C) and adding ''Where the Corporation settles one or more Clear to Deliver Transactions and/or Cash Treasury Transactions on a net basis as provided in Rule 1504(g),'' and ''such that it is based on the resulting net settlement obligation'' to Rule 1505(b)(iv)(C). In addition, CMESC also proposes to remove the word ''only'' and add the word ''net'' to the last part of Rule 1505(b)(iv)(C) so it is clear that any subsequent Price Alignment Amount calculations will include settlement variation received or paid related to the net delivery settlement obligation.
- With respect to Haircut Collateral collected or returned as part of the Outstanding Exposure Settlement for Clear to Deliver Transactions described in Rule 1505(b)(vii), CMESC proposes to make two clarification changes in Rules 1505(b)(vii)(A) and (B). CMESC proposes to clarify that collection of Haircut Collateral will be reflected as a debit of the ''current cash value'' of Haircut Collateral submitted on the transaction for the funds borrower and a credit for the funds lender by adding the words ''current cash value of'' and removing the word ''cash'' from Rule 1505(b)(vii)(A). Conversely, return of Haircut Collateral will be reflected as a debit of the ''current cash value of'' Haircut Collateral submitted on the transaction for the funds lender and a credit for the funds borrower and CMESC proposes to add to Rule 1505(b)(vii)(B) the words ''current cash value of'' and removing from Rule 1505(b)(vii)(B) the word ''cash'' to make this clarification.

Third, with respect to Outstanding Exposure Settlement for Cash Treasury Transactions, CMESC proposes to make the following amendments to Rule 1505(c)(i):

- Add a sentence to Rule 1505(c)(i), similar to the sentence added to Rule 1505(b)(i), that states: ''For subsequent settlement cycles for open Cash Treasury Transaction positions, the settlement variation payment amount shall be represented by the difference between the settlement price determined during the current settlement cycle versus the settlement price determined during the previous settlement cycle, multiplied by the par amount of the securities.'' This revision reflects CMESC's approach to processing and calculating settlement variation for Cash Treasury Transactions in the same manner as Clear to Deliver Transactions for each settlement cycle;
- Change the phrase ''Where a Cash Treasury Transaction is netted against another obligation'' in Rule 1505(c)(i) to ''Where the Corporation settles one or more Cash Treasury Transactions and/or Clear to Deliver Transactions on a net

basis as provided in Rule 1504(g)'' to clarify that settlement obligations for Cash Treasury Transactions and Clear to Deliver Transactions will be determined on a net basis as provided in Rule 1504(g); and

• Clarify that in circumstances where settlement obligations for Cash Treasury Transactions and/or Clear to Deliver Transactions are determined on a net basis as provided in Rule 1504(g), CMESC will calculate settlement variation based on the resulting net delivery settlement obligation and subsequent settlement variation calculations for subsequent settlement cycles will use the settlement price for the net delivery settlement obligation determined during the previous settlement cycle as the starting price. CMESC proposed to make this clarification by adding ''resulting net'', ''for subsequent settlement cycle'', ''net'', ''determined during the previous settlement cycle'' to the last sentence of Rule 1505(c)(i).

Fourth, with respect to Outstanding Exposure Settlement for Clear to Hold Transactions, CMESC proposes to make the following amendments to Rule 1505(d):

• Revise reference from ''subparagraphs (i)–(iii)'' to ''subparagraphs (i)–(v)'' to account for new paragraphs (iv) and (v) added to Rules 1504(d), as discussed below;

• Add the phrase ''subject to applicable procedures of the Corporation and the Corporation's Securities Settlement Bank(s).'' to clarify that the permitted forms of Outstanding Exposure Settlement will be subject to the applicable procedures of CMESC and the Securities Settlement Bank(s), in order to maintain consistency with the revised text of Rule 1505(a); and

• Address two additional components of the Outstanding Exposure Settlement for Clear to Hold Transactions by adding two new subparagraphs (iv) and (v) to Rule 1505(d) regarding the exchanges of Outstanding Exposure Settlement and a transfer cash component or cash adjustment amount that may be included in Outstanding Exposure Settlement for Clear to Hold Transactions:

○ Proposed new Rule 1505(d)(iv) will provide that the Settlement Variation component of Outstanding Exposure Settlement for Clear to Hold Transactions will be exchanged at least twice daily in the form of Eligible Securities collateral and at times that coincide with the processing of Outstanding Exposure Settlement for Clear to Deliver Transactions and Cash Treasury Transactions set forth in Rule 508(c)(i) and (ii), except as otherwise permitted by CMESC and applicable procedures of the relevant Securities Settlement Bank; and

○ Proposed new Rule 1505(d)(v) will provide that Outstanding Exposure Settlement for Clear to Hold Transactions that are subject to a delivery failure, default management or transfers may include a transfer cash component or other miscellaneous cash adjustment amount to be paid or collected, at the CMESC's instruction and on the timelines consistent with the Clear to Deliver timeline for settling Outstanding Exposure Settlement, through a Bank or a Securities Settlement Bank designated by CMESC.

Fifth, with respect to intraday clearing cycle on each Business Day, CMESC proposes to amend Rule 1505(f)(i) to provide more detail with respect to the form(s) and components of Outstanding Exposure Settlement for Clear to Deliver Transactions and Cash Treasury Transactions. Currently, Rule 1505(f)(i) provides that Outstanding Exposure Settlement for Clear to Deliver Transactions and Cash Treasury Transactions will be exchanged and will only be inclusive of the settlement variation calculation as detailed in Rule 1505. CMESC proposes to clarify that Outstanding Exposure Settlement for Clear to Deliver Transactions and Cash Treasury Transactions will be exchanged ''in cash unless otherwise determined or permitted by the Corporation, will include the settlement variation calculation as detailed in this Rule 1505, and may include other cash adjustments as determined by the Corporation, including repo rate accrual adjustments in special cases involving the transfer or close out of relevant transactions.''

Finally, CMESC also proposes certain technical, administrative, clarifying and conforming changes to Rule 1505(f) that are not described above. Please see the descriptions in the table under ''7. *Other Technical, Administrative, Clarifying and Conforming changes*'' below.

6. Amendments to Rules 1506 To Update Settlement Fails Provisions for Cash Treasury Transactions and Clear To Deliver Transactions and for Clear To Hold Transactions

CMESC further proposes to amend Rule 1506 to update and clarify settlement fail provisions for Cash Treasury Transactions and Clear to Deliver Transactions and for Clear to Hold Transactions as follows:

First, with respect to Repo Transaction fails, CMESC proposes to add ''for Clear to Deliver Transactions'' to Rule 1506(b)(iii) and Rule 1506(c)(ii) to clarify that the fail charge assessed against a Member or User that failed to deliver Eligible Securities in satisfaction of the settlement obligations with respect to the Start Leg or Off Leg a Repo Transaction would not apply to Clear to Hold Transactions.

Second, CMESC proposes to delete clause (ii) from Rule 1506(d) regarding Cash Treasury Transaction Fails, because repo rate assessment would not apply to Cash Treasury Transactions, and to renumber existing clause (iii) as clause (ii) due to that deletion.

Third, CMESC proposes to amend existing Rule 1506(f) to clarify that fail charges are assessed against a failing Member or User only with respect to Clear to Deliver Transactions or Cash Treasury Transactions. CMESC proposes to make this clarification by replacing the reference to ''Repo'' Transactions with ''Clear to Deliver'' Transactions in the first sentence of Rule 1506(f) and adding ''for Clear to Deliver Transactions or Cash Treasury Transactions'' to the second sentence of Rule 1506(f) to clarify that CMESC will pay collected fail charges ''for Clear to Deliver Transactions or Cash Treasury Transactions'' pro rata to the Members or Users to which CMESC allocates the fail.

Fourth, CMESC also proposes to amend Rule 1506(g) for partial deliveries of settlement obligations. Existing Rule 1506(g) outlines the procedural requirements in the event that a Member or User fails in part to satisfy its obligation to deliver Eligible Securities to settle a Repo Transaction or Cash Treasury Transaction. CMESC proposes to amend Rule 1506(g) to include two subparts: (1) proposed Rule 1506(g)(i) would apply to Clear to Deliver Transactions and Cash Treasury Transactions, and (2) proposed Rule 1506(g)(ii) would apply to Clear to Hold Transactions. Specifically:

• Existing Rule 1506(g) would become new Rule 1506(g)(i), applicable to Clear to Deliver Transactions and Cash Treasury Transactions, with the following modifications:

○ Because the first sentence of existing Rule 1506(g) describes the same requirements that are now provided in Rule 1504(f)(viii)(B), to eliminate redundancy, CMESC proposes to remove the first sentence of existing Rule 1506(g) and add to the second sentence of existing Rule 1506(g) (which now becomes Rule 1506(g)(i)) a cross reference to ''in accordance with the provisions of Rule 1504(f)(viii)(B)'';

○ Replace ''Repo'' Transaction with ''Clear to Deliver'' Transaction in the second sentence of exhibit Rule 1506(g) (now the first sentence of new Rule

1506(g)(i)) to clarify that the applicable Repo Transaction being referred to is Clear to Deliver Transaction, not a Clear to Hold Transaction; and

○ Replace ''Repo'' Transaction with ''Clear to Deliver'' Transaction ''or a Cash Treasury Transaction'' in the third sentence of existing Rule 1506(g) (now the second sentence of new Rule 1506(g)(i)) to clarify that, if a Member or User partially fails to satisfy its obligation to deliver Eligible Securities to settle the Start Leg or Off Leg of a Clear to Deliver Transaction or a Cash Treasury Transaction, CMESC's obligation to deliver Eligible Securities to the Member or User allocated the fail shall be reduced.

• New Rule 1506(g)(ii) for Clear to Hold Transaction will provide the following:

○ First, with respect to a Member or User's failure to settle the Start Leg of a Clear to Hold Transaction, new Rule 1506(g)(ii) will allow for partial delivery subject to certain conditions, as follows: ''In the event that a Member or User fails in part to satisfy its obligation to deliver Eligible Securities to settle the Start Leg of a Clear to Hold Transaction, the Corporation will allow for partial delivery of an obligation; provided that such partial deliveries comply with the rules, policies, procedures and practices of the Corporation and the relevant Securities Settlement Bank(s) and Bank(s) used to settle such obligations.''; and

○ The procedures for partial delivery for Clear to Hold Transactions in new Rule 1506(g)(ii) will be added, as follows: ''If a Member or User delivers Eligible Securities in an amount that partially satisfies its obligation to deliver Eligible Securities to settle the Start Leg of a Clear to Hold Transaction, (x) the Corporation shall deliver such Eligible Securities to the Member or User allocated the fail, and (y) the failing Member or failing User will receive cash equal to the value of Eligible Securities delivered. If a Member or User partially fails to satisfy its obligation to deliver Eligible Securities to settle the Start Leg of a Clear to Hold Transaction, the Corporation's obligation to deliver Eligible Securities to the Member or User allocated the fail shall be reduced by the amount of the failing Member's or failing User's unsatisfied delivery obligation, until the Business Day on which the Corporation has received such Eligible Securities from the failing Member or User. If the Corporation delivers Eligible Securities to the Member or User allocated the fail to settle the Start Leg of a Clear to Hold Transaction in an amount that partially satisfies the Member's or User's securities receipt entitlement with respect to such Repo Transaction, the Member's or User's obligation to deliver Eligible Securities to the Corporation on the Off Leg of such Repo Transaction shall be reduced by the amount of the Member's or User's unsatisfied securities receipt entitlement.''

Fifth, CMESC proposes to amend Rule 1506(h) (revised to refer to ''Corporation Buy-in; Clear to Deliver Transactions and Cash Treasury Transactions'') to limit CMESC's buy-in rights to Cash Treasury Transactions and Clear to Deliver Transactions by adding a new lead-in phrase ''With respect to Cash Treasury Transactions and/or Clear to Deliver Transactions:'' to clarify that Rule 1506(h) applies to only to Clear to Deliver Transactions and Cash Treasury Transactions and does not apply to Clear to Hold Transactions. In addition, CMESC proposes to make the following clarifying and clean-up changes to Rule 1506(h):

• Replace ''loaned to'' with ''owed by'' in Rule 1506(h)(i) to improve clarity and readability;

• Replace ''borrowed from'' with ''owed by'' in two places in Rule 1506(h)(iii) and changing ''was the cash borrower'' to ''is the failing party'' in the same paragraph to improve clarity and readability, as well as consistency across CMESC documentation; and

• Amend the last sentence of Rule 1506(h)(iv) to provide more detail regarding the actions CMESC will take to effect a cash settlement on the first Business Day after CMESC receives a notice of the value of the securities from a Member or User that effects a cash settlement. CMESC proposes to replace ''pay such'' with ''collect from the failing Member or failing User, and pay to the non-failing'' and to add '', as determined by the Corporation,'' and ''non-failing'' to the last sentence, which will provide: ''On the first Business Day after the Corporation receives such notice, the Corporation shall collect from the failing Member or failing User, and pay to the non-failing Member or User, any reasonable loss or cost, as determined by the Corporation, incurred in connection with such cash settlement, and such non-failing Member or User shall pay the Corporation any profit or gain made in connection therewith.''

7. Other Technical, Administrative, Clarifying and Conforming Changes

In addition to the proposed changes described above, CMESC further proposes certain technical, administrative, clarifying and conforming changes to improve readability and accuracy. The table below lists each such proposed change and its purpose.

Rule	Proposed change	Purpose
Rule 604(a)	Delete ''and Bank(s)'' from the first sentence because Banks are not relevant to settlement of Transactions.	Technical.
Rule 604(a)	Change ''if'' to ''of'' in the second sentence to correct a typographical error.	Technical.
Rule 604(a)	Change ''the'' to ''any such'' in the second sentence to improve readability.	Technical.
Rule 604(b)	Delete ''or Bank(s)'' from the first sentence and delete ''or Bank'' from the second sentence because Banks are not relevant to settlement of Transactions.	Technical.
Rule 1503(d)	Change ''Prior to the appointed settlement time of a Cash Treasury Transaction . . .'' to ''Prior to the applicable cutoff time for a Cash Treasury Transaction . . .'' to improve clarity and accuracy.	Clarification.
Rule 1503(e)(iv)	Change ''Serves'' to Serve'' to correct a typographical error	Technical.
Rule 1504(f)(iv)	Change ''account'' to ''accounts'' to reflect multiple settlement accounts at CMESC's Securities Settlement Bank(s).	Clarification.
Rule 1504(f)(iii)	Change ''security obligation'' to ''securities obligation'' to correct typographical error.	Technical.
Rule 1504(f)(v)(B), (C) and (D)	Remove the word ''Repo'' from ''Clear to Deliver Repo Transactions'' to conform to the defined term ''Clear to Deliver Transactions''.	Clarification.

Rule	Proposed change	Purpose
Rule 1504(f)(v)(F)	Change ''a Daily Settlement Report'' to ''Daily Settlement Reports'' to reflect CMESC's practice of issuing multiple Daily Settlement Reports and maintain consistency with the proposed change to Rule 1504(e) as described below.	Clarification and Conforming Change with proposed Rule 1504(e).
Rule 1504(f)(v)(L)	Add a missing period to the end of the paragraph	Technical.
Rule 1504(f)(vii)(A)	Change the lead-in phrase ''By the settlement deadline'' to ''In accordance with the settlement deadlines'' to improve clarity and readability.	Clarification.
Rule 1504(f)(vii)(A), (B)	Insert ''(v)'' after the cross-reference to Rule 1504(f) to improve precision of the cross-reference.	Clarification.
Rule 1504(f)(vii)(A)a	Change ''account'' to ''account(s)'' in three places to reflect multiple accounts a Member, User or CMESC may maintain at CMESC's Securities Settlement Bank(s) for settling Clear to Hold Transactions.	Clarification.
Rule 1504(f)(vii)(A)b	Change ''account'' to ''account(s)'' in two places to reflect multiple accounts a Member or User may maintain at its settlement bank(s) for settling each Clear to Deliver Transaction, Cash Treasury Transaction or netted settlement obligation.	Clarification.
Rule 1504(f)(vii)(A)b	Change ''Securities Settlement Bank'' to ''settlement bank'' in three places to conform to the proposed changes to Rule 604 that expand Members and Users' choice of settlement banks.	Clarification.
Rule 1504(f)(vii)(B)	Change the lead-in phrase ''By'' the settlement deadlines to ''In accordance with'' the settlement deadlines to improve clarity and readability.	Clarification.
Rule 1504(f)(vii)(B)	Change ''Daily Settlement Report'' to ''Daily Settlement Reports'' to reflect CMESC's practice of issuing multiple Daily Settlement Reports.	Clarification.
Rule 1504(f)(vii)(B)b	Change ''Securities Settlement Bank'' to ''settlement bank'' to conform to the proposed changes to Rule 604 that expand Members and Users' choice of settlement banks.	Clarification and Conforming Change with proposed Rule 1504(e).
Rule 1504(f)(vii)(C)	Change the lead-in phrase ''By the settlement deadline'' to ''In accordance with the settlement deadlines'' to improve clarity and readability.	Clarification.
Rule 1504(f)(vii)(C)	Add ''(v)'' after the cross-reference to Rule 1504(f) to improve precision of the cross-reference.	Clarification.
Rule 1504(f)(vii)(C)	Change ''Daily Settlement Report'' to ''Daily Settlement Reports'' to reflect CMESC's practice of issuing multiple Daily Settlement Reports.	Clarification.
Rule 1504(f)(vii)(C)b	Change ''Securities Settlement Bank'' to ''settlement bank'' to conform to the proposed changes to Rule 604 that expand Members and Users' choice of settlement banks.	Clarification and Conforming Change with proposed Rule 604.
Rule 1504(g)(ii)(A)	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(ii)(A) are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(ii)(B)	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(ii)(B) are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(ii)(B)c	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(ii)(B)c. are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(ii)(C)	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(ii)(C) are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(ii)(C)c	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(ii)(C)c. are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(iii)(A)	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(iii)(A) are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(iii)(B)	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(iii)(B) are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(iii)(B)c	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(iii)(B)c. are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(iii)(C)	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(iii)(C) are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(iii)(C)c	Replace ''Repo'' with ''Clear to Hold'' to clarify that the netting procedures set forth in Rule 1504(g)(iii)(C)c. are with respect to Clear to Hold Transactions.	Clarification.
Rule 1504(g)(iv)	Change ''Transactions'' to ''Transaction'' to correct typographical error.	Technical.

Rule	Proposed change	Purpose
Rule 1504(g)(iv)(A)	Replace ''Clear to Deliver Start Leg'', ''Clear to Deliver Off Leg'' and ''Cash Treasury'' with ''Clear to Deliver Transaction Start Leg'', ''Clear to Deliver Transaction Off Leg'' and ''Cash Treasury Transaction'' to conform to the defined terms ''Clear to Deliver Transaction'' and ''Cash Treasury Transaction''.	Clarification.
Rule 1504(g)(iv)(A)	Change ''the Member's or User's netted collateral delivery obligations and receipt entitlements (the collateral settlement obligation) per CUSIP'' to ''the Member's or User's netted collateral delivery obligation and receipt entitlement (*i.e.,* the collateral settlement obligation) per CUSIP'' to improve readability.	Clarification.
Rule 1504(g)(iv)(A)a	Replace ''End Leg'' with ''Off Leg'' to use the correct defined term	Clarification.
Rule 1504(g)(iv)(A)b	Replace ''End Leg'' with ''Off Leg'' to use the correct defined term	Clarification.
Rule 1505	Add a period after ''Rule 1505.'' In header to correct typographical error.	Technical.
Rule 1506	Change header from ''Rule 1506 Eligible Security Transaction Fails'' to Rule 1506. Eligible Securities Transaction Fails'' to correct typographical error.	Technical.

(b) Statutory Basis

CMESC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act. Section 17A(b)(3)(F) requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.[5] The proposed changes to Rules 503(b), 1503, 1504, 1505 and 1506 are designed to better describe certain features of and clarify CMESC's treatment of Haircut Collateral in Clear to Hold Transactions, as well as to clarify and update descriptions of CMESC's settlement fails provisions, its processes for settling Eligible Securities Transactions and for calculating and processing Outstanding Exposure Settlement, to better align with CMESC's operational processes and the practices of the Securities Settlement Bank(s), as applicable, and to enhance consistency and transparency. In addition, the proposed changes to Rule 604 and the associated conforming changes to Rules 601 and 101 will expand Participants' choice of settlement bank(s), subject to CMESC's discretion with respect to operational and risk management considerations. As such, CMESC believes that the proposed rule change will facilitate the prompt and accurate clearance and settlement of securities transactions, which, in turn, promotes the protection of investors and the public interest, in furtherance of Section 17A(b)(3)(F).[6]

In addition, CMESC also believes that the proposed rule change is consistent with Rule 17ad–22(e)(9),[7] which requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to conduct its money settlements in central bank money, where available and determined to be practical by the Board, and minimize and manage credit and liquidity risk arising from conducting its money settlements in commercial bank money if central bank money is not used. Under the proposed changes to Rule 604 and the associated conforming changes to Rules 601 and 101, CMESC will provide Participants with greater choice of banks used to settle securities delivery obligations for Cash Treasury Transactions and Clear to Deliver Transactions, provided that such bank or trust company is subject to supervision under Federal or State banking laws and has access to the Fedwire for securities and funds movements. In addition, CMESC may, in its reasonable judgment, disallow a Participant from utilizing a bank or trust company for settling its Eligible Securities Transactions due to operational or risk management considerations. The conditions imposed on the settlement bank(s) chosen by Participants are designed to minimize and manage credit and liquidity risk arising from money settlements in commercial bank money. As such, CMESC believes that the proposed rule change is consistent with the requirements of Rule 17Ad–22(e)(9).[8]

Finally, CMESC believes that the proposed rule change is consistent with Rule 17ad–22(e)(12), which requires a covered clearing agency, for transactions that involve the settlement of two linked obligations, to establish, implement, maintain and enforce written policies and procedures reasonably designed to eliminate principal risk by conditioning the final settlement of one obligation upon the final settlement of the other, regardless of whether the covered clearing agency settles on a gross or net basis and when finality occurs. As stated above, the proposed rule change serves to clarify and update operational processes to provide certain details that were not previously provided and does not impact CMESC's risk management practices. In particular, the proposed rule change does not increase any principal risk for CMESC in the clearance and settlement process. CMESC's existing Rule 1504 already requires the settlement of Eligible Securities Transactions on a delivery versus payment basis, effectively conditioning the final settlement of the securities delivery obligation(s) upon the final settlement of cash payment, regardless of whether the Eligible Securities Transactions are settled on a gross or net basis. Proposed amendments to Rules 1504(d), (f) and (g) would consolidate duplicative text and revise the descriptions of settlement and netting procedures for Clear to Deliver Transactions, Cash Treasury Transactions and Clear to Hold Transactions for greater consistency in conditioning the final settlement of the securities delivery obligation upon the final settlement of the cash payment obligation, whether on gross or net basis. In addition, proposed amendments to Rule 1504(f) would permit CMESC to settle obligations resulting from a same-day settling Cash Treasury Transaction or Clear to Deliver Transaction directly with Participant counterparties to a riskless principal, without delivering securities or making payment to the riskless principal, where the riskless principal and its Participant counterparties have identical and offsetting settlement obligations, which

[5] 15 U.S.C. 78q–1(b)(3)(F).

[6] *Id.*

[7] 17 CFR 240.17ad–22(e)(9).

[8] *Id.*

will promote settlement efficiency without increasing or changing CMESC's principal risk. Similarly, proposed amendments to Rule 1506 also do not change or increase CMESC's principal risk, which is eliminated under the existing Rules that already provide allocation of fails and partial delivery, but are designed to update and clarify settlement fail provisions for Cash Treasury Transactions and Clear to Deliver Transactions and for Clear to Hold Transactions. As such, CMESC believes that the proposed rule change is consistent with the requirements of Rule 17ad–22(e)(12).

B. CMESC's Statement on Burden on Competition

CMESC does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change does not impact CMESC's risk management practices or related policies. Rather, it serves to clarify and update operational processes to provide certain details that were not previously provided. As such, the proposed rule change does not change Participants' access to CMESC's Clearing Services or Participants' delivery or payment obligations for purposes of settlement or create additional rights and obligations of Members and Users that do not already exist under the existing Rules and other existing risk management policies. As such, CMESC does not believe the proposed rule change would have impact on burden on competition that does not already exist under the existing Rules or other existing risk management policies or is not necessary or appropriate in furtherance of the purposes of the Act.

C. CMESC's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

CMESC currently does not have any Members or Users and has not received nor solicited any written comments from others related to this proposal. CMESC has not received any unsolicited written comments from any interested parties. If any written comments are received, they will be publicly filed as Exhibit 2 to this filing, as required by Form 19b–4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b–4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at *https://www.sec.gov/regulatory-actions/how-to-submit-comments.* General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at *tradingandmarkets@sec.gov* or 202–551–5777. CMESC reserves the right to not respond to any comments received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

(i) Significantly affect the protection of investors or the public interest;

(ii) Impose any significant burden on competition; and

(iii) Become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act[9] and Rule 19b–4(f)(6)[10] thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–CMESC–2026–009 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, Station Place, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR–CMESC–2026–009. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (*https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking*). Copies of the filing also will be available for inspection and copying at the principal office of CMESC and on CMESC's website (*https://www.cmegroup.com/market-regulation/rule-filings.html*). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR–CMESC–2026–009 and should be submitted on or before December 14, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[11]

Vanessa A. Countryman,

Secretary.

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BILLING CODE 8011–01–P

[9] 15 U.S.C. 78s(b)(3)(A).

[10] 17 CFR 240.19b–4(f)(6).

[11] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #22074 and #22075; GUAM Disaster Number GU–20000]

Administrative Declaration of a Disaster for the Territory of Guam

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is notice of an Administrative declaration of a disaster for the Territory of Guam dated November 18, 2026.

Incident: Super Typhoon Sinlaku.

DATES: Issued on November 18, 2026.

Incident Period: April 11, 2026 through April 18, 2026.

Physical Loan Application Deadline Date: January 19, 2027.

Economic Injury (EIDL) Loan Application Deadline Date: August 18, 2027.

ADDRESSES: *Visit the MySBA Loan Portal at https://lending.sba.gov* to apply for a disaster assistance loan.

FOR FURTHER INFORMATION CONTACT: Jennifer Talarico, Office of Disaster