

VIA E-MAIL AND COURIER

December 21, 2009

Mr. David Stawick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

RE: Revised Petition to Commingle Customer Funds Used to Margin Credit Default Swaps Cleared by CME with Other Funds Held in Segregated Accounts
CME Submission # 08-175R

Dear Mr. Stawick:

Chicago Mercantile Exchange Inc. ("CME") hereby petitions the Commission for an Order pursuant to Section 4d of the Commodity Exchange Act, as amended (the "Act"), that permits customer funds used to margin, secure or guarantee Credit Default Swaps ("CDS") to be held in Section 4d segregated customer accounts.

We seek an order that permits the CME clearing house ("CME Clearing"), a registered derivatives clearing organization ("DCO"), and futures commission merchants ("FCMs") clearing through CME Clearing to commingle customer funds used to margin, secure, or guarantee CDS cleared by CME Clearing with other funds held in segregated accounts maintained in accordance with Section 4d of the Act and Commission regulations.

Overview

CME Cleared CDS are intended to bring the safety and efficiency afforded to cleared futures to over the counter ("OTC") credit default swaps. CME Cleared CDS will initially launch with certain Index CDS, but eventually will include both Index CDS and Single Name CDS, as further described in the CME rules attached as Exhibit A. CME Clearing will be the counterparty to every CME Cleared CDS transaction accepted for clearing and will provide all clearing house services, including a mark-to-market function as described in this submission, for all CME Cleared CDS on a daily basis.¹

¹ In addition to the instruments listed in Exhibit A, CME proposes that an Order granting the relief sought in this petition would apply to additional CDS contracts upon seven (7) days prior written notice to the Commission, provided that the issuer of the reference security or other instrument, or the reference security or other instrument, is one of the following:

- an entity reporting under the Securities Exchange Act ("Exchange Act") or providing Securities Act Rule 144A(d)(4) information;
- a foreign private issuer exempt from Exchange Act registration and reporting pursuant to Exchange Act Rule 12g3-2(b);

A. Benefits

CME Cleared CDS standardize contract-critical dates (e.g., start dates, last trade dates, expiry dates) and other contract terms. This enables customers who hold positions to liquidate or to adjust positions simply by buying back or selling the relevant contracts. The associated benefits are considerable:

Centralized clearing. CME Cleared CDS allow users to free up counterparty credit lines. The daily mark-to-market process employed by CME Clearing enhances customer risk management.

Operational efficiencies. Centralized clearing of credit default swaps reduces operational burdens in several ways. Standardization and centralized clearing enables consolidation of collateral management and cash flows and eliminates the need for novations or tear-ups.

Ease of position adjustment. In the OTC market, the only means to completely eliminate the risk of a credit default swap is to (i) enter into a tear-up agreement with the swap counterparty, or (ii) enter into a novation (i.e., find another entity willing to assume its side of the swap). In either case, the tear-up or the novation must be approved by the bilateral swap counterparty. Centrally cleared CDS, on the other hand, can be offset by a contra trade.

B. Continued Compliance with Core Principles

The CME Cleared CDS initiative described herein is compliant with DCO Core Principles as enumerated in Section 5b(c)(2) of the Act and Part 39 of Commission Regulations. In particular, Core Principle B requires a DCO to demonstrate "adequate financial, operational, and managerial resources to discharge the responsibilities of a derivatives clearing organization." Core Principle D requires a DCO to maintain "ability to manage the risks associated with discharging the responsibilities of a derivatives clearing organization through the use of appropriate tools and procedures."

As further explained below, CME Clearing will deploy the same or enhanced systems, procedures and processes to clear CME Cleared CDS as currently utilized for other transactions cleared by CME. CME Clearing is staffed by over 169 employees, including IT and Audits staff. In the first six months of 2009, CME Clearing processed and cleared over 756 million transactions on behalf of CME, CBOT and NYMEX with an estimated notional value of \$390 trillion.

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- a foreign sovereign debt security;
 - an asset-backed security, as defined in Regulation AB, issued in a registered transaction with publicly available distribution reports;
 - an asset-backed security issued or guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae;
 - an instrument that has a U.S. investment grade credit rating or EU equivalent;
 - any component of the following CDS indexes: CDX IG, HY, IG HVOL, and XO indices; iTraxx Europe, Europe HVOL, XO, Financial Senior, and Financial Subordinate indices;
 - any component of any comparable CDS index approved in advance by the Securities and Exchange Commission pursuant to a written order;
 - an index comprised exclusively of any of the above; or
 - an instrument otherwise approved in advance by the Securities and Exchange Commission pursuant to a written order.

1. Financial Safeguards Package

CME Clearing's financial safeguards package is a combination of each clearing member's collateral on deposit to support its positions, the collateral of its customers to support their positions, CME surplus funds, guaranty fund deposits and assessment powers. Excluding collateral supporting open positions, whose total is approximately \$85 billion, the total financial safeguards package is nearly \$7 billion, currently comprised of the following elements:

- CME surplus funds of approximately \$177 million
- Guaranty fund deposits of approximately \$1.97 billion
- Assessment powers of approximately \$5.4 billion

CME's financial safeguards package is measured and stress tested each month to ensure that CME Clearing can, at a minimum, cover its two largest net debtors. The stress tests (described in further detail below) rely upon the largest historical market moves for each product and are performed independently from asset class to asset class. Thus, for example, interest rate stress tests are independent of equity stress tests and energy stress tests, and CDS stress tests will be independent of CME's other asset classes. Actual changes to clearing firm contributions to the financial safeguards package are calculated quarterly. Any changes to financial safeguard policies are reviewed and approved by the Clearing House Risk Committee.

The addition of CME Cleared CDS contracts to the risk pool will not adversely impact the safety and soundness of CME Clearing. The collateral requirements for these contracts will appropriately reflect the specific risks of credit default swaps, including jump-to-default and the consequences of a liquidity event caused by the defaults. In accordance with Rule 8F04 of Chapter 8-F (Over-the-Counter Derivative Clearing) of the CME Rulebook (Exhibit B hereto), clearing members that clear CME Cleared CDS are subject to increased capital requirements. Also, the calculation of that portion of a clearing member's guaranty fund deposit that is related to the risk of its CDS position will be scaled upward by a factor of four.

Moreover, as reflected in CME Rule 802 (Exhibit C hereto), and as further described in Exhibit D hereto (Default Management Overview), the financial safeguards package has been designed to meet the unique demands of CDS clearing, and includes the tranching of guaranty fund deposits by product class to ensure a commensurate assumption of risk by those firms clearing each product. In addition, the unique nature of CDS default-management processes may delay the finalization of CDS specific losses until some time after other product classes. Tranching will help to (i) ensure an equitable reservation of capital for CDS losses, and (ii) account for any delay in finalization of losses.

2. Risk Management Procedures

Margining. Performance bond margining for CME Cleared CDS is described in detail in Exhibit E hereto (for which Confidential Treatment is requested).² CME's CDS margin requirements will be consistent with a 99% confidence level that such margin rates would provide 5-day coverage for cleared portfolios. CME Clearing will also include stress testing of the different CDS margin factors to capture moves beyond the one-day 99% standard on the macro and sector moves and the five-day

² Financial Industry Regulatory Authority ("FINRA") Rule 4240 (Margin Requirements for Credit Default Swaps), as approved by the Securities and Exchange Commission, provides for an interim pilot program, expiring on November 30, 2010, with respect to margin requirements for CDS transactions executed by FINRA members. Among other things, Rule 4240 requires FINRA members to require the applicable CME margin as a minimum for customer or broker-dealer CDS transactions cleared by CME Clearing.

99% standard for the idiosyncratic shocks. This will be included in framing the financial safeguards package, adding concentration types of margining, and routine stress testing. In addition, as mentioned above, the CDS margin factor parameters will be reviewed on a daily basis as a back-testing procedure to ensure the parameters are providing the desired coverage. CME Clearing will also review on a daily basis the margin collected on CDS portfolios and compare those amounts to next-day market moves so that actual portfolio effects can be determined and gauged against the margin coverage. The concentration of CDS positions will also be evaluated beyond the margin factors and compared against overall open interest and liquidity in the CDS market.

For these products, CME Clearing will utilize concentration margining based on the following risk factors/stress testing scenarios:

- Credit volatility scenarios from 2007/2008.
- Stress test for loss given default of two or more of the most concentrated positions in a portfolio to address concentration risks and the risk of financial distress in single-name instruments.
- Catastrophic credit events to address systematic risk.
- Open-interest concentration risk.
- Cascading effects from single-name credit events referencing CME clearing firms or clearing-firm affiliates (*e.g.*, AIG Clearing Corp. and its parent, AIG Inc.).

CME Clearing also will use the same methodologies for concentration monitoring and margining for CME Cleared CDS as are used for the current product base. Margining of the current product base incorporates additional margin for firms with larger concentrations of positions. A stress test is run every night on each clearing member's customer and house portfolios. The stress test hypothetically moves futures contracts by 150 percent of their current margin requirement. For example, the current margin on an S&P 500 future is 90 points so the stress test moves the future up and down by 135 points and reprices all the S&P options based on those moves. The scenario generating the largest loss for each product group is used to test whether additional concentration margins will be applied.

If the stress-test result for a given product group exceeds the clearing member's excess adjusted net capital or \$500 million and the average of its three highest pays over the previous year, the total margin requirement for that product group is increased by ten percent. If the stress-test result for a given product group exceeds two times the clearing member's excess adjusted net capital or \$1 billion and the average of its three highest pays over the previous year, the total margin requirement for that product group is increased by 25 percent.

In addition, CME Clearing will monitor concentrations as reflected in percent of open interest for a given obligor controlled by a single clearing firm or large trader, and will assess additional margin to reflect the incremental exposures deriving from these concentrations.

Stress testing. CME Clearing conducts a multitude of stress tests on its existing product base. Stress tests currently employed include the following:

- On a daily basis, all clearing member positions are subjected to significant hypothetical market moves in the stock index, interest rate, currency, energy, metals and agricultural complexes at various levels exceeding the current performance bond requirements in

these products as well as at levels that equal the largest historical market moves for the instruments. Hypothetical gains and losses, incorporating full option revaluation, are calculated for each clearing firm's segregated and house (non-segregated) clearing-level portfolio.

- On a daily basis, customer account level portfolios are also subjected to significant hypothetical market moves in the stock index, interest rate, currency, energy, metals and agricultural complexes to evaluate hypothetical gains/losses relative to clearing member capital.
- On a monthly basis, all clearing member positions are subjected to hypothetical major market moves in the stock index, interest rate and currency products to evaluate the firm's access to sufficient liquidity to cover the potential cash flows.
- On a quarterly basis, all clearing member positions are subjected to hypothetical dramatic moves in the stock index, currency and interest rate products. CME Clearing coordinates market scenarios with the Options Clearing Corporation and combine and jointly review the results.
- As needed, portfolios of individual clearing members are stress-tested to evaluate the impact of changing correlations between products.
- As needed, all clearing member positions are subjected to various additional stress tests based on current market situations.

CME Cleared CDS will be subject to the above types of stress tests. CME Clearing also will perform these tests on hypothetical portfolios of its own creation, which at any given point in time should reflect risk concentrations in the credit markets in general. The inputs will be based on historically generated and internally designed price movements, as applied separately and in combination with each of the following risk factors:

- Systematic – portfolio spread movement.
- Curve – credit curve steepening or flattening.
- Credit Risk Spread – change in investment grade/high yield spreads.
- Sector – risk related to a specific sector.
- Idiosyncratic – single-name reference entity spread movement.
- Liquidity – relative size of bid/offer spreads.
- Basis – relative richness or cheapness of an index relative to its constituents.

The results will be based upon a simulation of each of these factors individually, with the analytical output reflecting the worst-case combination of these stresses. In addition, CME Clearing will run historical simulation results across entire portfolios as well as jump-to-default scenarios for CDS instruments that the market has priced at higher levels of risk.

CME Clearing will integrate the results of these analyses into its current stress-testing dynamics to ascertain the full measure of worst-case losses for all products, including standard futures products. Results from these analyses will be retained in a database, which will allow CME Clearing to track patterns of worst-case outcomes for individual and groups of risk factors, and compare them to actual performance results. In addition, the results of the stress tests will be used in determining margin/collateral requirements, clearing member capital requirements, the size and distribution of the guarantee fund, and similar policy matters. As deemed appropriate, CME Clearing risk management staff will share the results of its stress tests with clearing members and customer accounts whose portfolios have been analyzed in order to ensure that (i) they understand the possible performance outcomes associated with their portfolios, and (ii) they have appropriate risk, financial and contingency controls to effectively manage their activities in the event of worst-case scenarios.

Back testing. CME considers back testing of risk analytics to be a critical component of risk control and intends to perform a series of daily back-tests of both its margin system and of supporting analytics (e.g., stress test results). We will conduct these tests as a continuous comparison of the following information streams:

- Results from the multi-factor risk margin system.
- Results from the stress-test models.
- Actual portfolio performance.

Among other potentially useful information, CME will utilize these back tests to measure the following critical dynamics:

- Consistency of Multi-Factor Risk Margin System in producing results which are in line with associated target confidence intervals.
- Understanding the magnitude, frequency and distribution of performance observations that exceed margin target/confidence interval.
- Accuracy of stress tests in predicting worst-case portfolio outcomes.
- Ensuring that "intermediate calculations" (e.g., movements of credit curves) accurately reflect real-world pricing dynamics.
- Understanding the manner in which margin and stress calculations evolve: over time, across market conditions and at varying levels of product participation.
- Comparison of stress, margin and performance data to dynamics within and across CME Clearing's existing mix of products.

We will maintain the results of the back tests in a historical database, which will allow for further evaluation of key trends and dynamics on an ex-post basis. The back-test results will provide the primary means for measuring the accuracy and efficacy of margin systems and support analytics and, thus, will provide a critical pathway towards further enhancing the analytical process. CME Clearing will use this information, as appropriate, in determining such matters as margin levels, capital requirements and guarantee-fund policies.

Marking to Market; Settlement Prices. Consistent with other products that are cleared by CME Clearing, CME Cleared CDS eventually will be valued (*i.e.*, marked to market) twice per day per currency. In order to minimize market disruption and smoothly assimilate CDS for clearing, for an interim period, CME Cleared CDS will be valued once per day per currency. (Day One USD contracts will be marked after the New York market close.) As further described in Exhibit F hereto (CDS Settlement Pricing Overview, for which Confidential Treatment is requested), end-of-day settlement prices will be based primarily on member quotes. Secondary data sources will include third-party aggregated quotes, executed trade data and third-party marks, and will be used only in the event of receiving fewer than six member quotes per product. Updated settlement prices will be made available to clearing members on their open positions on a regular basis (typically twice a day, or more frequently in case of sudden market moves).

Monitoring. CME Clearing will extend its monitoring procedures to CME Cleared CDS. Monitoring of both clearing firms and customer accounts is currently conducted around the clock. Risk staff monitors significant trading activity at any clearing firm 24 hours a day. Unusual trading patterns or volumes are investigated immediately. Customer account reporting allows CME Clearing to view the positions held by individual accounts. The positions of each account are analyzed many times throughout the day in order to monitor any accounts that may have significant losses due to market moves. In addition, significant changes in positions from day to day are analyzed and reported to CME Clearing senior management.

C. Regulatory Authority

CME seeks relief with respect to certain aspects of the Act governing the handling of customer funds and property. In particular, CME respectfully petitions the Commission for an order under the provisions of Section 4d(a)(2) as stated below. Specifically, Section 4d(a) of the Act provides that:

It shall be unlawful for any person to engage as a futures commission merchant or introducing broker in soliciting orders or accepting orders for the purchase or sale of any commodity for future delivery, or involving any contracts of sale of any commodity for future delivery, on or subject to the rules of any contract market or derivatives transaction execution facility unless ... (2) such person shall, if a futures commission merchant, . . . treat and deal with all money, securities, and property received by such person to margin, guarantee, or secure the trades or contracts of any customer of such person, or accruing to such customer as the result of such trades or contracts, as belonging to such customer. Such money, securities, and property shall be separately accounted for and shall not be commingled with the funds of such commission merchant or be used to margin or guarantee the trades or contracts, or to secure or extend the credit, of any customer or person other than the one for whom the same are held.

Section 4d(b) of the Act provides that:

It shall be unlawful for any person, including but not limited to any clearing agency of a contract market or derivatives transaction execution facility and any depository, that has received any money, securities' or property for deposit in a separate account as provided in paragraph (2) of this section, to hold, dispose of, or use any such money, securities, or property as belonging to the depositing futures commission merchant or any person other than the customers of such futures commission merchant.

Notwithstanding the previously cited provisions, section 4d(a)(2) of the Act provides, in pertinent, part:

That in accordance with such terms and conditions as the Commission may prescribe by rule, regulation, or order, such money, securities, and property of the customers of such futures commission merchant may be commingled and deposited as provided in this section with any other money, securities, and property received by such futures commission merchant and required by the Commission to be separately accounted for and treated and dealt with as belonging to customers of such futures commission merchant.

Therefore, the Commission has the authority to grant the relief requested herein. The Commission previously issued an Order under Section 4d of the Act permitting CME, the Board of Trade of the City of Chicago, Inc. ("CBOT"), and FCMs clearing through CME to commingle customer funds used to margin, secure or guarantee certain OTC "cleared only" ethanol swaps with positions and funds otherwise required to be held in a customer segregated account, subject to specified terms and conditions. See Commission Order dated Sept. 26, 2008 regarding Treatment of Funds Held in Connection with the Clearing of Over-the-Counter Products by The Chicago Mercantile Exchange. In addition, the Commission previously issued an Order under Sections 4d and 4(c) of the Act permitting CME, CBOT and FCMs clearing through CME to commingle customer funds used to margin, secure or guarantee certain OTC "cleared only" agricultural swaps with positions and funds otherwise required to be held in a customer segregated account, subject to specified terms and conditions. See Commission Order dated March 18, 2009 regarding Order (1) Pursuant to Section 4(c) of the Commodity Exchange Act, Permitting the Chicago Mercantile Exchange to Clear Certain Over-The-Counter Agricultural Swaps and (2) Pursuant to Section 4d of the Commodity Exchange Act, Permitting Customer Positions in Such Cleared-Only Contracts and Associated Funds to be Commingled With Other Positions and Funds Held in Customer Segregated Accounts.

D. Terms and Conditions

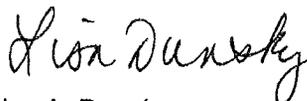
CME seeks an Order pursuant to the provisions of Section 4d(a)(2) of the Act to allow it, and FCMs clearing through CME Clearing, to commingle customer funds used to margin, secure or guarantee CME Cleared CDS with other funds held in segregated accounts maintained in accordance with Section 4d of the Act and Commission regulations, subject to the following terms, conditions and representations.

1. This relief will apply only to CME Cleared CDS.
2. CME Clearing will apply appropriate risk management procedures to transactions and open interest in the eligible products. CME will conduct financial surveillance and oversight of FCMs clearing the eligible products, and CME Clearing and FCMs acting pursuant to the Commission's Order granting this petition will take all other steps necessary and appropriate to manage risk related to clearing the eligible products.
3. Each eligible product will be marked-to-market on a daily basis, and final settlement prices will be established, as described in this submission.
4. CME will make available open interest and settlement price information for eligible products on a daily basis in the same manner as for contracts listed for trading on CME.

5. CME will apply the margining system and calculate margin rates for each eligible product as described in this submission.
6. CME will adopt appropriate position accountability levels for each eligible products and will establish reportable levels for each eligible product.
7. All money, securities, and property received by a participating FCM to margin, guarantee, or secure eligible products shall be deemed to have been received by the participating FCM and shall be accounted for and treated and dealt with as belonging to the customers of the participating FCM consistently with Section 4d of the Act.
8. Subject to the terms and conditions herein, notwithstanding any provision to the contrary in the Commission's rules (including, but not limited to, Rules 1.20(a), 1.22 and 1.24), the money, securities, and property described herein may be commingled with money, securities, and property received by a participating FCM to margin, guarantee, or secure trades or positions in commodity futures or commodity option contracts executed on a DCM or DTEF, or accruing as a result of such trades or contracts, and otherwise required by the Commission to be segregated under the Act.
9. Such relief shall not provide an exemption from any provision of the Act or rules thereunder not specified herein.

If you require any additional information regarding this matter, please do not hesitate to contact me at (312) 338-2483 or via e-mail at Lisa.Dunsky@cmegroup.com. Please reference our CME Submission #08-175 on any future correspondence regarding this matter.

Sincerely,



Lisa A. Dunsky
Director and Associate General Counsel

cc: Mr. Ananda Radhakrishnan
Mr. John Lawton
Ms. Sarah Josephson

EXHIBIT A

Chapter 800 OVER-THE-COUNTER DERIVATIVES

80000. DEFINITIONS

In Chapters 800-806 the capitalized terms listed below shall have the meaning ascribed to them below. All other capitalized terms used in this Chapter 800 which are not otherwise defined in these Rules shall have the meaning ascribed to them in the Credit Derivatives Definitions and the DC Rules.

80000.A. Acceptance Date

Has the meaning given to such term in Rule 80103.D.

80000.B. Acceptance Time

Has the meaning given to such term in Rule 80103.D.

80000.C. Buyer

In respect of a CDS Contract, the Fixed Rate Payer.

80000.D. CAB

Has the meaning given to such term in Rule 80105.

80000.E. CDS Clearing Member

A Clearing Member of the Clearing House that is authorized to enter into CDS Contracts pursuant to these Rules.

80000.F. CDS Contract

Any CDX Untranchured CDS Contract (including any CDX Component Transaction thereof) or North American Single Name CDS Contract.

80000.G. CDS Dealer

A CDS Clearing Member that is, or is an Affiliate of, a primary member of ISDA that regularly engages in the business of making offers to customers to either buy or sell positions in Credit Default Swaps.

80000.H. CDS Participant

A market participant on whose behalf a CDS Clearing Member holds a position in a CDS Contract.

80000.I. CDX Component Transaction

Has the meaning given to such term in Rule 80201.

80000.J. CDX Index Untranchured CDS Contract

Has the meaning given to such term in Rule 80201.

80000.K. CDX Untranchured Terms

Has the meaning given to such term in Rule 80201.

80000.L. CME Determinations Board

A CME Board that has the right and obligation to make Determinations which are applicable to CME's clearing of CDS Contracts, the composition, powers and duties of which are set out in Chapter 804.

80000.M. Contract Elections

In respect of a CDS Contract the elections made by the relevant CDS Clearing Members (both expressly and pursuant to the selection of a clearing product code from the Product Reference File on the relevant Acceptance Date as required by the Clearing House) when the relevant bilateral CDS transaction is submitted to the Clearing House for clearing by them.

80000.N. Credit Default Swap ("CDS")

A transaction in which one party pays either a single fixed amount and/or periodic fixed amounts determined by reference to a specified notional amount, and the other party assumes settlement obligations contingent upon the occurrence of certain defined credit events with respect to one or more reference entities (or obligations thereof) and the satisfaction of certain conditions to settlement. Following the occurrence of a credit event the transaction may be cash settled, auction settled or physically settled.

80000. O. Credit Derivatives Definitions

The 2003 ISDA Credit Derivatives Definitions as supplemented by the 2005 Matrix Supplement to the 2003 Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring **Supplement** to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009), each as published by ISDA.

80000.P. DB Party

Each of the Clearing House, the Board Chairman, a Board Member and any CDS Participant or CDS Clearing Member (or any Affiliate of such CDS Participant or CDS Clearing Member) that designated any Board Member.

80000.Q. DC Rules

The Credit Derivatives Determinations Committees Rules, defined as the "Rules" in Section 1.22 of the Credit Derivatives Definitions.

80000.R. Determination

A decision by the CME Determinations Board related to an Issue.

80000.S. Eligible Contract Participant ("ECP")

An Eligible Contract Participant as defined in section 1a(12) of the Commodity Exchange Act, as amended.

80000.T. ISDA

The International Swaps and Derivatives Association, Inc. or its successor.

80000.U. Issue

Shall have the meaning given to such term in Rule 80401.

80000.V. Launch Date

The date upon which the Clearing House begins clearing CDS Contracts.

80000.X. North American Single Name CDS Contract

Has the meaning given to such term in Rule 80301.

80000.Y. Product Reference File

On any day, a comprehensive list published by the Clearing House on or immediately prior to such day, that identifies CDS Contracts eligible for clearing on such day and the clearing product code of each such CDS Contracts.

80000.Z. Proposal

A proposal submitted in writing by a CDS Clearing Member to address and resolve an Issue being considered by the CME Determinations Board, pursuant to the Determination process set forth in Rule 80405.B.

80000.AA. Seller

In respect of a CDS Contract, the Floating Rate Payer.

80001. INTERPRETATION

For the purposes of any CDS Contract, references in the Credit Derivatives Definitions or the CDX Untranchured Terms to:

- (a) a "Confirmation" shall be deemed to be references to the terms of the relevant CDS Contract as set out in these Rules;
- (b) "Physical Settlement" shall be deemed to be references to CME CDS Physical Settlement pursuant to Chapter 805 of these Rules;
- (c) a "Credit Derivative Transaction" shall be deemed to be references to a CDS Contract; and
- (d) "Trade Date" shall be deemed to be references to the relevant Acceptance Date.

80002. NOTICES

Any notice, document, communication, filing or form to be served on, filed with, made to or provided by the Clearing House to a CDS Clearing Member pursuant to these Rules or in relation to any CDS Contract shall be served, filed, made in accordance with these Rules at the address, fax number or e-mail address and shall be marked for the attention of the person or department last specified by such CDS Clearing Member to the Clearing House.

Any notice, document, communication, filing or form to be served on, filed with, made to or provided to the Clearing House pursuant to these Rules or in relation to any CDS Contract shall be served, filed, made or provided in accordance with these Rules at the address, fax number or e-mail address and shall be marked for the attention of the person or department last specified by the Clearing House to CDS Clearing Members for such purpose.

80003. ISDA DISCLAIMER

ISDA® bears no responsibility or liability arising from the reproduction, public display, incorporation, dissemination or reference to all or any of the 2003 ISDA Credit Derivatives Definitions. © 2003 International Swaps and Derivatives Association, Inc.

Chapter 801 CDS CONTRACTS

80101. SCOPE OF CHAPTER

The scope of this Chapter is limited in application to CDS Contracts. The procedures for trading, clearing and settlement of CDS Contracts and any other matters not specifically covered herein shall be governed by the other Chapters of these Rules, including Chapter 8-F (Over-the-Counter Derivatives Clearing), to the extent applicable. Capitalized terms in this Chapter not otherwise defined in this Chapter shall have the meaning given to such terms in the other Chapters of these Rules, the Credit Derivatives Definitions or the DC Rules.

80102. ELIGIBLE CONTRACT PARTICIPANT

In order to transact in CDS Contracts, a CDS Participant must be an ECP. A CDS Clearing Member that clears CDS Contracts must confirm that each CDS Participant for which it provides clearing services is an ECP at all times clearing services are provided for such CDS Participant. If a CDS Clearing Member becomes aware that a CDS Participant for which it provides clearing services no longer qualifies as an ECP, the CDS Clearing Member must notify the Clearing House and work with the CDS Participant to close out any open CDS Contracts as soon as possible.

CDS Clearing Members and CDS Participants must register with the Clearing House in order to participate in the clearing of CDS Contracts through the Clearing House. CDS Clearing Members and CDS Participants must complete all applicable on-boarding agreements required by the Clearing House to satisfy the registration process.

80103. SUBMISSION OF CDS CONTRACTS TO THE CLEARING HOUSE

80103.A. Trade Booking Facility

Bilateral CDS transactions may be submitted to the Clearing House through a trade booking facility (the "Trade Booking Facility"). The Trade Booking Facility permits participants to submit bilateral CDS transactions, which are executed on the date of submission, to the Clearing House for further trade processing and clearing through the Clearing House through conversion of such bilateral CDS transactions to CDS Contracts. Upon acceptance of the contracts by the Clearing House for clearing pursuant to Rule 80103.D., new CDS Contracts are created with the Clearing House as the central counterparty in accordance with these Rules.

80103.B. Migration Utility

Bilateral CDS transactions may be submitted to the Clearing House through a migration utility (the "Migration Utility"). The Migration Utility permits participants to submit bilateral CDS transactions, which were not executed on the date of submission to the Clearing House for further trade processing and clearing through the Clearing House through conversion of such bilateral CDS transactions to CDS Contracts. The Migration Utility includes pre-submission credit checks on the relevant CDS Clearing Members. Upon acceptance of the bilateral CDS transaction by the Clearing House for clearing pursuant to Rule 80103.D., new CDS Contracts are created with the Clearing House as the central counterparty in accordance with these Rules.

80103.C. Other CDS Submission Methods

Bilateral CDS transactions may be submitted to the Clearing House for clearing from all standard sources including: (a) the Clearing House ClearPort GUI and API; (b) other broker or trade-negotiation platforms approved by the Clearing House; and (c) directly from CDS Clearing Members.

80103.D. Acceptance of CDS by the Clearing House and creation of CDS Contracts

Any bilateral CDS transaction submitted to the Clearing House for clearing will be accepted for clearing and will result in two CDS Contracts each between the Clearing House and the applicable CDS Clearing Member at the point when (i) the bilateral CDS transaction and all required elections have been received and accepted by the Clearing House and (ii) both CDS Clearing Members have explicitly accepted the resulting CDS Contracts (provided that where CDS Clearing Members are using a trade platform that has been approved by the Clearing House for straight through trade processing such approval will be deemed to have been given when the bilateral CDS transactions are submitted to the Clearing House) (the date on which such conditions are satisfied being the "Acceptance Date" and time at which such conditions are satisfied being the "Acceptance Time"). From the relevant Acceptance Time a CDS Clearing Member will be deemed to have entered into a CDS Contract with the Clearing House, provided that, where the Clearing House determines in good faith, based upon its internal risk management standards, that a bilateral CDS transaction submitted to the Clearing House for clearing was not negotiated at prevailing market prices or results from a bilateral CDS transaction submitted for clearing through the Migration Utility (a) the Clearing House guarantee does not apply until settlement banks for both CDS Clearing Members have approved the payment of any initial cash flows and/or initial performance bond collateral calls relating to such CDS Contracts and (b) if settlement banks for both CDS Clearing Members have not approved the payment of any initial cash flows and/or initial performance bond collateral calls relating to such CDS Contracts the Clearing House may reject such CDS Contracts by notice to the relevant CDS Clearing Members prior to 9 a.m. (Chicago time) on the Business Day immediately following the relevant Acceptance Date.

CDS Contracts may only be for accounts registered by the relevant CDS Clearing Members, and must be explicitly accepted by the relevant CDS Clearing Members if not submitted via a platform or other facility approved by the Clearing House that performs pre-submission credit checks according to limits specified by each CDS Clearing Member.

Notwithstanding any provision to the contrary in the Rules or in the Exchange User License Agreement (as may be amended from time to time), the parties to a bilateral CDS transaction submitted for clearing for which the conditions for clearing by the Clearing House pursuant to these Rules have not been satisfied may separately agree that such trade is a valid, binding agreement between the parties which is un-cleared and which has no affiliation with the Clearing House.

80103.E. Eligible CDS

On any day the only contracts eligible for clearing by the Clearing House will be those identified by clearing product code in the Product Reference File in respect of such day.

Any bilateral single name CDS transaction that would otherwise be eligible for clearing shall cease to be eligible if it would give rise to North American Single Name CDS Contracts on clearing in respect of which (a) a No Auction Announcement Date or an Auction Cancellation Date has occurred or Declaration of Credit Event has been issued or (b) an Auction Final Price Determination Date has occurred.

Any bilateral index CDS transaction that would otherwise be eligible for clearing shall cease to be eligible if it would give rise to CDX Index Untranchured CDS Contracts on clearing in respect of which (a) a No Auction Announcement Date or an Auction Cancellation Date has occurred or Declaration of Credit Event has been issued or (b) an Auction Final Price Determination Date has occurred.

80104. CLEARING SELFREFERENCING CDS CONTRACTS**80104.A. Clearing Through Clearing Member's House (or Proprietary) Account****North American Single Name CDS Contracts**

A CDS Clearing Member is prohibited from clearing through its house (or proprietary) account a North American Single Name CDS Contract where the Reference Entity in respect of such North American Single Name CDS Contract is such CDS Clearing Member or an Affiliate of such CDS Clearing Member (any such CDS Contract an "Affected CDS Contract" and the relevant CDS Clearing Member an "Affected CDS Clearing Member"). Any breach of this Rule by a CDS Clearing Member shall not, subject as provided below, be considered a default but may be subject to Clearing House disciplinary action, including the imposition of a fine or, for continuing or serious violations of this Rule, review by the Clearing House Risk Committee of the CDS Clearing Member's compliance with clearing member eligibility criteria.

A CDS Clearing Member shall notify the Clearing House as soon as reasonably practicable if any bilateral single name CDS transaction submitted by it for clearing is, or prior to the relevant Acceptance Time becomes, ineligible for clearing pursuant to this paragraph. Any bilateral single name CDS transaction which is submitted for clearing but which is, or becomes before the relevant Acceptance Time, ineligible for clearing may be rejected by the Clearing House.

Any Affected CDS Contract which arises from a bilateral single name CDS transaction submitted by a CDS Clearing Member which was ineligible for clearing pursuant to these Rules must be closed out within one Business Day from the date on which such CDS Clearing Member becomes aware of the fact of such ineligible North American Single Name CDS Contract. Any breach of this Rule by a CDS Clearing Member shall not be considered a default but may, at the discretion of the Clearing House, result in the Clearing House imposing a daily fine on such Clearing Member for so long as such breach is continuing.

A CDS Clearing Member shall, subject to any restrictions on such disclosure imposed by applicable laws or regulations, notify the Clearing House as soon as reasonably practicable if such CDS Clearing Member or a Reference Entity in respect of a CDS Contract (a "Relevant Reference Entity") consolidates or amalgamates with, or merges into, or transfers all or substantially all of its assets to, a Relevant Reference Entity or such CDS Clearing Member, as applicable, or such CDS Clearing Member and a Relevant Reference Entity are the same entity or are or become Affiliates, or such CDS Clearing Member is subject to an agreement that has been publicly disclosed and pursuant to which any of the foregoing is reasonably likely to occur.

Where any Affected CDS Contract has not been closed out within 5 Business Days of a request from the Clearing House to the Affected CDS Clearing Member to close out such Affected CDS Contract (or such longer period as the Clearing House, acting in consultation with the Default Management Committee, determines), the Clearing House will, to the extent permitted in accordance with these Rules, net positions in the Affected CDS Contracts within the Affected Clearing Member. The remaining positions in the Affected CDS Contracts after such netting process may be transferred to an eligible CDS Clearing Member or liquidated through transactions with an eligible CDS Clearing Member. In order to determine the price at which Affected CDS Contracts will be transferred or liquidated the Clearing House shall conduct an auction by requesting firm quotations from all CDS Clearing Members (each auction in such process, a "Single Name Auction"). The Clearing House shall determine the timing and other particular characteristics of each Single Name Auction in consultation with the Default Management Committee, including determining the size of the bid/offer spread of the CDS Contracts to be auctioned, whether one or more Single Name Auctions are to be held and the timing and structure of such auctions (including the frequency at which firm bid and firm offer Quotations will be requested), the transaction size (i.e. the Floating Rate Payer Calculation Amount) and whether CDS Clearing Members

(excluding the Affected CDS Clearing Member) will be required (as opposed to requested) to submit actionable quotations in a Single Name Auction.

Amounts owed by the Affected CDS Clearing Member to (or receivable by it from) the Clearing House in connection with any such liquidation or transfer shall be determined by the Clearing House by reference to the Single Name Auction(s). In addition, any initial payments, margin or other payments or deliveries owed (including the dates of settlement with respect thereto) relating to the North American Single Name CDS Contracts increased, created, reduced or terminated pursuant to this paragraph shall be as determined by the Clearing House with reference to the Single Name Auction(s).

In the event that the Single Name Auction(s) fail, the Clearing House, in consultation with the Default Management Committee, will have the right to determine the appropriate fallback for establishing the price at which Affected CDS Contracts will be transferred or liquidated.

A CDS Clearing Member must fully collateralize its exposure in respect of any Affected CDS Contract. For this purpose exposure shall be deemed to be either (a) if the CDS Clearing Member is Seller under an Affected CDS Contract, the Floating Rate Payer Calculation Amount of such Affected CDS Contract and (b) if the CDS Clearing Member is Buyer under a Affected CDS Contract, the aggregate of all future Fixed Amounts which may become due under such Affected CDS Contract.

CDS Contracts Referencing Indices

If, as a consequence of CDX Index Untranching CDS Contracts, a CDS Clearing Member holds a net exposure in its house (or proprietary) account to itself or any of its Affiliates in excess of the lesser of either:

- i) \$50 million notional; or
- ii) 1% of its tentative net capital,

then, in addition to any existing collateral requirements (other than in relation to the CDX Component Transaction referencing the relevant Reference Entity), the CDS Clearing Member must fully collateralize its exposure in excess of this amount in accordance with the Rules. For this purpose exposure shall be deemed to be either (a) if the CDS Clearing Member is Seller under a CDX Index Untranching CDS Contract, the portion of the Floating Rate Payer Calculation Amount of such CDX Index Untranching CDS Contract attributable to the relevant Reference Entity and (b) if the CDS Clearing Member is Buyer under a CDX Index Untranching CDS Contract, the aggregate of the portion all future Fixed Amounts which may become due under such CDX Index Untranching CDS Contract and which are attributable to the relevant Reference Entity.

80104.B. Clearing Through Clearing Member's Customer Account

North American Single Name CDS Contracts

A CDS Clearing Member shall use reasonable efforts not to submit for clearing for a customer through such CDS Clearing Member's customer account a bilateral CDS transaction in respect of a proposed North American Single Name CDS Contract where the Reference Entity in respect of such North American Single Name CDS Contract is such customer firm or an Affiliate of such customer firm (any such CDS Contract an "Affected Customer CDS Contract"). Any breach of this Rule by a CDS Clearing Member shall not, subject as provided below, be considered a default but may be subject to Clearing House disciplinary action, including the imposition of a fine or, for continuing or serious violation of this Rule, review by the Clearing House Risk Committee of the CDS Clearing Member's compliance with clearing member eligibility criteria.

A CDS Clearing Member must fully collateralize its exposure in respect of any Affected Customer CDS Contract. For this purpose exposure shall be deemed to be either (a) if the CDS Clearing Member is Seller under an Affected Customer CDS Contract, the Floating Rate Payer Calculation Amount of such Affected Customer CDS Contract and (b) if the CDS Clearing Member is Buyer under a Affected

Customer CDS Contract, the aggregate of all future Fixed Amounts which may become due under such Affected Customer CDS Contract.

CDS Contracts Referencing Indices

If a CDS Clearing Member clears positions in CDX Index Untranching CDS Contracts for a customer through such CDS Clearing Member's customer account and such positions result in a net exposure on the part of its customer to such customer or any of such customer's Affiliates in excess of the lesser of either:

- i) \$25 million notional; or
- ii) 0.5% of such CDS Clearing Member tentative net capital,

then, in addition to any existing collateral requirements (other than in relation to the CDX Component Transaction referencing the relevant Reference Entity), the CDS Clearing Member must fully collateralize such customer's exposure in excess of this amount in accordance with these Rules. For this purpose exposure shall be deemed to be either (a) if the CDS Clearing Member is Seller under a CDX Index Untranching CDS Contract, the portion of the Floating Rate Payer Calculation Amount of such CDX Index Untranching CDS Contract attributable to the relevant Reference Entity and (b) if the CDS Clearing Member is Buyer under a CDX Index Untranching CDS Contract, the aggregate of the portion all future Fixed Amounts which may become due under such CDX Index Untranching CDS Contract and which are attributable to the relevant Reference Entity.

80105. CDS ADVISORY BOARD

A. There shall be a CDS Advisory Board (the "CAB") which shall serve to provide guidance to the Clearing House and the Clearing House Risk Committee on issues relevant to CDS Contracts and shall meet at least quarterly. In addition to the advice provided above, the CAB shall have review and/or approval rights over aspects of CDS trading as detailed below. The CAB shall be comprised of each CDS Dealer Founding Member, CDS Clearing Members who achieve certain financial commitment criteria as may be established by the Clearing House (subject to a maximum of 12 CDS Clearing Members (including the CDS Dealer Founding Members)), and up to three other persons representative of the CDS Non-Dealer Founding Members. Unless otherwise specified in this Rule, actions of the CAB shall not be effected unless approved by a majority of the CDS Dealer Founding Members and CDS Clearing Members on the CAB (collectively, the "Clearing Voting Members") and by the affirmative vote of at least one CDS Non-Dealer Founding Member.

B. The CAB shall be provided advanced notice and be consulted prior to the implementation of or changes to the following: (i) the risk management model for CDS Contracts, (ii) default management rules and procedures for CDS Contracts, (iii) other clearing practices or procedures specific to CDS Contracts that are being submitted to the Clearing House Risk Committee for review and consideration, and (iv) termination of the ability of a market venue, or refusal to permit a market venue to submit transactions in CDS for clearing on behalf of CDS Clearing Members. This excludes changes that the Clearing House is making on an emergency basis (subject as provided below) or that the Clearing House is required to implement by any regulatory or governmental authority, although the Clearing House will still notify the CAB (and the Clearing House Risk Committee) of such changes as soon as practicable. The Clearing House Risk Committee will deliver any relevant recommendation of the CAB to the Clearing House Risk Committee for consideration, and a member of the CAB will have the opportunity to present the views of the CAB during the portion of the Clearing House Risk Committee meeting in which the matter is discussed. For the avoidance of doubt, any proposed material changes that have not been so disclosed to CAB, and on which the CAB has not been consulted, may not be implemented (except as required in emergencies or by any governmental or regulatory authority).

C. The Clearing House shall not implement or enact the following measures unless the approval of the CAB is received. Only the Clearing Voting Members are permitted to vote with respect to items specified below. With respect to subsection (i) below, approval shall be received by unanimous approval

of the Clearing Voting Members and with respect to subsections (ii) – (vi), approval shall be received by a simple majority of the Clearing Voting Members.

(i) a decision not to adhere to a DC Resolution, by either expressly overruling a DC Resolution or deciding upon an Issue prior to a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has resolved not to determine the matters relating to such Issue. Notwithstanding any provision to the contrary contained in these Rules, nothing in this subsection (i) shall be subject to the "emergency" authority of the Clearing House or any other emergency authority contemplated by the Rules;

(ii) a change to the CDS Clearing Member eligibility criteria that reduces the minimum net capital, minimum guaranty fund or minimum excess margin contributions that are required;

(iii) (x) a change to the default management structure or procedures that would reduce the amount or impair the availability of the guarantee fund or the Clearing House's assessment authority with respect to, or otherwise reduce to any material extent the credit support that is available for, satisfying losses to the Clearing House associated with the CDS product class or satisfying losses associated with the CDS product class or (y) a reduction in the Clearing House performance bond requirements for CDS products below the amount consistent with a 99% confidence level that such performance bond rates would provide 5-day coverage for cleared portfolios;

(iv) a change to the price quality auction methodology if such change would increase the calculation of notional size for forced "crossing" of trades or impose other new penalty provisions on, or otherwise increased the liabilities or obligations of, or

(v) a decision (x) not to provide market participants the option of having the Clearing House send information with respect to their transactions in CDS products to a transaction information warehouse in accordance with the framework set forth by the CAB, or (y) to change the arrangements established pursuant to such framework for the generation and maintenance of a "gold" record of each transaction submitted to the Clearing House for clearing (and/or resulting from the netting of such transactions).

D. The composition of the CAB may not be altered, nor its authority as set forth in this Rule reduced (by rule change or otherwise), except upon a 2/3 super-majority approval of the Clearing Voting Members, in addition to the affirmative vote of at least one of the CDS Non-Dealer Founding Members.

E. A Dealer Founding Member shall be allowed to discontinue its participation as a member of the CAB by notice to the Clearing House if it determines in good faith, based on the advice of external counsel, that it would be prudent to do so.

Chapter 802 CDX Index Untranching CDS Contracts

80201. SCOPE OF CHAPTER

This Chapter sets forth the terms and conditions of CDX Index untranching CDS Contracts ("**CDX Index Untranching CDS Contracts**"). The terms and conditions of each CDX Index Untranching CDS Contract will be the CDX Untranching Transactions Standard Terms Supplement, as published by Markit North America, Inc. (formerly known as CDS IndexCo LLC) on March 20, 2008, as amended and supplemented by the amendments to the **CDX Untranching Terms** specified in Part 13 of Schedule 1 to the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring CDS Protocol (the "**CDX Untranching Terms**"), as supplemented pursuant to the relevant Contract Elections and as supplemented and amended by the provisions of these Rules.

In the event of any inconsistency between the CDX Untranching Terms and the provisions of these Rules, such documents and provisions shall prevail for the purposes of CDX Index Untranching CDS Contracts in the following order: first, these Rules; and second, the CDX Untranching Terms.

Notwithstanding the second paragraph of the CDX Untranching Terms, each party to a CDX Index Untranching CDS Contract agrees that each time they enter into a CDX Index Untranching CDS Contract, they enter into a separate and independent CDS Contract in respect of each Reference Entity listed in the Relevant Annex (each, a "**CDX Component Transaction**"). Each CDX Component Transaction constitutes an independent CDS Contract for the purposes of these Rules, shall not be affected by any other CDX Component Transaction entered into by the relevant Buyer and Seller and shall operate independently of each other CDX Component Transaction in all respects. Any reference in the CDX Untranching Terms to a Component Transaction shall be deemed to be a reference to a CDX Component Transaction. For the avoidance of doubt, no CDX Component Transaction will be fungible with a North American Single Name CDS Contract.

All CDX and the CDX Indices are service marks of Markit North America Inc. and have been licensed for use by the Clearing House. Each Index specified as applicable to a CDX Index Untranching CDS Contract is the property of Markit North America Inc. (the "**Index Sponsor**") and has been licensed for use by the Clearing House in connection with CDX Index Untranching CDS Contracts. Each CDS Participant or CDS Clearing Member acknowledges and agrees that CDX Index Untranching CDS Contracts are not sponsored, endorsed or promoted by the Index Sponsor. The Index Sponsor makes no representation whatsoever, whether express or implied, and hereby expressly disclaims all warranties (including, without limitation, those of merchantability or fitness for a particular purpose or use), with respect to the Index or any data included therein or relating thereto, and in particular disclaims any warranty either as to the quality, accuracy and/or completeness of the Index or any data included therein, the results obtained from the use of the Index and/or the composition of the Index at any particular time on any particular date or otherwise and/or the creditworthiness of any entity, or the likelihood of the occurrence of a credit event or similar event (however defined) with respect to an obligation, in the Index at any particular time on any particular date or otherwise. The Index Sponsor shall not be liable (whether in negligence or otherwise) to the parties or any other person for any error in the Index, and the Index Sponsor is under no obligation to advise the parties or any person of any error therein.

The Index Sponsor makes no representation whatsoever, whether express or implied, as to the advisability of entering into, CDX Index Untranching CDS Contracts, the ability of the Index to track relevant markets' performances, or otherwise relating to the Index or any transaction or product with respect thereto, or of assuming any risks in connection therewith. The Index Sponsor has no obligation to take the needs of any party into consideration in determining, composing or calculating the Index. No party entering into CDX Index Untranching CDS Contracts, nor the Index Sponsor, shall have any liability to any party for any act or failure to act by the Index Sponsor in connection with the determination, adjustment, calculation or maintenance of the Index. Each party acknowledges that the other party or one of its Affiliates may be, or may be affiliated with, the Index Sponsor and, as such, may be able to affect or influence the determination, adjustment or maintenance of the Index. The Index Sponsor and its affiliates may deal in any obligations that compose the Index, and may, where

permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuers of such obligations or their Affiliates, and may act with respect to such business as if the Index did not exist, regardless of whether such action might adversely affect the Index or any CDX Index Untranching CDS Contract. The Index Sponsor and its Affiliates may be in possession of information in relating to components of the Index that may or may not be publicly available or known to any other party, and each party entering into CDX Index Untranching CDS Contracts agrees that such CDX Index Untranching CDS Contract does not create any obligation on the part of the Index Sponsor or its Affiliates to disclose any such information.

80202. CONTRACT TERMS

80202.A. Currency

The settlement currency in respect of CDX Index Untranching CDS Contracts shall be USD and the Original Notional Amount in respect of CDX Index Untranching CDS Contracts will be specified in USD.

80202.B. CDX Indices

Each CDX Index Untranching CDS Contract will reference one of the indices (the "CDX Indices") listed in Appendix 1 hereto. The "Relevant Annex" for each CDX Index Untranching CDS Contract will be "Publisher" and will, on the Acceptance Date, be the list for the relevant Index and Annex Date determined pursuant to the relevant Contract Elections.

80202.C. Initial Payment

Notwithstanding Section 5.8 of the Credit Derivatives Definitions and the CDX Untranching Terms, the Initial Payment Date will be the Business Day immediately following the Acceptance Date.

80202.D. Calculation Agent

The Clearing House will be the sole Calculation Agent for all purposes in relation to CDX Index Untranching CDS Contracts and the Calculation Agent City will be New York. References in the Credit Derivatives Definitions to the Calculation Agent making determinations "after consultation with the parties" shall be deemed to be replaced with "after consultation with the parties and/or the CME Determinations Board". The Calculation Agent may consult with the CME Determinations Board in accordance with Chapter 804 in respect of any determination or calculation it is required to make in connection with a CDX Index Untranching CDS Contract. All determinations of the Calculation Agent in respect of a CDX Index Untranching CDS Contract shall be binding on the parties to such CDX Index Untranching CDS Contract.

80202.E. Fixed Rate

The Fixed Rate in respect of a CDX Index Untranching CDS Contract will be the fixed rate for the relevant CDX Index and series as specified by the Index Sponsor on its website or otherwise at the time the relevant CDX Index series is established and identified for the relevant CDX Index Untranching CDS Contract pursuant to the relevant Contract Elections.

80202.F. Credit Event Backstop Date

For the purposes of a CDX Index Untranching CDS Contract:

"Credit Event Backstop Date" means for purposes of any event that constitutes a Credit Event with respect to a CDX Component Transaction, the date that is 60 calendar days prior to the Credit Event Resolution Request Date related to such Credit Event (determined by reference to Greenwich Mean Time). The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

For the purposes of any determination as to whether a Credit Event has occurred in respect of a CDX Component Transaction and the relevant a Reference Entity (or an Obligation thereof):

- (i) at any time up to but excluding June 20, 2009; or
- (ii) if a Credit Event Resolution Request Date occurs before June 20, 2009,

the Credit Event Backstop Date with respect to such determination shall be deemed to be the effective date of the Relevant Annex applicable to the relevant CDX Index Untranchcd CDS Contracts.

Section 1.23 of the Credit Derivatives Definitions shall be deemed not to apply to CDX Index Untranchcd CDS Contracts.

80202.G. Settlement Method

The Settlement Method with respect to a CDX Component Transaction will be Auction Settlement, with clauses (c), (d) and (e) of Section 12.1 of the Credit Derivative Definitions being deemed deleted and replaced with "(c) an Event Determination Date was determined as a result of a Declaration of Credit Event". For the avoidance of doubt, the Fallback Settlement Method will be CME CDS Physical Settlement pursuant to Chapter 805.

80202.H. Declaration of Credit Events

The Clearing House shall issue a Declaration of Credit Event with respect to a CDX Component Transaction if the CME Determinations Board determines pursuant to Chapter 804 that an event which constitutes a Credit Event for the purposes of such CDX Component Transaction has occurred with respect to the Reference Entity applicable to such CDX Component Transaction (or Obligation thereof) on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior the Extension Date (determined by reference to Greenwich Mean Time). The relevant Declaration of Credit Event will be issued as soon as reasonably practicable but no later than the Business Day immediately following the date that the CME Determinations Board makes the relevant Determination. A Declaration of Credit Event will be deemed not to have been issued with respect to a CDX Component Transaction unless (i) the Credit Event Resolution Request Date with respect to the relevant Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period, including prior to the Acceptance Date (determined by reference to Greenwich Mean Time) and (ii) the Acceptance Date occurs on or prior to the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

80202.I. Event Determination Date

Section 1.8 of the Credit Derivatives Definitions shall be amended by the deletion of Section 1.8(a)(i) and the insertion of the words "or a Declaration of Credit Event has been issued" in the first sentence of Section 1.8(a)(ii) after the words "has occurred".

80202.J. Succession Events

For the purposes of a CDX Index Untranchcd CDS Contract:

"Reference Entity" means the entity or entities identified as such in the Index and listed in the Relevant Annex for the purposes of the CDX Index Untranchcd CDS Contract. Any Successor to a Reference Entity either (a) specified in a Declaration of Succession Event effective on or following the Acceptance Date in respect of such CDX Index Untranchcd CDS Contract or (b) in respect of which ISDA publicly announces on or following the Acceptance Date in respect of such CDX Index Untranchcd CDS Contract that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the DC Rules shall, in each case, be the relevant Reference Entity for the relevant CDX Component Transaction or a New CDX Component Transaction as determined pursuant to such Section 2.2 of the Credit Derivatives Definitions.

"Succession Event Backstop Date" means for purposes of any event that constitutes a Succession Event with respect to a CDX Component Transaction, as determined by DC Resolution or a Determination of the CME Determinations Board, the date that is 90 calendar days prior to the Succession Event Resolution Request Date related to such Succession Event (determined by reference to Greenwich Mean Time). The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

For the purposes of any determination as to whether a Succession Event has occurred in respect of a CDX Component Transaction and the relevant a Reference Entity (or an Obligation thereof):

- (i) at any time up to but excluding June 20, 2009; or
- (ii) if a Succession Event Resolution Request Date occurs before June 20, 2009,

the Succession Event Backstop Date with respect to such Reference Entity shall be deemed to be the effective date of the Relevant Annex applicable to the relevant CDX Index Untranching CDS Contracts. Section 2.1 and 2.2(i) of the Credit Derivatives Definitions shall be deemed not to apply to CDX Index Untranching CDS Contracts.

80202.K. Declaration of Succession Events

The Clearing House shall issue a Declaration of Succession Event with respect to a CDX Component Transaction if the CME Determinations Board determines pursuant to Chapter 804 that a Succession Event has occurred on or following the Succession Event Backstop Date (determined by reference to Greenwich Mean Time) with respect to the relevant Reference Entity. The relevant Declaration of Succession Event will be issued as soon as reasonably practicable but no later than the Business Day immediately following the date that the CME Determinations Board makes the relevant Determination.

80202.L. Auction Settlement Date

For the purposes of a CDX Index Untranching CDS Contract:

"Auction Settlement Date" means a day selected by the Clearing House and notified to CDS Clearing Members falling in the period from, and including the Auction Final Price Determination Date to, and including, the date falling 5 Business Days after the Auction Final Price Determination Date.

Section 12.3 of the Credit Derivatives Definitions shall be deemed not to apply to CDX Index Untranching CDS Contracts.

80202.M. CDX Index versions

Where, in respect of a CDX Index Untranching CDS Contract, (a) the Index Sponsor publishes one or more subsequent versions or annexes of the relevant CDX Index series following a Credit Event or a Succession Event with respect to a Reference Entity included in such CDX Index series, and (b) in the case of publication of one or more subsequent versions or annexes of the relevant CDX Index series following a Credit Event, the Clearing House determines that an Auction Settlement Date has occurred in respect of the relevant CDX Component Transaction or the relevant CDX Component Transaction has otherwise settled in accordance with the applicable Settlement Method then such CDX Index Untranching CDS Contract referencing the earlier version or annex of such CDX index series shall become a CDX Index Untranching CDS Contract referencing the latest version or annex of such CDX Index series, as the case may be.

80202.N. CDX Untranching Terms

Paragraphs 6.5 and 6.6 of the CDX Untranching Terms shall be deemed not to apply to CDX Index Untranching CDS Contracts.

80203. CONTRACT MODIFICATIONS**80203.A. Rules**

Subject to satisfaction of any applicable notification, consultation and/or approval obligations prescribed by these Rules, the terms of any CDX Index Untranching CDS Contract may be modified by the Clearing House, with such modification to become part of these Rules and be applicable to such existing or future CDX Index Untranching CDS Contracts as the Clearing House shall determine. For the avoidance of doubt, where such modification applies to future CDX Index Untranching CDS Contract any such CDX Index Untranching CDS Contract entered into after the relevant date of modification shall not be fungible with any CDX Index Untranching CDS Contract entered prior to the relevant date of modification.

80203.B. Change in Law or Regulation

If any governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these Rules, the Clearing House may, subject to satisfaction of any applicable notification, consultation and/or approval obligations prescribed by these Rules, make such amendments and modifications to these Rules as it deems appropriate in order to reflect the application of such order, ruling, directive or law, and such changes to these Rules shall be applicable to all CDX Index Untranching CDS Contracts that are open as of, or entered into subsequent to, the relevant date of issuance.

80203.C. Industry Protocol

Subject to satisfaction of any applicable notification, consultation and/or approval obligations prescribed by these Rules, the terms of any CDX Index Untranching CDS Contract may be modified by the Clearing House in accordance with any relevant CDS industry-sponsored protocol (or other multilateral agreement process) or any Resolution of a Convened DC relating to the matters described in section 3.8(a) of the DC Rules, with such modification to become part of these Rules and be applicable to such existing or future CDX Index Untranching CDS Contracts as the Clearing House shall determine.

Chapter 803 North American Single Name CDS Contracts

80301. SCOPE OF CHAPTER

This Chapter sets forth the terms and conditions of North American single name CDS Contracts ("**North American Single Name CDS Contracts**"). The terms and conditions of each North American Single Name CDS Contract will be as set out in the definitions and provisions of the Credit Derivatives Definitions and the provisions of these Rules, as supplemented pursuant to the relevant Contract Elections.

In the event of any inconsistency between the Credit Derivatives Definitions and the provisions of these Rules, such documents and provisions shall prevail for the purposes of North American Single Name CDS Contracts in the following order: first, these Rules; and second, the Credit Derivatives Definitions.

80302. CONTRACT TERMS

80302.A. Currency

The settlement currency in respect of North American Single Name CDS Contracts will be USD.

80302.B. Reference Entity

Each North American Single Name CDS Contract will reference one of the Reference Entities listed in Appendix 2 (or any Successor thereto).

80302.C. Initial Payment

Notwithstanding Section 5.8 of the Credit Derivatives Definitions, the Initial Payment Date will be the Business Day immediately following the Acceptance Date.

80302.D. Calculation Agent

The Clearing House will be the sole Calculation Agent for all purposes in relation to North American Single Name CDS Contracts and the Calculation Agent City will be New York. References in the Credit Derivatives Definitions to the Calculation Agent making determinations "after consultation with the parties" shall be deemed to be replaced with "after consultation with the parties and/or the CME Determinations Board". The Calculation Agent may consult with the CME Determinations Board in accordance with Chapter 804 in respect of any determination or calculation it is required to make in connection with a North American Single Name CDS Contract. All determinations of the Calculation Agent in respect of a North American Single Name CDS Contract shall be binding on the parties to such North American Single Name CDS Contract.

80302.E. Fixed Rate Payer Payment Dates

Each March 20, June 20, September 20 and December 20 in each year will be the Fixed Rate Payer Payment Dates.

80302.F. Initial Fixed Rate Payer Calculation Period

Notwithstanding Section 2.9 of the Credit Derivatives Definitions, the initial Fixed Rate Payer Calculation Period shall commence on, and include, the Fixed Rate Payer Payment Date falling on or immediately prior to the calendar day immediately following the Acceptance Date. For purposes of this provision, Section 2.10 of the Credit Derivatives Definitions shall be deemed amended by deleting the words "during the term of the transaction."

80302.G. Fixed Rate

The Fixed Rate in respect of a North American Single Name CDS Contract will be 5.0% or 1.0% as determined pursuant to the relevant Contract Elections. The Day Count Fraction in respect of each North American Single Name CDS Contract will be Actual/360

80302.H. Transaction Type

The Transaction Type in respect of a North American Single Name CDS Contract will be Standard North American Corporate.

80302.I. Credit Event Backstop Date

For the purposes of a North American Single Name CDS Contract:

"Credit Event Backstop Date" means for purposes of any event that constitutes a Credit Event with respect to a North American Single Name CDS Contract, the date that is 60 calendar days prior to the Credit Event Resolution Request Date (determined by reference to Greenwich Mean Time). The Credit Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

Section 1.23 of the Credit Derivatives Definitions shall be deemed not to apply to North American Single Name CDS Contracts.

80302.J. Settlement Method

The Settlement Method with respect to a North American Single Name CDS Contract will be Auction Settlement, with clauses (c), (d) and (e) of Section 12.1 of the Credit Derivative Definitions being deemed deleted and replaced with "(c) an Event Determination Date was determined as a result of a Declaration of Credit Event". For the avoidance of doubt, the Fallback Settlement Method will be CME CDS Physical Settlement pursuant to Chapter 805.

80302.K. Declaration of Credit Events

The Clearing House shall issue a Declaration of Credit Event with respect to a North American Single Name CDS Contract if the CME Determinations Board determines pursuant to Chapter 804 that an event which constitutes a Credit Event for the purposes of such North American Single Name CDS Contract has occurred with respect to the Reference Entity applicable to a North American Single Name CDS Contract (or Obligation thereof) on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time). The relevant Declaration of Credit Event will be issued as soon as reasonably practicable but no later than the Business Day immediately following the date that the CME Determinations Board makes the relevant Determination. A Declaration of Credit Event will be deemed not to have been issued with respect to a North American Single Name CDS Contract unless (i) the Credit Event Resolution Request Date with respect to the relevant Credit Event occurred on or prior to the end of the last day of the Notice Delivery Period including prior to the Acceptance Date (determined by reference to Greenwich Mean Time) and (ii) the Acceptance Date occurs on or prior to the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

80302.L. Event Determination Date

Section 1.8 of the Credit Derivatives Definitions shall be amended by the deletion of Section 1.8(a)(i) and the insertion of the words "or a Declaration of Credit Event has been issued" in the first sentence of Section 1.8(a)(ii) after the words "has occurred".

80302.M. Succession Events

For the purposes of a North American Single Name CDS Contract:

"Reference Entity" means the entity or entities identified as such pursuant to the relevant Contract Elections for the purposes of the North American Single Name CDS Contract. Any Successor to a Reference Entity either (a) specified in a Declaration of Succession Event effective on or following the Acceptance Date in respect of such North American Single Name CDS Contract or (b) in respect of which ISDA publicly announces on or following the Acceptance Date in respect of such North American Single Name CDS Contract that the relevant Credit Derivatives Determinations Committee has Resolved, in respect of a Succession Event Resolution Request Date, a Successor in accordance with the DC Rules shall, in each case, be the relevant Reference Entity for the relevant North American Single Name CDS Contract or a New CDS Contract as determined pursuant to such Section 2.2 of the Credit Derivatives Definitions.

"Succession Event Backstop Date" means for purposes of any event that constitutes a Succession Event with respect to a North American Single Name CDS Contract as determined by DC Resolution or a Determination of the CME Determinations Board, the date that is 90 calendar days prior to the Succession Event Resolution Request Date related to such Succession Event (determined by reference to Greenwich Mean Time). The Succession Event Backstop Date shall not be subject to adjustment in accordance with any Business Day Convention.

Section 2.1 and 2.2(i) of the Credit Derivatives Definitions shall be deemed not to apply to North American Single Name CDS Contracts.

80302.N. Declaration of Succession Events

The Clearing House shall issue a Declaration of Succession Event with respect to a North American Single Name CDS Contract if the CME Determinations Board determines pursuant to Chapter 804 that a Succession Event has occurred on or following the Succession Event Backstop Date (determined by reference to Greenwich Mean Time) with respect to the relevant Reference Entity. The relevant Declaration of Succession Event will be issued as soon as reasonably practicable but no later than the Business Day immediately following the date that the CME Determinations Board makes the relevant Determination.

80302.O. Merger of Reference Entity and Seller

Section 2.31 of the Credit Derivatives Definitions shall be deemed not to apply to North American Single Name CDS Contracts.

80302.P. Auction Settlement Date

For the purposes of a North American Single Name CDS Contract:

"Auction Settlement Date" means a day selected by the Clearing House and notified to CDS Clearing Members falling in the period from, and including the Auction Final Price Determination Date to, and including, the date falling 5 Business Days after the Auction Final Price Determination Date."

Section 12.3 of the Credit Derivatives Definitions shall be deemed not to apply to North American Single Name CDS Contracts.

80302.Q. Physical Settlement Matrix Updates

Whenever ISDA publishes a version of the Credit Derivatives Physical Settlement Matrix (a "New Matrix") that is subsequent to the version of the Credit Derivatives Physical Settlement Matrix that is applicable to any North American Single Name CDS Contract (the "Existing Matrix"), and the Clearing House determines that a North American Single Name CDS Contract referencing the New Matrix would be fungible with a North American Single Name CDS Contract referencing the Existing Matrix (the date of such determination, the "Matrix Update Date") and so notifies CDS Clearing Members, any such North American Single Name CDS Contract referencing the Existing Matrix shall, as of the close of

business on the Matrix Update Date, become a North American Single Name CDS Contract referencing the New Matrix.

80303. [RESERVED]**80304. CONTRACT MODIFICATIONS****80304.A. Rules**

Subject to satisfaction of any applicable notification, consultation and/or approval obligations prescribed by these Rules, the terms of any North American Single Name CDS Contract may be modified by the Clearing House, with such modification to become part of these Rules and be applicable to such existing or future North American Single Name CDS Contracts as the Clearing House shall determine. For the avoidance of doubt, where such modification applies to future North American Single Name CDS Contracts any such North American Single Name CDS Contract entered into after the relevant date of modification shall not be fungible with any North American Single Name CDS Contract entered prior to the relevant date of modification.

80304.B. Change in Law or Regulation

If any governmental agency or body issues an order, ruling, directive or law that conflicts with the requirements of these Rules, the Clearing House may, subject to satisfaction of any applicable notification, consultation and/or approval obligations prescribed by these Rules, make such amendments and modifications to these Rules as it deems appropriate in order to reflect the application of such order, ruling, directive or law, and such changes to these Rules shall be applicable to all North American Single Name CDS Contracts that are open as of, or entered into subsequent to, the relevant date of issuance.

80304.C. Industry Protocol

Subject to satisfaction of any applicable notification, consultation and/or approval obligations prescribed by these Rules, the terms of any North American Single Name CDS Contract may be modified by the Clearing House in accordance with any relevant CDS industry-sponsored protocol (or other multilateral agreement process) or any Resolution of a Convened DC relating to the matters described in section 3.8(a) of the DC Rules, with such modification to become part of these Rules and be applicable to such existing or future North American Single Name CDS Contracts as the Clearing House shall determine.

Chapter 804 Single Name CDS Contracts

80401. OVERVIEW OF THE CME DETERMINATIONS BOARD FUNCTION AND AUTHORITY

The CME Determinations Board (the "CME Board") shall be comprised of CDS Participants and CDS Clearing Members, including both Dealer Board Members and Non-Dealer Board Members (as defined in Rule 80402).

Subject as provided below, the CME Board is generally responsible for making Determinations in respect of the following (each an "Issue"):

- (a) determining whether a Reference Entity under a CDS Contract has been the subject of a Succession Event and, if so, determining the legally effective date of the Succession Event and the identity of the Reference Entity's Successor(s), if any, provided that such determination will only be made where sufficient information is made available to the CME Board to make such determination;
- (b) where necessary in respect of a CDS Contract, determining whether a Reference Obligation no longer satisfies the applicable requirements under a CDS Contract and, if so, identifying any Substitute Reference Obligation, provided that such determination will only be made where sufficient information is made available to the CME Board to make such determination;
- (c) determining whether a Credit Event for which there is Publicly Available Information has occurred with respect to a CDS Contract on or after the Credit Event Backstop Date (determined by reference to Greenwich Mean Time) and on or prior to the Extension Date (determined by reference to Greenwich Mean Time)
- (d) if a Credit Event occurred with respect to a Reference Entity (or Obligation thereof) referenced in a CDS Contract and the CDS Contract is to be settled in accordance with the Fallback Settlement Method, resolving any questions of (i) whether a particular obligation is a Deliverable Obligation; (ii) with respect to a Deliverable Obligation, any specific assignment, novation or other document or any other action that may be necessary, customary or desirable and reasonably requested by either party to a Matched Pair for the purpose of effecting physical settlement, and, with respect to a Deliverable Obligation that is a Loan, the documentation customarily used in the relevant market for Delivery of any Deliverable Obligation that is a Loan at that time (iii) the number of days in a Physical Settlement Period; or (iv) the Accreted Amount or any Accreting Obligation;
- (e) with respect to a CDS Contract, making any determination requested of it by the Calculation Agent.

In the event an Issue relates in any way to the risk management of CDS Contracts or otherwise may impact the financial safeguards package of the Clearing House, the Clearing House and/or the CME Board may determine to consult with the Clearing House Risk Committee. The Determination of the CME Board shall not in any way impair the ability of the Clearing House or the Clearing House Risk Committee to take other action with respect to risk management matters.

Except in the case of a unanimous vote to the contrary of all Board Members eligible to vote and with the consent of the CAB pursuant to Rule 80105.C., no Issue shall be submitted to the CME Board, and the CME Board shall not have authority to consider, or make a Determination in respect of, any Issue (including where new information, relevant to the Issue to be considered, has become available) unless a request has previously been submitted to ISDA, as DC Secretary, to convene the relevant Credit Derivatives Determinations Committee to resolve the answer to such Issue for the purposes of the relevant CDS Contract (and where new information as aforesaid has become available, that information has been made available to the DC Secretary with such a request) and ISDA has publicly announced that the relevant Credit Derivatives Determinations Committee has resolved not to determine the answer to such question or the relevant Credit Derivatives Determinations Committee is deemed to

have rejected such question as the DC Secretary does not effectively receive agreement from a Convened DC Voting Member to deliberate such question in accordance with Section 2.2(a) of the DC Rules.

In the event that the DC Secretary publishes on its Website notice of a Committee being convened to deliberate a question which is substantially the same as a question which has previously been presented to the CME Board as an Issue and is being considered by the CME Board at such time the CME Board shall cease considering such question. Any such question may only be raised again to the CME Board as a new Issue.

Except in the case of a unanimous vote to the contrary of all Board Members eligible to vote and with the consent of the CAB pursuant to Rule 80105.C., in accordance with Section 9.1(c)(iii) of the Credit Derivatives Definitions, any DC Resolution applicable to a CDS Contract in respect of which the Settlement Date has not occurred shall be binding on the parties to such CDS Contract and shall supersede any Determination with respect to the same matters (except as expressly stated otherwise in Section 9.1(c)(iii)(B) of the Credit Derivatives Definitions as if such Determination were being made by the Calculation Agent).

80402. BOARD MEMBERSHIP

80402.A. Board Chairman

The Chief Executive Officer of the Clearing House shall, prior to the Launch Date and every two (2) years thereafter, appoint the chairman of the CME Board (the "Board Chairman") to a term of two (2) years. The Board Chairman shall be affiliated with the Clearing House or its affiliates and shall be an individual whom the Chief Executive Officer of the Clearing House determines in his/her sole and absolute discretion to have appropriate experience as to the issues that it anticipates may arise in clearing CDS Contracts. The Board Chairman shall not have any material economic interest in any CDS Participant or CDS Clearing Member. The Board Chairman shall be a non-voting member of the CME Board. The responsibilities of the Board Chairman include without limitation:

- a) Selecting an initial group of CDS Participants or CDS Clearing Members who are not CDS Dealers ("Non-Dealer CDS Participants") to designate Non-Dealer Board Members, as set forth in Rule 80402.B, and alternate Non-Dealer CDS Participants, if required at any point due to removal of a Non-Dealer Board Member;
- b) Selecting an initial group of CDS Clearing Members who are CDS Dealers to designate Dealer Board Members, as set forth in Rule 80402.C, and alternate CDS Clearing Members who are CDS Dealers, if required at any point due to the removal of a Dealer Board Member;
- c) Approving designated Non-Dealer Board Members and Dealer Board Members;
- d) Establishing minimum cleared volume criteria for Non-Dealer Board Members and certain Dealer Board Members as discussed in Rule 80402.E;
- e) Convening meetings of the CME Board, as set forth in Rule 80405.A;
- f) Conducting the review of Proposals, as set forth in Rule 80405.B;
- g) Calling for votes of the CME Board, as set forth in Rule 80405.C; and
- h) Making a determination of a conflict of interest as set forth in Rule 80405.D.

80402.B. Non-Dealer Board Members

The Clearing House shall select an initial group of up to five (5) Non-Dealer CDS Participants, not affiliated with each other to each designate a board member (the "Non-Dealer Board Members"), each to a term of one (1) year on the CME Board. The Non-Dealer Board Members must include those persons representative of the CDS non-Dealer Founding Members who serve on the CAB pursuant to Rule 80105.A. The Non-Dealer Board Members shall be individuals who are employees of such Non-

Dealer CDS Participants (or their Affiliates). Upon the first anniversary of the Launch Date and every one (1) year thereafter, a new group of Non-Dealer Board Members shall be appointed. Each such Non-Dealer CDS Participant shall have the authority to replace its designated Board Member, during his or her term, upon written notice to the Board Chairman. Individuals serving as Non-Dealer Board Members are subject to approval of the Board Chairman, such approval not to be unreasonably withheld or delayed. There shall be no limitations on particular individuals serving as Non-Dealer Board Members for successive years.

Each Non-Dealer Board Member shall have one (1) vote on matters for which a vote is called. Save as provided in Rule 80504.D., Non-Dealer Board Members may not abstain from voting when a vote is called unless the Issue directly involves the Non-Dealer CDS Participant of which such Non-Dealer Board Member is an employee or director, or one of its Affiliates as a Reference Entity under a CDS Contract, in which case such Non-Dealer Board Member must abstain from voting on the Issue.

80402.C. Dealer Board Members

The Clearing House shall select an initial group of up to ten (10) CDS Clearing Members to each designate a board member ("**Dealer Board Members**"), each to a term of two (2) years on the CME Board. The Dealer Board Members shall be individuals who are employees or directors of such Dealer Founding Members or other CDS Clearing Members (or their Affiliates) who achieve certain financial performance criteria as may be established by the Clearing House. Each such Dealer Founding Member or other CDS Clearing Member shall have the authority to replace its designated Board Member, during his or her term, upon written notice to the Board Chairman. Individuals serving as a Dealer Board Member are subject to approval of the Board Chairman, not to be unreasonably withheld or delayed. There shall be no limitations on particular individuals serving as Dealer Board Members for successive terms.

Each Dealer Board Member shall have one (1) vote on matters for which a vote is called. Save as provided in Rule 80405.D., Dealer Board Members may not abstain from voting when a vote is called unless the Issue directly involves the CDS Clearing Member of which such Dealer Board Member is an employee or director, or one of its Affiliates as a Reference Entity under a CDS Contract, in which case such Dealer Board Member must abstain from voting on the Issue.

80402.D. Commencement of the Board

The CME Board shall be created and commence its responsibilities as described herein in these Rules on the Launch Date.

80402.E. Board Membership Requirements

The Non-Dealer CDS Participant or CDS Clearing Member of which a Board Member is an employee or director must meet minimum cleared volume requirements for CDS Contracts, as reasonably determined by the Clearing House and evaluated six (6) months after the Launch Date and every six (6) months thereafter. The Clearing House may set different minimum requirements for Non-Dealer CDS Participants, on the one hand, and CDS Clearing Members, on the other hand. The Board Chairman may, but shall not be required to, remove a Board Member during his or her term if the minimum cleared volume requirements are not satisfied. In relation to CDS Clearing Members, only CDS Contracts cleared through a CDS Clearing Member's house (or proprietary) account will be relevant for the purposes of satisfying the relevant minimum cleared volume requirements.

80402.F. Resignation or Removal

A Board Member may resign his or her position upon giving not less than 21 calendar days written notice to the Board Chairman. If a Board Member resigns his or her position, the Non-Dealer CDS Participant or the CDS Clearing Member that designated such Board Member, as applicable, shall designate a replacement board member.

A Board Member may be immediately removed by the Board Chairman in circumstances where either (a) such Board Member and/or the CDS Participant or CDS Clearing Member that designated such Board Member has breached these Rules in any material respect or (b) an event under section 5(a)(vii) of the ISDA 2002 Master Agreement has occurred and is continuing with respect to the CDS Participant or CDS Clearing Member that designated such Board Member. If a Board Member is removed the Board Chairman shall promptly select a Non-Dealer CDS Participant or CDS Clearing Member that is a CDS Dealer, as applicable, to designate a successor board member.

80402.G. Board Membership Size

The CME Board shall be comprised of up to sixteen (16) members representing: (1) the Board Chairman (as set forth in Rule 80402.A), Dealer Board Members (as set forth in Rule 80402.C) and non-Dealer Board Members (as set forth in Rule 80402.B). At all times, the Clearing House shall endeavor to the extent practicable to maintain a ratio of one (1) Non-Dealer Board Member for every two (2) Dealer Board Members.

80403. ISSUE SUBMISSION

CDS Participants, CDS Clearing Members, the Clearing House, Board Members and third-party platforms that are commercial partners of the Clearing House for purposes of clearing CDS Contracts may, subject to Rule 80401, submit a request to the Board Chairman to convene a meeting of the CME Board to consider a particular Issue. In addition, the Board Chairman may also choose to address Issues proactively. All requests to the Board Chairman should include a reasonably detailed description of the Issue that the relevant party believes the CME Board should deliberate and, if applicable, information consistent with the definition of Publicly Available Information. For the avoidance of doubt, an Issue regarding the potential occurrence of a Credit Event may relate to a potential Credit Event that is not continuing at the time of the request to convene the CME Board. The Board Chairman shall forward each request for a meeting of the CME Board to the relevant Board Members in substantially the same form as the request was originally submitted to the Board Chairman.

80403.A. Publicly Available Information

For each Issue relating to whether a Credit Event has occurred, the Board shall not be required to deliberate the Issue until the CME Board determines that Publicly Available Information has been provided to the Board Chairman; provided that (i) the references to "a party" or "the parties" in Section 3.5(a) of the Credit Derivatives Definitions shall be deemed to refer to the party submitting the information, (ii) the references to "Credit Event Notice" in Section 3.5(a) of the Definitions shall be deemed to refer to requests in respect of Issues submitted to the Board Chairman, (iii) for purposes of Section 3.5(a)(i) of the Credit Derivatives Definitions, the Specified Number is two and (iv) the reference to Buyer and Seller in Section 3.5(b) of the Credit Derivatives Definitions shall be deemed to refer to the party submitting the information and the Board Chairman, respectively. The entity submitting information to the Board shall be deemed to represent and warrant that such information has been disclosed and can be made public without violating any law, agreement or understanding regarding the confidentiality of such information and the Board Chairman and each Board Member may rely on such representation in addition to the assumption of Section 3.5(c) of the Credit Derivatives Definitions.

80403.B. Confidentiality

Except as (i) expressly contemplated by these Rules or (ii) as may be required by applicable law or court order or requested by a regulatory, self-regulatory or supervising authority having appropriate jurisdiction, each Board Member agrees to maintain confidentiality as to all non-public deliberations occurring under these Rules, including, without limitation, any discussions, deliberations or proceedings relating to an Issue or Determination, the results of any non-binding vote and the location, timing and/or access details for any meeting (the "Confidential Material"). Following publication by the Board Chairman of any Confidential Material, a Board Member shall have no duty of confidentiality with respect to such Confidential Material. Following publication by the Board Chairman of the outcome of a

Determination, a Board Member shall have no duty of confidentiality with respect to Confidential Material relating to such Determination.

80404. BOARD RIGHTS AND RESPONSIBILITIES RELATED TO DETERMINATIONS

A Determination by the CME Board shall be made public and be deemed conclusive with regard to the related Issue for the purposes of affected CDS Contracts. The CME Board is responsible for writing and publishing to all CDS Participants and CME Clearing Members the majority opinion, which describes the analysis and reasoning behind the Determination. In addition, the vote or abstention of each Board Member with respect to an Issue will be published to all CDS participants and CDS Clearing Members not more than 30 days after the relevant vote. Any Determination by the CME Board in accordance with this Chapter 804 shall, subject to the provisions of these Rules, be binding on the parties to a CDS Contract.

80405. DETERMINATION PROCESS

80405.A. Initial Meeting

Upon identification or submission of an Issue requiring a Determination by the CME Board the Board Chairman shall convene a meeting of the CME Board. The Board Chairman shall make reasonable efforts to allow for the attendance of all Board Members (such as through video or telephone conference), provided, however, that the meeting must occur no more than one (1) business day after the Board Chairman determines that the requirements for convening a meeting have been satisfied. At the initial meeting, the Board Members shall review and discuss the Issue, but shall not make a Determination absent exigent circumstances (as determined by the Board Chairman).

80405.B. Proposals; Reviewing and Voting Period

Prior to or simultaneously with the initial meeting, the Board Chairman shall issue a request for Proposals. Proposals must have clear, unambiguous, and actionable recommendations, and Proposals should be accompanied by relevant analysis and reasoning. Proposals must be submitted in writing to the Board Chairman no later than the Business Day immediately following the request for Proposals. The Board Chairman shall promptly deliver Proposals to all Board Members. The Board Chairman shall, acting reasonably, specify to the Board at the initial meeting the time period (the "**Reviewing and Voting Period**") in which Board Members will have an opportunity to review Proposals, which shall be not more than two (2) Business Days from the date on which the Board Chairman delivered Proposals to the Board Members. During the Reviewing and Voting Period, Board Members may solicit outside counsel and expert opinions to help them in deliberations and forming opinions. Board Members may discuss the Issue and Proposals with other Board Members, CDS Participants and CDS Clearing Members and their respective Affiliates. Board Members may also submit additional or refined Proposals and related information. The Board Chairman shall be responsible for facilitating formal and informal discussion among Board Members during the Reviewing and Voting Period.

80405.C. Voting; Final Meeting

The Board Chairman shall be responsible for calling for a vote no later than the Business Day immediately following the end of the Reviewing and Voting Period, as he/she deems necessary and appropriate. Board Members may also request that the Board Chairman call for a vote at any time during the Reviewing and Voting Period, but the ultimate authority to call for a vote rests with the Board Chairman. If no Determination has been made by the Business Day immediately following the end of the Reviewing and Voting Period, the Board Chairman shall convene a final meeting of the CME Board, at which a final vote shall be called. If the CME Board is fully constituted and no Board Member has abstained from a vote, at least nine (9) affirmative votes (including three (3) Non-Dealer Board Member votes) are required to make a Determination (for avoidance of any doubt, the Chairman is not allowed to vote). In the event that the CME Board is not fully constituted or a Board Member has abstained from a vote, then a majority plus one vote (a "**Supermajority**"), is required to make a Determination. For

example, if the CME Board has 8 voting members, then a Supermajority is 6 votes. If the CME Board has 7 voting members, then a Supermajority is 5 votes. The Board Chairman may call for multiple votes on a Proposal during the Reviewing and Voting Period. The CME Board shall be required at the end by the Business Day immediately following the end of the Reviewing and Voting Period to reach a decision, which shall be final and binding.

80405.D. Conflicts of Interest

(i) With respect to any Issue requiring a Determination by the CME Board and any Board Member, the Board Chairman may determine in his/her absolute discretion that a material conflict of interest exists or is foreseeable with respect to either the relevant Issue or the related questions which may be deliberated by the Board. In the event the Board Chairman so determines, the relevant Board Member must abstain from voting on any Determination related to such Issue.

(ii) Subject to paragraph (i) above, a Determination shall be valid and binding on CDS Participants and CDS Clearing Members notwithstanding any actual or perceived conflict of interest on the part of a Board Member, legal counsel or other third-party professional hired by such Board Member in connection with such Board Member's performance of his or her duties under these Rules.

80406. LIMITATION OF LIABILITY

80406.A. Limitation of Liability in respect of Board Members, the Board Chairman and Third Party Professionals

No DB Party and no legal counsel or other third-party professional hired by or engaged by any DB Party in connection with such DB Party's performance of its duties set out in this Chapter 804 shall undertake any duty of care or otherwise be liable, whether for negligence or otherwise, for any form of damages, whether direct, indirect, special, consequential or otherwise, that might arise in connection with such DB Party's performance of its duties set out in this Chapter 804, or any advice given by legal counsel or any other third-party professional hired or engaged by such DB Party in connection with such DB Party's performance of its duties, set out in this Chapter 804, except in the case of fraud or wilful misconduct on the part of such DB Party, legal counsel or third party professional, provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired or engaged by a DB Party may still be liable to such DB Party.

80406.B. Waiver of Liability in respect of Board Members, the Board Chairman, the Clearing House and third party professionals

Each CDS Participant and CDS Clearing Member waives any claim, whether for negligence or otherwise, that may arise against a DB Party and any legal counsel or other third-party professional hired or engaged by such DB Party in connection with such DB Party's performance of its duties set out in this Chapter 804 or any advice given by legal counsel or any other third-party professional hired or engaged by such DB Party in connection with such DB Party's performance of its duties, set out in this Chapter 804, except in the case of fraud or wilful misconduct on the part of such DB Party, legal counsel or other third-party professional provided that, notwithstanding the foregoing, legal counsel or any other third-party professional hired or engaged by a DB Party may still be liable to such DB Party.

Each Board Member waives any claim, whether for negligence or otherwise, that may arise against any other Board Member, the Board Chairman or the Clearing House and any legal counsel or other third-party professional hired or engaged by such other Board Member or the Board Chairman or the Clearing House in connection with such other Board Member's, the Board Chairman's or the Clearing House's performance of its duties under these Rules or any advice given by legal counsel or any other third-party professional hired or engaged by such entity in connection with its performance of its duties under these Rules, except in the case of fraud or wilful misconduct on the part of such other Board Member, the Board Chairman or the Clearing House, legal counsel or other third-party professional.

80406.C. Limitation of Board Members' and Board Chairman's duties

No DB Party is (a) under any obligation to research, investigate, supplement, or verify the veracity of, any information on which it bases its decision, (b) acting as a fiduciary for, or as an advisor to, any party in connection with the relevant CDS Contract and (c) in relation to any Determination, under any obligation to consult with, or individually notify, any party to a CDS Contract.

80406.D. Mitigation of Liability

The Clearing House will provide Directors and Officers (D&O) liability insurance to each of the Board Members. In addition, Board Members will be indemnified by the Clearing House on the terms set out in the other Chapters of these Rules.

Chapter 805 CME Determinations Board

80501. SCOPE OF CHAPTER

These Rules in this Chapter 805 set out the terms of "CME CDS Physical Settlement". CME CDS Physical Settlement shall apply to each CDS Contract for which the Fallback Settlement Method is applicable. Capitalized terms in this Chapter not otherwise defined in this Chapter shall have the meaning given to such terms in the other Chapters of these Rules.

80502. MATCHED PAIRS

80502.A. Matched Pair Notice

If CME CDS Physical Settlement is applicable to a CDS Contract (a "Physical Settlement Contract") following a Failure to Pay or Bankruptcy Credit Event, then the Clearing House shall match (with respect to each relevant Scheduled Termination Date) each Buyer under a Physical Settlement Contract with one or more Sellers under a fungible Physical Settlement Contract in a manner such that the Floating Rate Payer Calculation Amount related to each Buyer under a Physical Settlement Contract is fully allocated to one or more Sellers under a fungible Physical Settlement Contract.

A matched Buyer and Seller pursuant to the preceding paragraph is a "Matched Pair" where the Buyer is the "Matched Pair Buyer", the Seller is the "Matched Pair Seller", and the portion of the Floating Rate Payer Calculation Amount allocated to such Matched Pair is the "Matched Notional Amount". Prior to 10a.m. (Chicago time) on the Business Day immediately following the date on which CME CDS Fallback Settlement becomes applicable to a CDS Contract, the Clearing House will issue a notice to the Matched Pair (the "Matched Pair Notice") indicating the relevant Physical Settlement Contract, Matched Pair Buyer, Matched Pair Seller, Matched Notional Amount and Credit Event. With respect to a Physical Settlement Contract, the date as of which the Clearing House first issues a Matched Pair Notice in respect of a Credit Event applicable to any Physical Settlement Contract shall be the "Matched Pair Notice Date".

If the Clearing House has delivered a Matched Pair Notice that specifies a Matched Notional Amount that is less than the then outstanding Floating Rate Payer Calculation Amount applicable to a Physical Settlement Contract to which such Matched Pair Notice relates, the rights and obligations of the parties to such Physical Settlement Contract shall, with effect from the date such Matched Pair Notice is effective, be construed as if the parties had entered into two CDS Contracts, one of which has a Floating Rate Payer Calculation Amount equal to the Matched Notional Amount and the other of which will have a Floating Rate Payer Calculation Amount equal to the Floating Rate Payer Calculation Amount outstanding prior to delivery of such Matched Pair Notice minus the Matched Notional Amount and will continue in effect with such modifications required as determined by the Calculation Agent (to preserve the economic effects of the two CDS Contracts considered in the aggregate). Each CDS Contract between the Clearing House and each of the Matched Pair Buyer and Matched Pair Seller respectively, shall be a "Matched Pair CDS Contract", and such Matched Pair CDS Contracts collectively, a "Matched Pair CDS Contract Pair".

The methodology used by the Clearing House for purposes of allocating **Matched Pairs** under this Rule shall minimize, to the extent reasonably practicable, each of the following:

- (a) the number of Matched Pairs in respect of which the Matched Notional Amount is less than USD 1,000,000 or not an integral multiple of such amount;
- (b) the number of Matched Pairs into which an individual CDS Clearing Member is matched; and
- (c) the overall number of Matched Pairs.

80502.B. Appointment of designee by the Clearing House

With respect to a Matched Pair CDS Contract and the Clearing House only, the reference to "any of its Affiliates" in the first line of Section 9.2(c)(iv) of the Credit Derivatives Definitions shall be construed as a reference to "any third party".

With respect to a Matched Pair CDS Contract Pair and a Matched Pair CDS Contract the Clearing House shall be deemed to have designated, pursuant to Section 9.2(c)(iv) of the Credit Derivatives Definitions:

- (a) the Matched Pair Seller as its designee:
 - (i) to receive on its behalf from the relevant Matched Pair Buyer in the Matched Pair Notices of Physical Settlement (and any NOPS Amendment Notices) in relation to such Matched Pair CDS Contract;
 - (ii) other than in respect of the Physical Settlement Amount relating to the settlement of Non DVP Obligations as referred to in Rule 80503 below, to pay, on behalf of the Clearing House, the applicable Physical Settlement Amount in respect of such Matched Pair CDS Contract;
 - (iii) to take Delivery, on behalf of the Clearing House, of Deliverable Obligations from the Matched Pair Buyer
 - (iv) to receive from, or deliver to, the relevant Matched Pair Buyer, on behalf of the Clearing House, any notices in accordance with Sections 9.3, 9.8, 9.9 or 9.10 of the Credit Derivatives Definitions;
- (b) the Matched Pair Buyer as its designee:
 - (i) to deliver on its behalf to the relevant Matched Pair Seller in the Matched Pair Notices of Physical Settlement (and any NOPS Amendment Notices) in relation to such Matched Pair CDS Contract;
 - (ii) other than in respect of the Physical Settlement Amount relating to the settlement of Non DVP Obligations as referred to in Rule 80503 below, to receive, on behalf of the Clearing House, the applicable Physical Settlement Amount in respect of such Matched Pair CDS Contract;
 - (iii) to Deliver, on behalf of the Clearing House, Deliverable Obligations to the Matched Pair Seller; and
 - (iv) to receive from, or deliver to, the relevant Matched Pair Seller, on behalf of the Clearing House, any notices in accordance with Sections 9.3, 9.8, 9.9 or 9.10 of the Credit Derivatives Definitions.

Upon receipt of a Matched Pair Notice, the Matched Pair Buyer and Matched Pair Seller shall be deemed to have been notified of the above designation and shall assume the obligations specified above as designee.

References to "Buyer" and "Seller" in Sections 9.3, 9.8, 9.9 and 9.10 of the Credit Derivatives Definitions shall be construed as being references to the Matched Pair Buyer or the Matched Pair Seller, as applicable and the relevant CDS Contracts shall be construed accordingly.

Where the Clearing House is the Buyer in respect of a Match Pair CDS Contract, references in Section 9.2 of the Credit Derivatives Definitions to "Buyer shall be deemed to represent to Seller" shall be deemed to be references to "Buyer shall be deemed to covenant to Seller".

80502.C. Conditions to Settlement

All of the Conditions to Settlement in respect of a Matched Pair CDS Contract Pair shall be deemed to be satisfied by the delivery by Matched Pair Buyer of a Notice of Physical Settlement to both the Clearing House and the Matched Pair Seller under the Matched Pair CDS Contract Pair that is effective, subject, where applicable, to the Physical Settlement process being tolled pursuant to Rule 80504, on or before the thirtieth calendar day following the earlier of (a) the Auction Cancellation Date or No Auction Announcement Date and (b) the date on which a Declaration of Credit Event in respect of the relevant CDS Contracts was issued by the Clearing House. For purposes of determining whether the Notice of Physical Settlement Condition to Settlement has been satisfied, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used. Section 3.2 of the Credit Derivatives Definitions shall not apply.

80502.D. Notices

Neither the Clearing House nor any CDS Clearing Member will be entitled to deliver a Notice of Physical Settlement or a NOPS Amendment Notice in respect of a CDS Contract prior to the relevant Matched Pair Notice Date.

Any Notice of Physical Settlement, NOPS Amendment Notice and any notice delivered pursuant to Sections 9.3, 9.9, 9.9 and 9.10 of the Credit Derivatives Definitions shall be delivered to both the Clearing House and the Matched Pair Seller. For the avoidance of doubt, Section 1.10 of the Credit Derivatives Definitions will apply to any notices delivered by Matched Pair Buyer and Matched Pair Seller in respect of a Matched Pair CDS Contract, provided that any notice to the Clearing House may not be given by telephone and may be given as provided in Rule 80002.

If a CDS Clearing Member delivers a Notice of Physical Settlement (or NOPS Amendment Notice) in relation to a Matched Pair CDS Contract in respect of a Floating Rate Payer Calculation Amount exceeding the relevant Matched Notional Amount then such notice will be effective only in respect of a Floating Rate Payer Calculation Amount equal to the relevant Matched Notional Amount. This requirement will apply separately in relation to each Matched Pair in respect of which the CDS Clearing Member is matched.

80503. PHYSICAL SETTLEMENT OF NON DVP OBLIGATIONS

In respect of any Matched Pair CDS Contract Pair, if any Deliverable Obligations to be Delivered by the Matched Pair Buyer to the Matched Pair Seller are reasonably believed by the Matched Pair Buyer not to settle standardly on a delivery-versus-payment basis (such Deliverable Obligations, "**Non DVP Obligations**") (as notified by the Matched Pair Buyer to the Matched Pair Seller and to the Clearing House upon delivering any Notice of Physical Settlement or NOPS Amendment Notice), Delivery of such Non DVP Obligations and payment of the related portion of the Physical Settlement Amount (the "**Physical Settlement Amount Portion**") shall take place as follows:

- (a) the Matched Pair Buyer shall notify the Clearing House that it is ready to Deliver to the Matched Pair Seller the Non DVP Obligations;
- (b) following receipt of the notification referred to in paragraph (a) above, the Clearing House shall request that the Matched Pair Seller pay to the Clearing House the full Physical Settlement Amount Portion;
- (c) following receipt of the request referred to in paragraph (b) above the Matched Pair Seller shall transfer to the Clearing House the full Physical Settlement Amount Portion;
- (d) following receipt by the Clearing House of the full Physical Settlement Amount Portion in cleared funds, the Clearing House shall notify the Matched Pair Buyer that it is holding the relevant Physical Settlement Amount Portion from the Match Pair Seller;

(e) following receipt of the notification referred to in paragraph (d) above, the Matched Pair Buyer shall deliver the relevant Non DVP Obligations to the Matched Pair Seller with an outstanding principal balance at least equal to the relevant Physical Settlement Amount Portion;

(f) following its receipt of Delivery of the relevant Deliverable Obligations, the Matched Pair Seller shall deliver a notice to the Clearing House in the form required by the Clearing House from time to time specifying that the Delivery has occurred, in full or, if in part, the percentage of the Physical Settlement Amount Portion (the "**Delivered Percentage**") in respect of which Delivery has occurred;

(g) following its receipt of the notification referred to in paragraph (f) above the Clearing House shall pay to the Matched Pair Buyer an amount equal to the Physical Settlement Amount Portion (or, where the Matched Pair Seller notified the Clearing House of Delivery in part only, an amount equal to the product of the Delivered Percentage of the Physical Settlement Amount Portion) received from the Matched Pair Seller; and

(h) if the Matched Pair Buyer does not Deliver the Non DVP Obligations with an outstanding principal balance at least equal to the Physical Settlement Amount Portion to the Matched Pair Seller within 3 Business Days of receipt by the Matched Pair Buyer of the notice referred to in paragraph (d) above, the Matched Pair Seller may request that the Clearing House repay to the Matched Pair Seller the Physical Settlement Amount in respect of the Physical Settlement Amount Portion, less the product of the Delivered Percentage and the Physical Settlement Amount Portion, if any.

The process set out above may be repeated in relation to any Non DVP Obligations not in fact delivered as specified above.

80504. DELIVERABLE OBLIGATIONS

Prior to accepting Delivery of a particular obligation pursuant to a Notice of Physical Settlement or NOPS Amendment Notice, a Matched Pair Seller may challenge whether the obligation is a Deliverable Obligation under the terms of a Matched Pair CDS Contract, unless the CME Determinations Board has previously issued a Declaration confirming that such obligation is a Deliverable Obligation applicable to that Matched Pair CDS Contract as of the applicable Delivery Date for such Deliverable Obligation. Such challenge may only be made by submission of (a) a request to ISDA, as DC Secretary, to convene the relevant Credit Derivatives Determinations Committee to resolve whether such obligation is a Deliverable Obligation or (b) subject to Rule 80401 submission of an Issue to the CME Determinations Board regarding whether such obligation is a Deliverable Obligation. Any Matched Pair Seller proposing to refuse to accept Delivery and who has submitted a request to ISDA or an Issue to the CME Determinations Board as described above must give notice forthwith to the Clearing House and to the Matched CDS Buyer in the relevant Matched Pair, specifying the Matched Pair CDS Contracts Pair and obligation to which the refusal relates and details of the request to ISDA or Issue submitted to the CME Determinations Board, as applicable (the date of delivery of such notice being the "**DO Question Notice Date**" and the relevant obligation to which such notice relates a "**Disputed DO**").

With respect to a Matched Pair CDS Contract Pair, to the extent an effective Notice of Physical Settlement or NOPS Amendment Notice is delivered referencing Disputed DO, all time periods and related rights and remedies relating to settlement, for example, under Sections 9.9 and 9.10 of the Credit Derivatives Definitions and any applicable cap on settlement, in respect of such Matched Pair CDS Contract Pair shall be tolled for the time period from the DO Question Notice Date until the earlier of (a) the date that the CME Determinations Board makes a Determination related to the relevant Disputed DO or (b) the date on which ISDA publicly announces that the Credit Derivatives Determinations Committee has Resolved whether or not the relevant Disputed DO constitutes a Deliverable Obligation (such date the "**Disputed DO Resolution Date**"). An obligation shall cease to constitute a Disputed DO from, and including, the relevant Disputed DO Resolution Date. A Matched Pair Seller of a Matched Pair CDS Contract Pair shall be entitled to refuse Delivery of any obligation for so long as it constitutes a Disputed DO.

80505. FALLBACK CASH SETTLEMENT

80505.A. Failure to Pay Physical Settlement Amount

If a Match Pair Seller fails to pay all or part of a Physical Settlement Amount to a Matched Pair Buyer or the Clearing House, as applicable (such amount the "Unpaid Amount") then:

- (a) the relevant Matched Pair Buyer may give notice in writing to the Clearing House, giving all material details of the Matched Pair CDS Contract Pair involved, the failure to pay and the Unpaid Amount and any material details of the amount of any Physical Settlement Amount paid in part;
- (b) such failure to pay shall not constitute or be deemed to constitute a default or breach by the Clearing House under the relevant Matched Pair CDS Contract, the Rules or otherwise;
- (c) the Matched Pair Seller will be deemed to have failed to pay an amount equal to the Unpaid Amount to the Clearing House under the relevant Matched Pair CDS Contract;
- (d) the Matched Pair CDS Contract between the relevant Matched Pair Buyer and the Clearing House shall be settled as though the partial cash settlement provisions set out in Section 9.8 of the Credit Derivatives Definitions applied to the relevant Matched Pair CDS Contract with respect to the Deliverable Obligations corresponding to the Unpaid Amount as though:
 - (i) the Deliverable Obligations not Delivered were Undeliverable Obligations;
 - (ii) the Latest Permissible Physical Settlement Date were the date on which the Matched Pair Buyer gave the relevant notice to the Clearing House as referred to in paragraph (a) above;
 - (iii) Indicative Quotations were not applicable; and
 - (iv) the Matched Pair Buyer were the Calculation Agent.

80505.B. Non-Deliverable Obligations

If a Matched Pair Buyer is not permitted to Deliver one or more Deliverable Obligations (such Deliverable Obligations, the "Non-Deliverable Obligations") specified in the relevant Notice of Physical Settlement or NOPS Amendment Notice to its Matched Pair Seller in the relevant Matched Pair because:

- (a) the amount of such Deliverable Obligation is less than the relevant minimum denomination of such Deliverable Obligation; or
- (b) such Matched Pair Seller is not a permitted transferee under such Deliverable Obligation or the Matched Pair Buyer does not obtain any requisite consent with respect to delivery of Deliverable Obligations,

such occurrence shall be treated, in relation to the Matched Pair CDS Contract Pair, as an illegality or impossibility outside the parties' control for the purpose of Section 9.3 of the Credit Derivatives Definitions. The Matched Pair Buyer shall deliver a notice describing in reasonable detail the facts giving rise to such deemed illegality or impossibility to its Matched Pair Seller and the Clearing House. Upon such notice being given to the Clearing House the partial cash settlement provisions set out in Section 9.8 of the Credit Derivatives Definitions shall be deemed to apply to the relevant Matched Pair CDS Contract Pair with respect to the Non-Deliverable Obligations as though:

- (a) the Non-Deliverable Obligations not Delivered were Undeliverable Obligations;
- (b) the Latest Permissible Physical Settlement Date were the date on which the Matched Pair Buyer gave the relevant notice to the Clearing House as referred to above;

- (c) Indicative Quotations were not applicable; and
- (d) the Matched Pair Buyer were the Calculation Agent.

80505.C. Quotations

For the purposes of Rules 80505.A. and 80505.B. in addition to the requirements of Section 7.10 of the Credit Derivatives Definitions and notwithstanding Section 9.8(k) of the Credit Derivatives Definitions, each firm Quotation shall:

(A) be for a transaction with the Matched Pair Buyer (or its designee) (the "**Relevant Buyer**") in which, the Relevant Buyer agrees to Deliver the Deliverable Obligations to the Dealer submitting the firm quotation (the "**Quoting Dealer**"), (which transaction shall be governed by documentation that is consistent with market practice applicable to the sale and purchase of Deliverable Obligations on the Valuation Date, including without limitation a representation that the Quoting Dealer has completed all "know your customer" or similar requirements under all applicable laws, regulations and internal compliance procedures relating to a transaction with the Relevant Buyer and on the Reference Entity) and such Quoting Dealer agrees to pay the settlement amount (calculated and payable for this purpose in accordance with the relevant market standard documentation and based on the price so quoted) that would be payable for such Deliverable Obligations to the Relevant Buyer; and

(B) be capable of acceptance by the Relevant Buyer (for such purposes, each firm Quotation must, inter alia, be obtained from a Dealer with whom the Relevant Buyer in its sole and absolute discretion determines that it is able in accordance with all its internal compliance and policy requirements to transact and to Deliver the Deliverable Obligations) and be open for acceptance to the relevant party for at least 30 minutes.

80506. ALTERNATIVE BILATERAL SETTLEMENT

A Matched Pair Buyer and Matched Pair Seller may, in respect of the relevant Matched Pair CDS Contract Pair, elect to settle their rights and obligations in relation to such Matched Pair CDS Contract Pair between each other outside of the Clearing House by providing notice to the Clearing House specifying the relevant Matched Pair CDS Contract Pair and confirming their intent to settle such Matched Pair CDS Contract Pair outside of the Clearing House. If the Clearing House consents to such settlement (such consent not be unreasonably withheld or delayed), then, with effect from the date of the Clearing House consent, such Matched Pair CDS Contract Pair will be deemed to be terminated and the Clearing House will have no further obligations with respect to such Matched Pair CDS Contract Pair and, accordingly, the Clearing House guarantee shall cease to apply.

80507. CLEARING HOUSE GUARANTEE OF MATCHED PAIR CDS CONTRACTS

For the avoidance of doubt, save as provided in Rule 80506, Matched Pair CDS Contracts shall be guaranteed by the Clearing House pursuant to Rule 8F05.

80508. FAILURE TO PERFORM UNDER MATCHED PAIR CDS CONTRACTS

If at any time after the creation of a Matched Pair CDS Contract the Matched Pair Buyer or the Matched Pair Seller, as applicable, fails to perform its obligations in respect of such Matched Pair CDS Contract in accordance with these Rules, then, in addition to any obligations or liabilities under this Chapter 805, such Matched Pair Buyer or Matched Pair Seller, as applicable, may be subject to disciplinary action by the Clearing House pursuant to these Rules, which shall include without limitation, potential suspension of the clearing privileges of such Matched Pair Buyer or Matched Pair Seller.

Chapter 806 CME CDS Physical Settlement¹

80601. SCOPE OF CHAPTER

The rules in this Chapter 806 set out the terms of "CME CDS Physical Settlement". CME CDS Physical Settlement shall apply to each CDS Contract for which (i) the Fallback Settlement Method is applicable, and (ii) the CME Determinations Board has not rendered inapplicable or modified such Fallback Settlement Method pursuant to Rule 80507.E. Capitalized terms in this Chapter not otherwise defined in this Chapter shall have the meaning given to such terms in the other Chapters of the Rules.

80602. MATCHED PAIRS

80602.A. Matched Pair Notice

If CME CDS Physical Settlement is applicable to a CDS Contract (a "Physical Settlement Contract"), then CME shall randomly match (with respect to each relevant Scheduled Termination Date) each Fixed Rate Payer under a Physical Settlement Contract with one or more Floating Rate Payers under a fungible Physical Settlement Contract in a manner such that the Floating Rate Payer Calculation Amount related to each Fixed Rate Payer under a Physical Settlement Contract is fully allocated to one or more Floating Rate Payers under a fungible Physical Settlement Contract.

A matched Fixed Rate Payer and Floating Rate Payer pursuant to the preceding paragraph is a "Matched Pair" where the Fixed Rate Payer is the "Matched Pair Buyer", the Floating Rate Payer is the "Matched Pair Seller", and the portion of the Floating Rate Payer Calculation Amount allocated to such Matched Pair is the "Matched Notional Amount". CME will issue a notice to the Matched Pair (the "Matched Pair Notice") indicating the relevant Physical Settlement Contract, Matched Pair Buyer, Matched Pair Seller, Matched Notional Amount and Credit Event. With respect to a Physical Settlement Contract, the date as of which the CME first issues a Matched Pair Notice in respect of a Credit Event applicable to any Physical Settlement Contract shall be the "Matched Pair Notice Date". With respect to a Physical Settlement Contract, if the Trade Date occurs after the Matched Pair Notice Date, then the CME will issue a Matched Pair Notice for such Physical Settlement Contract on the day after the Trade Date.

80602.B. Decoupling of Matched Pairs

CME reserves the right to decouple any Matched Pair within five (5) Business Days of the Matched Pair Notice Date, provided that (i) neither the Matched Pair Buyer nor the Matched Pair Seller of such Matched Pair has delivered a (A) Notice of Intent to Settle pursuant to Rule 80603 or (B) Notice of Physical Settlement, as specified in 80604.E.(iv), and (ii) subsequent to such decoupling, the CME creates Matched Pairs pursuant to 80602.A (as necessary). For the avoidance of doubt, this Rule 80602.B is intended to address situations where a Matched Pair Buyer or Matched Pair Seller enters into a new Physical Settlement Contract that offsets such Matched Pair Buyer's or Matched Pair Seller's existing Physical Settlement Contract.

80603. NOTICE OF INTENT TO SETTLE AFTER RESTRUCTURING

"Notice of Intent to Settle" means with respect to a Matched Pair in respect of a Physical Settlement Contract with respect to a Restructuring Credit Event, a notice (which must be (i) in writing (including by facsimile and/or email), and (ii) delivered within five (5) Business Days of the Matched Paired Notice Date), from Matched Pair Buyer or Matched Pair Seller (as applicable) to CME and Matched Pair Seller or Matched Pair Buyer (as applicable) that irrevocably confirms that Matched Pair Buyer or Matched Pair Seller (as applicable) intends to settle such Physical Settlement Contract in accordance with Rule 80604.

¹ Adopted June 2009.

(i) a Matched Pair Buyer and/or Matched Pair Seller may deliver multiple Notices of Intent to Settle, and each such Notice of Intent to Settle must indicate (a) the party delivering the notice, (b) the Matched Pair, and (c) the portion of the Matched Notional Amount to which such Notice of Intent to Settle applies (the "Matched Notional Exercise Amount").

(ii) if the Matched Pair Buyer or Matched Pair Seller has delivered a Notice of Intent to Settle that specifies a Matched Notional Exercise Amount that is less than the then outstanding Matched Notional Amount, the rights and obligations of the Matched Pair Buyer and Matched Pair Seller in respect of the outstanding Matched Notional Amount shall, with effect from the date such Notice of Intent to Settle is delivered, be construed as if the CME had issued multiple Matched Pair Notices, one of which has a Matched Notional Amount equal to the Matched Notional Exercise Amount for which such Notice of Intent to Settle has been delivered, and the other of which has a Matched Notional Amount equal to the Matched Notional Amount outstanding prior to such Notice of Intent to Settle becoming effective minus the Matched Notional Exercise Amount and in respect of which a Notice of Intent to Settle has not been delivered. For the avoidance of doubt, the Matched Pair Notice for both Matched Pairs referred to in the preceding sentence will be deemed to have been delivered on the date that the original Matched Pair Notice was delivered by the CME.

80604. MATCHED PAIR CDS CONTRACTS

80604.A. Matched Pair CDS Contracts upon Bankruptcy or Failure to Pay Credit Event

Upon effectiveness of a Matched Pair Notice in respect of a Bankruptcy or Failure to Pay Credit Event, the Physical Settlement Contracts between the CME and each of the Matched Pair Buyer and the Matched Pair Seller respectively shall be deemed terminated and of no further force or effect in respect of a Floating Rate Payer Calculation Amount equal to the Matched Notional Amount (without prejudice to any accrued rights prior to termination) and the Matched Pair Buyer and the Matched Pair Seller shall each respectively be deemed to have entered into a Single Name CDS Contract (as modified mutatis mutandis pursuant to Rule 80604.E) with (a) the same Reference Entity, Buyer, Seller, Scheduled Termination Date, Floating Rate Payer Clearing Firm and Fixed Rate Payer Clearing Firm as the relevant terminated Physical Settlement Contract (or portion thereof) and (b) with a Floating Rate Payer Calculation Amount equal to the Matched Notional Amount with respect to such Matched Pair (the Single Name CDS Contract so created between the CME and each of the Matched Pair Buyer and Matched Pair Seller respectively, a "Matched Pair CDS Contract", and such Matched Pair CDS Contracts collectively, a "Matched Pair CDS Contract Pair").

80604.B Matched Pair CDS Contracts upon Restructuring Credit Event

Upon effectiveness of a Notice of Intent to Settle pursuant to Rule 80603, the Physical Settlement Contracts between the CME and each of the Matched Pair Buyer and the Matched Pair Seller respectively shall be deemed terminated and of no further force or effect in respect of a Floating Rate Payer Calculation Amount equal to the Matched Notional Exercise Amount related to such Notice of Intent to Settle (without prejudice to any accrued rights prior to termination) and the Matched Pair Buyer and the Matched Pair Seller shall each respectively be deemed to have entered into a Single Name CDS Contract (as modified mutatis mutandis pursuant to Rule 80604.E) with (a) the same Reference Entity, Buyer, Seller, Scheduled Termination Date, Floating Rate Payer Clearing Firm and Fixed Rate Payer Clearing Firm as the relevant terminated Physical Settlement Contract (or portion thereof) and (b) with a Floating Rate Payer Calculation Amount equal to the Matched Notional Exercise Amount related to such Notice of Intent to Settle (the Single Name CDS Contract so created between the CME and each of the Matched Pair Buyer and Matched Pair Seller respectively, a "Matched Pair CDS Contract", and such Matched Pair CDS Contracts collectively, a "Matched Pair CDS Contract Pair").

80604.C. No Notice of Intent to Settle

With respect to a Matched Pair in respect of a Physical Settlement Contract resulting from a Declaration of Credit Event in respect of a Restructuring Credit Event, if neither the Matched Pair Buyer nor the Matched Pair Seller delivers a Notice of Intent to Settle in accordance with Rule 80603, then (i) the

Conditions to Settlement will not have been met in respect of the Physical Settlement Contract between the CME and the Matched Pair Buyer and a Floating Rate Payer Calculation Amount equal to the Matched Notional Amount, and any Event Determination Date previously determined shall be deemed not to have occurred in respect of the Physical Settlement Contract and a Floating Rate Payer Calculation Amount equal to the Matched Notional Amount, and (ii) the Conditions to Settlement will not have been met in respect of the Physical Settlement Contract between the CME and the Matched Pair Seller and a Floating Rate Payer Calculation Amount equal to the Matched Notional Amount and any Event Determination Date previously determined shall be deemed not to have occurred in respect of the Physical Settlement Contract and a Floating Rate Payer Calculation Amount equal to the Matched Notional Amount.

80604.D. Appointment of designee by CME

With respect to a Matched Pair CDS Contract and CME only, the reference to "any of its Affiliates" in the first line of Section 9(c)(iv) of the Credit Derivatives Definitions shall be construed as a reference to "any third party".

With respect to a Matched Pair CDS Contract Pair CME may require the Matched Pair Seller or the Matched Pair Buyer, as applicable, to act as its designee for the purposes of Delivering or taking Delivery of Obligations in connection with such Matched Pair CDS Contract Pair.

80604.E. Additional Terms for Matched Pair CDS Contracts

(i) Settlement Method

Settlement Method shall be Physical Settlement.

(ii) Event Determination Date

An Event Determination Date will be deemed to have occurred in respect of a Matched Pair CDS Contract on the day on which such Matched Pair CDS Contract is deemed to have been entered into pursuant to this Rule 80604.

(iii) Conditions to Settlement

All of the Conditions to Settlement shall be deemed to be satisfied by the delivery by Matched Pair Buyer of a Notice of Physical Settlement to the CME and the Matched Pair Seller under the Matched Pair CDS Contract Pair that is effective, subject, where applicable, to the Physical Settlement process being tolled pursuant to Rule 80605.A., on or before the later of (i) the thirtieth calendar day (subject to adjustment in accordance with any applicable Business Day Convention) after the Event Determination Date. For purposes of determining whether the Notice of Physical Settlement Condition to Settlement has been satisfied, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used. Section 3.2 of the Credit Derivatives Definitions shall not apply.

(iv) Notice of Physical Settlement

Notwithstanding Section 3.4 of the Credit Derivatives Definitions, any Notice of Physical Settlement and NOPS Amendment Notice (as applicable) shall be delivered to both the CME and the Matched Pair Seller.

(v) Restructuring Maturity Limitation and Fully Transferable Obligation

Section 2.32 (a) of the Credit Derivatives Definitions is hereby deleted in its entirety and replaced with the following:

"(a) If "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" is applicable to a Matched Pair CDS Contract and the relevant Notice of Intent to Settle was delivered by Matched Pair Buyer, then a Deliverable Obligation may be specified (or deemed specified pursuant to Section 9.10) in the Notice of Physical Settlement only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date."

(vi) Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation

Section 2.33 (a) of the Credit Derivatives Definitions is hereby deleted in its entirety and replaced with the following:

"(a) If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is applicable to a Matched Pair CDS Contract and the relevant Notice of Intent to Settle was delivered by Matched Pair Buyer, then a Deliverable Obligation may be specified (or deemed specified pursuant to Section 9.10) in the Notice of Physical Settlement only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date."

80605. RESOLUTION OF QUESTIONS RELATED TO DELIVERABLE OBLIGATIONS

80605.A. Question Submission

With respect to a Matched Pair CDS Contract, from the date upon which such Matched Pair CDS Contract was created pursuant to Rule 80604 until the earlier of (i) the date that is three calendar days after the date that a Notice of Physical Settlement or a NOPS Amendment Notice related to such Matched Pair CDS Contract is effective or (ii) any date that precedes Delivery of an Obligation listed in such Notice of Physical Settlement or such NOPS Amendment Notice, a Floating Rate Payer or Fixed Rate Payer may present to the Board Chairman an Issue relating to whether an Obligation of the relevant Reference Entity is a Deliverable Obligation under the terms of such Matched Pair CDS Contract. Such Issue will be resolved by the CME Determinations Board pursuant to Chapter 805.

With respect to a Matched Pair CDS Contract Pair, to the extent an effective Notice of Physical Settlement or NOPS Amendment Notice is delivered referencing an Obligation for which there is an outstanding Issue, all time periods related to Physical Settlement of such Matched Pair CDS Contract Pair relevant to such Obligation shall be tolled for the time period from the date that such Issue was first presented to the Board Chairman until the date that the CME Determinations Board makes a Determination related to such Issue.

For the avoidance of doubt, if there is a DC Determination related to an Issue raised pursuant to Rule 80605.A, then the CME Determinations Board will ratify such DC Determination except under extreme circumstances where the CME Determinations Board votes to reconsider such DC Determination pursuant to Rule 80506.B.

80605.B. Right to Refuse Delivery

Notwithstanding any other provision of the Credit Derivative Definitions or these Rules, to the extent the Board Chairman designates an Issue pursuant to Rule 80605.A relating to whether a particular Obligation of a Reference Entity is a Deliverable Obligation under the terms of a relevant Matched Pair CDS Contract Pair, unless and until the CME Determinations Board makes a Determination for such Issue that such Obligation is a Deliverable Obligation under such Matched Pair CDS Contract Pair, a Floating Rate Payer of a Matched Pair CDS Contract Pair may refuse Delivery of such Obligation by the Fixed Rate Payer.

80606. COLLATERAL FOR MATCHED PAIR CDS CONTRACTS

Upon creation of a Matched Pair CDS Contract Pair pursuant to Rule 80604, CME will collect collateral (the "Matched Pair Collateral") from the Matched Pair Buyer and the Matched Pair Seller of such Matched Pair CDS Contract Pair on behalf of such parties. CME shall be solely responsible for determining the requirements related to the initial and ongoing value, frequency of transfer and release in respect of Matched Pair Collateral.

80607. CME GUARANTEE OF MATCHED PAIR CDS CONTRACTS

Matched Pair CDS Contracts shall be guaranteed by the CME pursuant to Rule 8F05.

80608. FAILURE TO PERFORM UNDER MATCHED PAIR CDS CONTRACTS

If at any time after the creation of a Matched Pair CDS Contract the Matched Pair Buyer or the Matched Pair Seller, as applicable, fails to perform its obligations in respect of such Matched Pair CDS Contract in accordance with these Rules, then, in addition to any obligations or liabilities under this Chapter 806, such Matched Pair Buyer or Matched Pair Seller, as applicable, may be subject to disciplinary action by the CME pursuant to these Rules, which shall include without limitation, potential suspension of the clearing privileges of such Matched Pair Buyer or Matched Pair Seller.

APPENDIX 1

CDX Indices

CDX Index	Series	Termination Date (Scheduled Termination Date)
CDX North America Investment Grade (CDX.NA.IG)	12	20 Jun 2014
CDX North America Investment Grade (CDX.NA.IG)	13	20 Dec 2014

APPENDIX 2

North American Single Name Reference Entities

	Reference Entity	Clearing Code
1	ACE LIMITED	ACERXU
2	AETNA INC.	AETRXU
3	ALCOA INC.	AARXU
4	THE ALLSTATE CORPORATION	ALLRXU
5	ALTRIA GROUP INC.	MORXU
6	AMERICAN ELECTRIC POWER COMPANY INC.	AEPRXU
7	AMERICAN EXPRESS COMPANY	AXPRXU
8	AMERICAN INTERNATIONAL GROUP INC.	AIRXU
9	AMGEN INC.	AMGRXU
10	ANADARKO PETROLEUM CORPORATION	APCRXU
11	ARROW ELECTRONICS INC.	ARWRXU
12	AT&T INC.	ATRXU
13	AT&T MOBILITY LLC	ATTRXU
14	AUTOZONE INC.	AZORXU
15	AVNET INC.	AVTRXU
16	BARRICK GOLD CORPORATION	ABRXU
17	BAXTER INTERNATIONAL INC.	BAXRXU
18	THE BLACK & DECKER CORPORATION	BDKRXU
19	BOEING CAPITAL CORPORATION	BARXU
20	BOSTON PROPERTIES LIMITED PARTNERSHIP	BXPRXU
21	BRISTOL-MYERS SQUIBB COMPANY	BMYRXU
22	BURLINGTON NORTHERN SANTA FE CORPORATION	BNIRXU
23	CAMPBELL SOUP COMPANY	CPBRXU
24	CANADIAN NATURAL RESOURCES LIMITED	CNQRXU
25	CAPITAL ONE BANK (USA) NATIONAL ASSOCIATION	COFRXU
26	CARDINAL HEALTH INC.	CAHRXU
27	CARNIVAL CORPORATION	CCLR XU
28	CATERPILLAR INC.	CATRXU
29	CBS CORPORATION	CBSRXU
30	CENTURYTEL INC.	CTLR XU
31	THE CHUBB CORPORATION	CBRXU
32	CIGNA CORPORATION	CIRXU
33	CISCO SYSTEMS INC.	CISRXU
34	COMCAST CORPORATION	CMRXU
35	COMPUTER SCIENCES CORPORATION	CSCR XU

	Reference Entity	Clearing
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		Code
1	ACE LIMITED	ACERXU
2	AETNA INC.	AETRXU
3	ALCOA INC.	AARXU
4	THE ALLSTATE CORPORATION	ALLRXU
5	ALTRIA GROUP INC.	MORXU
6	AMERICAN ELECTRIC POWER COMPANY INC.	AEPRXU
7	AMERICAN EXPRESS COMPANY	AXPRXU
8	AMERICAN INTERNATIONAL GROUP INC.	AIRXU
9	AMGEN INC.	AMGRXU
10	ANADARKO PETROLEUM CORPORATION	APCRXU
11	ARROW ELECTRONICS INC.	ARWRXU
12	AT&T INC.	ATRXU
13	AT&T MOBILITY LLC	ATTRXU
14	AUTOZONE INC.	AZORXU
15	AVNET INC.	AVTRXU
16	BARRICK GOLD CORPORATION	ABXRXU
17	BAXTER INTERNATIONAL INC.	BAXRXU
18	THE BLACK & DECKER CORPORATION	BDKRXU
19	BOEING CAPITAL CORPORATION	BARXU
20	BOSTON PROPERTIES LIMITED PARTNERSHIP	BXPRXU
21	BRISTOL-MYERS SQUIBB COMPANY	BMYRXU
22	BURLINGTON NORTHERN SANTA FE CORPORATION	BNIRXU
23	CAMPBELL SOUP COMPANY	CPBRXU
24	CANADIAN NATURAL RESOURCES LIMITED	CNQRXU
25	CAPITAL ONE BANK (USA) NATIONAL ASSOCIATION	COFRXU
26	CARDINAL HEALTH INC.	CAHRXU
27	CARNIVAL CORPORATION	CCLR XU
28	CATERPILLAR INC.	CATRXU
29	CBS CORPORATION	CBSRXU
30	CENTURYTEL INC.	CTLR XU
31	THE CHUBB CORPORATION	CBRXU
32	CIGNA CORPORATION	CIRXU
33	CISCO SYSTEMS INC.	CISRXU
34	COMCAST CORPORATION	CMRXU
35	COMPUTER SCIENCES CORPORATION	CSCR XU
36	CONAGRA FOODS INC.	CAGR XU
37	CONOCOPHILLIPS	COPRXU
38	CONSTELLATION ENERGY GROUP INC.	CEGR XU
39	COX COMMUNICATIONS INC.	COXR XU
	Reference Entity	Clearing Code

40	CSX CORPORATION	CSXR XU
41	CVS CAREMARK CORPORATION	CVSR XU
42	DARDEN RESTAURANTS INC.	DRIR XU
43	DEERE & COMPANY	DER XU
44	DELL COMPUTER CORPORATION	DLR XU
45	DEVON ENERGY CORPORATION	DVNR XU
46	DIRECTV HOLDINGS LLC	DTVR XU
47	DOMINION RESOURCES INC.	DR XU
48	THE DOW CHEMICAL COMPANY	DOWR XU
49	DUKE ENERGY CAROLINAS LLC	DUKR XU
50	E. I. DU PONT DE NEMOURS AND COMPANY	DDR XU
51	EASTMAN CHEMICAL COMPANY	EMNR XU
52	ERP OPERATING LIMITED PARTNERSHIP	EQRR XU
53	FIRSTENERGY CORP.	FER XU
54	FORTUNE BRANDS INC.	FOR XU
55	GATX CORPORATION	GMTR XU
56	GENERAL ELECTRIC CAPITAL CORPORATION	GER XU
57	GENERAL MILLS INC.	GISR XU
58	GOODRICH CORPORATION	GRR XU
59	HALLIBURTON COMPANY	HALR XU
60	THE HARTFORD FINANCIAL SERVICES GROUP INC.	HIGR XU
61	HEWLETT-PACKARD COMPANY	HPQR XU
62	THE HOME DEPOT INC.	HDR XU
63	HONEYWELL INTERNATIONAL INC.	HONR XU
64	INGERSOLL-RAND COMPANY	IRR XU
65	INTERNATIONAL BUSINESS MACHINES CORPORATION	IBMR XU
66	INTERNATIONAL LEASE FINANCE CORPORATION	AIGR XU
67	INTERNATIONAL PAPER COMPANY	IPR XU
68	J. C. PENNEY COMPANY INC.	JCPR XU
69	JOHNSON CONTROLS INC.	JCIR XU
70	KINDER MORGAN ENERGY PARTNERS L.P.	KMPR XU
71	KOHL'S CORPORATION	KSSR XU
72	KRAFT FOODS INC.	KFTR XU
73	THE KROGER CO.	KRR XU
74	LOCKHEED MARTIN CORPORATION	LMTR XU
75	LOEWS CORPORATION	LTRR XU
76	LOWE'S COMPANIES INC.	LOWR XU
77	M.D.C. HOLDINGS INC.	MDCR XU
78	MACY'S INC.	MR XU
	Reference Entity	Clearing Code
79	MARRIOTT INTERNATIONAL INC.	MARR XU

80	MARSH & MCLENNAN COMPANIES INC.	MMCRXU
81	MASCO CORPORATION	MASRXU
82	MCDONALD'S CORPORATION	MCDRXU
83	MCKESSON CORPORATION	MCKRXU
84	METLIFE INC.	METRXU
85	MOTOROLA INC.	MOTRXU
86	NATIONAL RURAL UTILITIES COOPERATIVE FINANCE CORPORATION	NRURXU
87	NEWELL RUBBERMAID INC.	NWLRXU
88	NEWS AMERICA INCORPORATED	NWSRXU
89	NORDSTROM INC.	JWNRXU
90	NORFOLK SOUTHERN CORPORATION	NSCRXU
91	NORTHROP GRUMMAN CORPORATION	NOCRXU
92	OMNICOM GROUP INC.	OMCRXU
93	PFIZER INC.	PFERXU
94	PROGRESS ENERGY INC.	PGNRXU
95	QUEST DIAGNOSTICS INCORPORATED	DGXRXU
96	R.R. DONNELLEY & SONS COMPANY	DNYRXU
97	RAYTHEON COMPANY	RTNRXU
98	REYNOLDS AMERICAN INC.	RAIDXU
99	RYDER SYSTEM INC.	RRXU
100	SAFEWAY INC.	SWYRXU
101	SARA LEE CORPORATION	SLERXU
102	SEMPRA ENERGY	SRERXU
103	THE SHERWIN-WILLIAMS COMPANY	SHWRXU
104	SIMON PROPERTY GROUP L.P.	SPGRXU
105	SOUTHWEST AIRLINES CO.	LUVRXU
106	STAPLES INC.	SPLRXU
107	TARGET CORPORATIOM	TGTRXU
108	TEXTRON FINANCIAL CORPORATION	TXTRXU
109	TIME WARNER CABLE INC.	TWRXU
110	TIME WARNER INC.	TWWRXU
111	THE TJX COMPANIES INC.	TJXRXU
112	TOLL BROTHERS INC.	TOLRXU
113	TRANSOCEAN INC.	RIGRXU
114	UNION PACIFIC CORPORATION	UNPRXU
115	UNITED PARCEL SERVICE INC.	UPSRXU
116	UNITEDHEALTH GROUP INCORPORATED	UNHRXU
	Reference Entity	Clearing Code
117	UNIVERSAL HEALTH SERVICES INC.	UHSRXU
118	VALERO ENERGY CORPORATION	VLORXU

119	VERIZON COMMUNICATIONS INC.	VRZR XU
120	VIACOM INC.	VIAR XU
121	VORNADO REALTY L.P.	VNOR XU
122	WAL-MART STORES INC.	WMTR XU
123	THE WALT DISNEY COMPANY	DSRX XU
124	WELLS FARGO & COMPANY	WFCR XU
125	WEYERHAEUSER COMPANY	WYRX XU
126	WHIRLPOOL CORPORATION	WHRR XU
127	XEROX CORPORATION	XR XR XU
128	XL CAPITAL LTD	XLRX XU
129	XTO ENERGY INC.	XTOR XU
130	YUM! BRANDS INC.	YUMR XU

EXHIBIT B

Chapter 8-F Over-the-Counter Derivative Clearing

8F01. SCOPE OF CHAPTER¹

This chapter sets forth the rules governing clearing and settlement of all products, instruments, and contracts in Over-The-Counter Derivatives, including, but not limited to, swaps and forward rate agreements, that the Clearing House has designated as eligible for clearing. OTC Clearing Members are also subject to all applicable Rules in the CME, CBOT and/or NYMEX Rulebooks that apply to CME, CBOT, NYMEX or COMEX Clearing Members as applicable, unless an exemption from such rule has been granted by staff or the Clearing House Risk Committee.² In the event there is a conflict between a rule in this Chapter 8-F and another rule in the Rulebooks, the Chapter 8-F Rule shall supersede the conflicting rule with respect to OTC Derivatives transactions.

8F02. DEFINITIONS³

OTC CLEARING MEMBER

An OTC Clearing Member is an entity that has been approved by CME to clear OTC Derivatives. An OTC Clearing Member that is not also a CME, CBOT, NYMEX or COMEX Clearing Member may not clear CME, CBOT, NYMEX or COMEX transactions, as applicable, other than OTC Derivatives.

Subject to approval by CME Clearing or the Clearing House Risk Committee, CME, CBOT, NYMEX and COMEX Clearing Members may be afforded full rights and privileges to trade and clear OTC Derivatives that are listed for clearing by CME, CBOT, NYMEX or COMEX, as applicable. Such CME, CBOT, NYMEX and COMEX Clearing Members shall then be considered "OTC Clearing Members," as applicable, for purposes of the Rules. This chapter shall be applicable to entities that are approved as "OTC Clearing Members" and CME, CBOT, NYMEX and COMEX Clearing Members approved to clear OTC Derivatives.

OVER-THE-COUNTER ("OTC") DERIVATIVES

Agreements, contracts, or transactions excluded from the Commodity Exchange Act by section 2(c), 2(d), 2(f), or 2(g) of the CEA, or by U.S.C. §§27 to 27f, or exempted under section 2(h) or 4(c) of the CEA, or other over-the-counter derivative instruments (as defined in the Federal Deposit Insurance Corporation Improvement Act of 1991, 12 U.S.C. §4421(2)).

CLOSE-OUT AMOUNT

The amount of losses and costs of the CME that are or would be incurred by the CME, net of any gains incurred in replacing, or in providing the CME the economic equivalent of the material terms of the terminated OTC Derivatives, net of any gains incurred (if such net amount is positive), including (a) the payments and deliveries that would, absent termination, have been required after the termination date, (b) any option rights in respect of the terminated transactions, (c) all unpaid amounts due to the CME under the terminated transaction less all unpaid amounts due to the Bankrupt Member under the terminated transactions and (d) all related fees, costs and expenses incurred by the CME.

8F03. CLASSIFICATION OF POSITIONS⁴

OTC Derivatives submitted for clearing by an OTC Clearing Member for its proprietary account shall be assigned to and held in a proprietary account of such Clearing Member. All collateral deposited as performance bond to support positions in the proprietary account of an OTC Clearing Member and all variation margin payments made from such account shall be deemed the property of the OTC Clearing Member and shall be subject to the Clearing House's lien and security rights as described in Rule 8F08.

OTC Derivatives submitted for clearing for the account of a Clearing Member's customer shall be assigned and held in a Regulation §30.7 account of such Clearing Member. All collateral deposited as

¹ Entire chapter was revised April 2008. Additional rules related to CDS Contracts are located in Chapters 800 et seq.

² Revised July 2008.

³ Revised July 2008; August 2008.

⁴ Revised July 2008.

⁵ Revised November 2008.

performance bond to support positions in such Regulation §30.7 account and all positions, collateral or cash in such account shall be segregated from the Clearing Member's proprietary account and, for purposes of calculating the amount of funds required to be set aside under CFTC rules, the OTC Clearing Member shall use the net liquidating equity method as described in the CFTC's Form 1-FR-FCM instructions. All Clearing Members must comply with the requirements set forth in CME Rule 971 for such Regulation 30.7 accounts.

Notwithstanding the foregoing, if the CFTC issues an order permitting OTC Clearing Members to commingle customer funds used to margin particular OTC Derivatives that are cleared by CME with other funds held in CEA Section 4d(a)(2) customer segregated accounts, such positions may be held in the customer segregated accounts of an OTC Clearing Member and, if so held, all collateral deposited as performance bond to support such positions and all variation margin payments made from such accounts shall be commingled with similar property of regulated customers. All Clearing Members must comply with the requirements set forth in CME Rule 971 for such customer segregated accounts.

8F04. OTC CLEARING MEMBER OBLIGATIONS AND QUALIFICATIONS¹

OTC Clearing Members are subject to all relevant CME, CBOT and NYMEX Rules and the Clearing House Manual unless an exemption has been granted by staff or the Clearing House Risk Committee. OTC Clearing Members must execute all agreements and documents required by the Clearing House. The qualifications and requirements to become an OTC Clearing Member are set forth below.

A CME, CBOT, NYMEX and COMEX Clearing Member clearing OTC Derivatives must satisfy the requirements set forth below.

1. An OTC Clearing Member must be in "good standing" under each applicable regulatory regime to which it is subject at the time it applies for OTC clearing membership and it must maintain its good standing status while it is an OTC Clearing Member.
2. An OTC Clearing Member must be in compliance with all applicable regulatory capital requirements and an OTC Clearing Member must maintain minimum capital of:
 - i. \$50 million if it clears only commodity (i.e., agricultural, metals and energy) and/or foreign exchange OTC Derivatives products;
 - ii. \$300 million if it clears only the OTC Derivatives products listed above in section 2.i. and other OTC Derivatives products not specifically listed in this rule, excluding credit default swaps and rate swaps; and
 - iii. \$500 million if it clears credit default swaps and/or rate swaps and any other OTC Derivatives products.

The Clearing House may establish separate capital requirements for other OTC Derivatives products approved by the Clearing House Risk Committee.

3. An OTC Clearing Member with adjusted net capital less than \$5 billion must report its capital levels to the Audit Department on a daily basis unless its parent company provides CME a parent guarantee up to such \$5 billion level for all obligations (i.e., customer and house) arising out of OTC CDS transactions.
4. An OTC Clearing Member that is also a hedge fund must maintain assets under management of at least \$5 billion while it is clearing OTC Derivatives.
5. An OTC Clearing Member clearing credit default swaps and/or rate swaps that has adjusted net capital that is less than \$1 billion must deposit into a CME account an amount of excess margin that is equal to its guaranty fund deposit requirement.
6. An OTC Clearing Member and an OTC Clearing Member applicant shall be engaged in or

¹ Revised July 2008; January 2009; December 2009.

² Revised November 2008; January 2009.

demonstrate immediate capacity to engage in the conduct of the business of an OTC Clearing Member.

7. An OTC Clearing Member that is not also a CME, CBOT, NYMEX or COMEX Clearing Member shall maintain a membership-equivalent deposit with CME of at least \$5 million in cash or collateral, which shall be valued in the sole discretion of the Clearing House, to assure performance of all obligations arising out of OTC Derivatives submitted by it to the Clearing House.

8. An OTC Clearing Member must comply with the financial requirements set forth in CME Rule 970. However, if the OTC Clearing Member is regulated by another regulatory authority, then it shall submit to CME annual audited financial statements as well as all unaudited financial statements provided to its primary regulator within five days after such statements are provided to its regulator. All financial statements shall be in the English language.

9. The books and records of an OTC Clearing Member regarding OTC Derivatives cleared by the Clearing House shall be made promptly available for inspection upon request by CME and such books and records shall be subject to reasonable standards of confidentiality.

10. Each OTC Clearing Member that is a Futures Commission Merchant shall keep the types of information and records that are described in Section 4g of the Commodity Exchange Act and CFTC regulations thereunder including, but not limited to, Regulation 1.35, with respect to all OTC Derivatives submitted for clearing.

8F05. SUBSTITUTION²

An OTC Derivative that is both executed and submitted to the Clearing House on the current business date at prevailing market prices, and in accordance with the rules governing such transaction shall be guaranteed by the Clearing House once accepted at the Clearing House. An OTC Derivative that is submitted to the Clearing House on a business date after its initial execution date, or an OTC Derivative that is executed outside of prevailing market prices, and in accordance with the rules governing such transaction, shall be guaranteed by the Clearing House at the time payment of initial settlement of mark to market, performance bond and any other applicable initial OTC cash flows for such OTC Derivative, in accordance with the procedures set forth in Rule 814, is confirmed by the appropriate settlement bank for both OTC Clearing Members. The Clearing House shall substitute itself as the counterparty to each party to the original transaction at the time of guarantee. The OTC Clearing Member shall be deemed the principal to the transaction when executed by that Clearing Member for its own proprietary account, as a guarantor agent to the transaction when executed by that Clearing Member for the account of a proprietary affiliate, or the agent when executed by the clearing member for the account of an authorized customer of that Clearing Member. After that substitution, there shall be two equal and offsetting over-the-counter transactions as follows: one between the buyer and the Clearing House, as seller; and an equal and offsetting transaction between the Clearing House and the seller.

8F06. CLEARING MEMBER DEFAULT

If an OTC Clearing Member fails promptly to discharge any obligation to the Clearing House, it shall be in default and the Clearing House may take all actions permitted by these Rules in the event of a default. All of the assets and collateral of an OTC Clearing Member that are available to CME including, but not limited to, its guaranty fund deposit and performance bond shall be applied by the Clearing House to discharge the obligation. The Clearing House may engage in any commercially reasonable transaction to eliminate or reduce the risk created by the default and all obligations, costs and expenses incurred thereby shall be an obligation of the defaulting OTC Clearing Member to the Clearing House.

8F07. GUARANTY FUND DEPOSIT

An OTC Clearing Members' guaranty fund deposit may be used to cover losses incurred by the Clearing House if a defaulting OTC Clearing Member's assets, including amounts available pursuant to any guarantee from an affiliated Clearing Member, available to the Clearing House are insufficient to cover such loss, regardless of the cause of default.

The detailed guaranty fund deposit rules applicable to Clearing Members are set forth in Rule 816.

8F08. LIEN ON COLLATERAL¹

Each OTC Clearing Member hereby grants to CME a first priority and unencumbered lien against any cash, securities or other collateral deposited with the Clearing House by the OTC Clearing Member which is the property of the OTC Clearing Member. OTC Clearing Members shall execute any documents required by CME to create and enforce such lien.

8F09. CUSTOMER REGISTRATION

All OTC Derivatives including, but not limited to, give-ups or transfers that are cleared at CME shall be identified with an account number which identifies the originator of that transaction, specifying whether the transaction was executed as a proprietary transaction of the OTC Clearing Member or arises from a transaction by a customer. OTC Clearing Members shall register, on CME approved forms, all of the "ultimate" (or end) customer.

8F10. RISK MANAGEMENT²

OTC Clearing Members will be subject to risk management and monitoring practices by CME relating to transactions submitted to the Clearing House. OTC Clearing Members shall promptly provide all information requested by Clearing House staff, including, without limitation, information respecting risk, settlement, liquidity, and operational issues.

In limited circumstances, the Clearing House may decline to accept certain OTC Derivatives trades or migration positions if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, the Clearing House should not accept the OTC Derivatives trades or migration positions. In the event that the Clearing House declines to accept certain OTC Derivative trades or migration positions, it shall incur no liability with respect to the trades and positions that are not accepted. It shall be the sole responsibility of the OTC Clearing Members who are parties to such trades or positions to take action as they deem necessary or proper for their own protection.

In addition, if the Clearing House determines in good faith that, based on the exercise of prudent risk management standards, that an OTC Clearing Member poses undue risk to the Clearing House based on its OTC Derivatives portfolio, the Clearing House may take any or all of the following actions with respect to such OTC Clearing Member: 1) impose an additional performance bond requirement; 2) prohibit the addition of any new OTC Derivative positions, or 3) require the reduction or unwinding of OTC Derivatives positions.

OTC Clearing Members shall permit on-site risk reviews in accordance with CME Rules and subject to reasonable standards of confidentiality. OTC Clearing Members will also be subject to on-going oversight by the Clearing House Risk Committee regarding their activities related to the CME Clearing House. All such inquiries shall be conducted in a manner consistent with oversight of CME Clearing Members and in accordance with reasonable standards of confidentiality.

8F11. FINANCIAL REQUIREMENTS

- A. Subject to exceptions granted by CME staff regarding CME imposed financial requirements, OTC Clearing Members must comply with the following:
 1. Maintenance of minimum capital requirements;
 2. Notification requirements to the Audit Department when a clearing member:
 - (i) Fails to maintain minimum capital requirements;
 - (ii) Fails to maintain current books and records; or
 - (iii) Changes its fiscal year.
- B. CME staff may prescribe additional accounting, reporting, and other financial and/or operational requirements and OTC Clearing Members must comply with such requirements. All OTC Clearing Members must provide immediate notice to the Audit Department of a failure to comply with the additional accounting, reporting, financial, and/or operational requirements.
- C. CME staff may grant exceptions to the financial requirements of Rule 970 if it is determined that

¹ Revised July 2008.

² Revised July 2008; June 2009.

such exceptions will not jeopardize the financial integrity of CME.

8F12. SETTLEMENT

An OTC Clearing Member must demonstrate, at all times, the operational capabilities and infrastructure necessary to meet all of the delivery requirements applicable to the OTC Derivatives cleared by such OTC Clearing Member.

8F13. INSOLVENCY AND LIQUIDATION¹

In the event of a bankruptcy or insolvency of an OTC Clearing Member or any other clearing member carrying OTC Derivatives in its proprietary or customer accounts, the default Rules and risk management procedures of CME shall apply, including, but not limited to, the provisions in Rule 975. Upon the bankruptcy or insolvency of such a clearing member, the Clearing House will terminate, or offset, any open OTC Derivatives of the bankrupt or insolvent Clearing Member and of its customers, however, the Clearing House shall have discretion to transfer such customer positions to one or more other Clearing Members. The Clearing House may mitigate or eliminate the risks incurred by it as a result of offsetting or terminating such open OTC Derivatives by any one or more of the following means: 1) replace all or a portion of the OTC Derivatives of the defaulting clearing member by entering into a transaction with a solvent clearing member(s); 2) replace all or a portion of the OTC Derivatives of the defaulting clearing member by entering into OTC Derivatives for its own account in the open market; and/or 3) enter into OTC Derivatives (or exchange-traded contracts) to hedge the economic risks imposed on it as a result of offsetting or terminating such OTC Derivatives by any commercially reasonable means. The Clearing House may also replace any OTC Derivatives it enters into to replace or hedge economic risks from any terminated transaction by substituting a transaction with a solvent clearing member(s) that offsets the original terminated transaction.

Any Close-out Amount incurred by the Clearing House in liquidating, transferring and establishing, adjusting and/or replacing positions resulting from the clearing member's default will be deducted from the defaulting clearing member's collateral held by CME. In the event the collateral of the defaulting clearing member is not sufficient to satisfy the Close-Out Amount, the unsatisfied costs will be a claim by the Clearing House against the defaulting clearing member.

8F14. MITIGATION OF LOSSES

In the event of a failure of an OTC Clearing Member promptly to discharge any obligation to the Clearing House involving OTC Derivatives, all OTC Clearing Members shall work cooperatively with their counterparties and CME to mitigate any losses that may occur as a result of such failure.

OTC Clearing Members shall, upon request from the Emergency Financial Committee: 1) bid on a defaulting OTC Clearing Member's portfolio; 2) accept allocated positions of a defaulting OTC Clearing Member based on predetermined algorithms; and 3) take any other action as reasonably requested by the Emergency Financial Committee.

In the event of a failure by an OTC Clearing Member to promptly discharge any obligations to the Clearing House related to CDS products, the Clearing House shall work cooperatively with the Default Management Committee to manage the process of the liquidation or transfer of such defaulting OTC Clearing Member's CDS portfolio. OTC Clearing Members shall also work cooperatively with the Clearing House and the Default Management Committee on liquidating or transferring a defaulting Clearing Member's OTC portfolio.

8F15. TRADE SUBMISSION ON CME CLEARPORT

A. This rule governs all OTC Derivatives that the Clearing House has designated as eligible for clearing that are submitted for clearing via CME ClearPort and that are not extinguished and replaced by positions in regulated futures and options ("Transactions"). The parties to a Transaction and any person authorized under Section C of this Rule with brokering capability or trade submission authority (generically defined as "Broker" or "Brokers") must comply with applicable registration procedures for participation in CME ClearPort and must continue to comply with applicable registration procedures for

¹ Revised August 2008; November 2008.

OTC Derivatives, as may be amended from time to time. Transactions are also subject to the other rules in this chapter.

B. Each Transaction must be submitted in accordance with the procedures established by the Clearing House for this purpose, as amended from time to time. The parties to a Transaction and any Brokers authorized to submit Transactions on such a party's behalf to the Clearing House and authorized for related activities shall be exclusively responsible, both individually and jointly, for accurately confirming the details of the Transaction to the Clearing House. Once submitted, all Transactions shall be deemed final. Neither the Clearing House nor a Clearing Member carrying the account of either party will have any responsibility in the confirmation of trade terms for Transactions.

C. Each Clearing Member must register with the Clearing House staff in the manner required for any customer authorized by the Clearing Member to submit transactions to the Clearing House pursuant to this rule, and must also register with the Clearing House staff the applicable account numbers for each such customer. For each such account, the Clearing Member carrying that account also must submit to Clearing House staff in the manner provided the name of any Broker who has registered with Clearing House staff for services provided under this rule, and who is authorized by the customer to act on its behalf in the submission of Transactions pursuant to this rule and related activity. For any such Brokers authorized by the customer and submitted to Clearing House staff by the Clearing Member, such submission to Clearing House staff of the Broker's information by the Clearing Member will not constitute an endorsement or ratification of the customer's authorization of the Broker. Moreover, submission of a Broker authorized by a customer will not mean that the Clearing Member is in privity with, has a relationship with or is otherwise standing behind any of the customer's authorized Brokers, and the Clearing Member will have no responsibility for any such Brokers selected by the customer and no duty or obligation to supervise the activities of any such Brokers.

D. For each account number that has been registered with the Clearing House staff pursuant to Section C of this rule, a credit check or explicit clearing member acceptance or rejection of a transaction must occur depending on the transaction type.

8F16. FINANCIAL CALCULATIONS¹

Financial calculations required for OTC Derivatives will be performed by CME Clearing on the date such OTC Derivatives are cleared in the Clearing House in accordance with CME Clearing's procedures. Financial calculations for OTC Derivatives that are received and processed after the daily clearing cycle will be performed on the next Business Day.

DEFINITIONS

Default Management Committee

The Default Management Committee shall be a committee having the powers set forth in Rule 8F25.

Rule 8F25 DEFAULT MANAGEMENT COMMITTEE

In the event of a default with respect to CDS products, there shall be a Default Management Committee which shall be comprised of the President of the Clearing House, the Chairman of the Clearing House Risk Committee and such clearing members as may be appointed by the Board. The purpose of this Committee shall be to advise the Clearing House with respect to issues arising from the potential or actual default of a clearing member holding CDS positions and to manage the process of the liquidation or transfer of such clearing member's CDS portfolio. Such advice may include advice on hedging and execution of a defaulting clearing member's portfolio and administration of the default auction process.

¹ Adopted June 2009.

EXHIBIT C

Chapter 8 Clearing House and Performance Bonds

GENERAL

800. CLEARING HOUSE

The Exchange shall maintain and operate a Clearing House in order to protect market participants and to maintain the integrity of the contracts traded on or processed through the Exchange. Membership in the Clearing House shall be a right and privilege granted by the Board of Directors which may, from time to time, establish such classes of membership in the Clearing House, together with the duties, rights and privileges thereof, as it deems necessary. Whenever these rules create a right in favor of the Clearing House, or impose a liability on the Clearing House, it shall be construed as the right or liability of the Exchange, and shall be enforced by or against the Exchange.

801. MANAGEMENT

The general direction of the Clearing House shall be under the jurisdiction of the Clearing House Risk Committee. The Chief Executive Officer with the approval of the Board shall appoint a President of the Clearing House, who shall be responsible for the daily operation of the Clearing House and the implementation of the rules applicable to the Clearing House. The President of the Clearing House may also delegate authority for certain aspects of the daily operation of the Clearing House to staff of the Clearing House.

Exchange staff shall adopt, establish, publish and amend from time to time a Clearing House Manual of Operations ("Manual"). This Manual shall contain, among other things, information and directions for preparing trade data, completing prescribed memoranda and meeting other Clearing House requirements. The Manual and amendments thereto shall constitute part of the rules of the Exchange.

802. PROTECTION OF CLEARING HOUSE

802.A. Default by Clearing Member or Other Participating Exchanges

The Clearing House shall establish a single guaranty fund. Each clearing member shall contribute to the guaranty fund in accordance with the requirements of Rule 816. A clearing member's guaranty fund contribution may be applied by the Clearing House in accordance with this Rule 802 to mitigate a Loss (as defined below) to the Clearing House attributable to any cleared Product Class (as defined below) regardless of the Product Classes a clearing member clears. However, in order to accommodate differences in time frames and processes associated with the liquidation of certain Product Classes, Losses will be allocated among a set of guaranty fund tranches established to reflect the relative contributions of different product classes to the total guaranty fund. For example, to the extent that a loss to the Clearing House is attributable to CDS positions, the guaranty fund contributions related to CDS risks will be subject to application prior to guaranty fund contributions allocated to other tranches. Notwithstanding this prioritization of the Clearing House's recourse, ultimately the entire guaranty fund will be available if necessary to satisfy all losses regardless of Product Class.

1. Default by Clearing Member

If a clearing member of CME, CBOT, NYMEX, COMEX, or an OTC Clearing Member, fails promptly to discharge any obligation to the Clearing House, it shall be in default. For purposes of this Rule 802, each default by a clearing member will be considered a separate default event, provided that if a clearing member has been declared in default, subsequent failures to pay by such defaulting clearing member shall not be considered separate default events unless and until the original default has been fully resolved and such clearing member has been restored to good standing.

2. Defaulting Clearing Member's Collateral

If a clearing member defaults, its guaranty fund contribution (pursuant to Rule 816), its performance bonds on deposit with the Clearing House, the proceeds of the sale of any membership and Class A Shares assigned to it for clearing qualification, and any of its other assets held by, pledged to or otherwise available to the Clearing House, shall be applied by

the Clearing House to discharge the clearing member's obligation to the Clearing House. The defaulting clearing member shall take no action, including but not limited to, attempting to obtain a court order that would interfere with the ability of the Clearing House to so apply such assets and proceeds.

If the guaranty fund contribution, performance bond and other assets of a clearing member available to the Clearing House are insufficient to satisfy all of its obligations to the Clearing House, including all claims against the Clearing House by reason of its substitution for that clearing member pursuant to Rule 804 or Rule 8F05, the Clearing House shall nonetheless pay all such claims, which payments by the Clearing House shall be deemed a loss to it (hereinafter "Loss") and which shall be a liability of the defaulting clearing member to the Clearing House, which the Clearing House may collect from any other assets of such clearing member or by process of law.

For purposes of this Rule, the positions in the cross-margin account of a Participating Clearing Member or its Cross-Margining Affiliate at a Cross-Margining Clearing Organization, and the performance bond thereon, shall be considered assets of the Participating Clearing Member available to the Clearing House to the extent provided in the Cross-Margining Agreement between the Clearing House and such Cross-Margining Clearing Organization. A clearing member in default shall immediately make up any deficiencies in its guaranty fund contribution resulting from such default and in any event no later than the close of business on the banking day following demand by the Clearing House.

3. Default by Other Participating Exchanges or Partner Clearinghouses

If a Participating Exchange or Partner Clearinghouse fails to promptly discharge any obligation to the Clearing House arising out of its obligations to the Exchange, such Participating Exchange's or Partner Clearinghouse's letters of credit, performance bonds and other assets available to the Clearing House shall be applied by the Clearing House to discharge the obligation, pursuant to the procedures set forth below in Rule 802.A.5 with respect to a defaulting clearing member. If such resources are insufficient to satisfy the Participating Exchange's or Partner Clearinghouse's obligations to the Clearing House, the deficiency shall be considered a Loss that is subject to satisfaction pursuant to Rule 802.B.

4. Allocation of Guaranty Fund into Tranches

The guaranty fund shall be composed of the required guaranty fund contributions of clearing members pursuant to Rule 816, or any comparable security deposit contributions from a Participating Exchange or Partner Clearinghouse. The Clearing House shall allocate the guaranty fund into tranches as follows:

- i. The Base Product Class. Product classes that are not associated with the CDS Tranche or an Alternate Tranche as described below shall comprise the Base Product Class. The first 80% of guaranty fund amounts contributed with respect to the Base Product Class shall be the "Base Tranche".
- ii. The CDS Product Class. CDS products described in Chapter 80000 shall comprise the CDS Product Class. The first 80% of guaranty fund amounts contributed with respect to the CDS Product Class shall be the "CDS Tranche".
- iii. Alternate Product Classes. Any other product class approved by the Clearing House Risk Committee to support a product-specific guaranty fund tranche hereunder shall comprise an Alternate Product Class. The first 80% of guaranty fund amounts contributed with respect to each such an Alternate Product Class shall be an "Alternate Tranche".
- iv. Commingled Tranche. The remaining 20% of guaranty fund amounts contributed with respect to all of the foregoing Product Classes shall be the "Commingled Tranche".

As set forth below in 802.B, if the collateral of the defaulting clearing member, as described in Rule 802.A.2, Participating Exchange or Partner Clearinghouse is insufficient to satisfy its obligation to the Clearing House, the Tranche associated with a particular Product Class will be the Tranche first applied to reimburse the Clearing House for Losses attributable to that Product Class, as determined in accordance with Rule 802.A.5, (*i.e.*, the Base Tranche will first be applied to Losses attributed to the Base Product Class, and the CDS Tranche will first be applied to Losses attributed to the CDS Product Class). The guaranty fund requirements of clearing members for purposes of allocation of such amounts into the Tranches shall be the required amounts in effect for each clearing member at the time of the default.

5. Apportionment Among Product Classes; Application of Defaulting Clearing Member's Collateral

Upon a default, the Clearing House shall apply the defaulting clearing member's collateral to the deficiency in accordance with the following procedures:

- i. *Initial Allocation of Assets to Product Classes.* Subject to the provisions of 802.G, as of the cycle in which the default occurs, the Clearing House shall allocate assets of the defaulting clearing member to the different Product Classes in which the clearing member has open positions as follows: (a) the defaulting clearing member's guaranty fund requirement associated with each Product Class shall be attributed to such Class, (b) the defaulting clearing member's required performance bond amounts for each Product Class as of the prior clearing cycle shall be allocated to such Class, (c) any CME shares (whether common shares or class B shares) or any cash posted in lieu of such shares, and (d) any of the defaulting clearing member's other assets held by, pledged to or otherwise available to the Clearing House shall be divided among the Product Classes in proportion to the defaulting clearing member's guaranty fund requirement.
- ii. *Management of Obligations for Cycle of Default.* As of the cycle in which the default occurs, the Clearing House shall aggregate the following assets: any excess guaranty funds, any excess performance bond from the prior clearing cycle, any partial payment by the clearing member for the default cycle, and any other available assets of the clearing member that are not specific to a Product Class. Such unassigned assets shall be allocated first to any net settlement variation payment obligation of the defaulting clearing member to the Clearing House, pro rata across account classes relative to the net settlement variation payment obligation for each account class. If the unassigned funds so allocated are sufficient to satisfy the clearing member's immediate settlement variation payment obligations, any remaining unassigned funds shall be divided among the Product Classes, pro rata in proportion to the size of the performance bond requirements for each Product Class for the clearing cycle immediately prior to the default. If the unassigned funds are not sufficient to satisfy the clearing member's settlement variation payment obligations for the default cycle, then (i) the Clearing House shall apply the unassigned funds to such obligations, pro rata relative to the size of such obligations on a per-Product Class basis, and within each Product Class, pro rata across account classes, and (ii) the remaining settlement variation payment obligations for such clearing cycle shall be satisfied on a per-Product Class basis only from the assets allocated to the relevant Product Class pursuant to 802.A.5.i. If the Clearing House is unable to satisfy a settlement variation payment obligation attributable to any Product Class from such assets, the deficiency shall be a Loss that the Clearing House shall satisfy pursuant to the procedures in Rule 802.B. For the avoidance of doubt, as set forth in 802.G, the Clearing House shall not use performance bond amounts or other collateral in any customer account class of the defaulting clearing member to satisfy a payment obligation to the Clearing House in respect of the defaulting clearing member's proprietary account.
- iii. *Payment Obligations as Losses are Finalized.* During any subsequent clearing cycles in which the Clearing House is managing and/or liquidating open positions in respect of the defaulting clearing member, the Clearing House shall satisfy any settlement variation payment obligations owed by the defaulting Clearing member to the Clearing House, or other realized losses of or expenses to the Clearing House with respect to the default, on a per-Product Class basis, only from the assets allocated to the relevant Product Class pursuant to 802.A.5.i. Any settlement variation gain to the defaulting clearing member in any Product Class during such subsequent clearing cycles shall be added to collateral allocated to such Product Class pursuant to 802.A.5.i. Any additional assets of the defaulting clearing member obtained by the Clearing House during subsequent clearing cycles shall be divided among the Product Classes pro rata in proportion to the size of the performance bond requirements for each Product Class for the clearing cycle immediately prior to the default. The Clearing House shall apply such collateral to such payment obligations for all account classes, giving priority to customer account classes (i.e., customer accounts and proprietary accounts). If the Clearing House is unable to satisfy a

settlement variation payment obligation to the Clearing House, or other realized loss or expense to the Clearing House, from the defaulting clearing member's collateral as set forth in this paragraph, the deficiency shall be a Loss that the Clearing House shall satisfy pursuant to the procedures in Rule 802.B. For the avoidance of doubt, as set forth in 802.G, the Clearing House shall not use performance bond amounts or other collateral in any customer account class of the defaulting clearing member to satisfy a payment obligation to the Clearing House in respect of the defaulting clearing member's proprietary account.

- iv. *Final determination of gain or deficiency for each Product Class.* When the Clearing House determines the final net deficiency for a Product Class, it shall apply any remaining collateral of the defaulting clearing member with respect to such Product Class to satisfy the deficiency. If the Clearing House achieves a final gain, or if any excess collateral remains following satisfaction of a deficiency, the Clearing House shall allocate such excess funds to the defaulting clearing member's collateral for Product Classes within the same account class as to which a final gain or deficiency is yet to be determined, pro rata in proportion to the size of the performance bond requirements for such Product Classes for the clearing cycle immediately prior to the default. For the avoidance of doubt, as set forth in 802.G, the Clearing House shall not use performance bond amounts or other collateral in any customer account class of the defaulting clearing member to satisfy a payment obligation to the Clearing House in respect of the defaulting clearing member's proprietary account. Any gains or excess collateral within a segregated customer account class following final determination of the defaulting clearing member's losses shall remain segregated to the relevant customer account class, where it may be used to satisfy payment obligations arising from such account class in other Product Classes, but shall not be added to the clearing member's collateral generally.

Any remaining unsatisfied obligations of the defaulting clearing member shall become Losses to the Clearing House that shall be satisfied as set forth below.

802.B. Satisfaction of Clearing House Obligations

If the Clearing House is unable, using the defaulting clearing member's collateral as set forth in Rule 802.A, to satisfy all of the clearing member's obligations to the Clearing House then such obligations shall be met and made good promptly by the Clearing House pursuant to this Rule 802.B. Such obligations include, but shall not be limited to, costs associated with the liquidation, transfer and managing of positions, arising out of: 1) its substitution (pursuant to Rule 804 or Rule 8F05) for a defaulting clearing member a defaulting Participating Exchange, or a defaulting Partner Clearinghouse; 2) a shortfall in a cross-margining program; 3) the failure of a depository, exchange or market apart from the Exchange but whose transactions are cleared pursuant to the provisions of Chapters 8B, 8C, 8D, 8E or 8F; or 4) any other cause. All of the foregoing shall be deemed Losses to the Clearing House, which shall be apportioned by the Clearing House to Loss categories associated with the Product Class producing the Loss. Losses that cannot readily be attributed to a specific Product Class shall be apportioned by the Clearing House across all Product Classes in proportion to relative size of the Tranches (excluding the Commingled Tranche). Losses shall be satisfied by the Clearing House in the order of priority hereafter listed. Non-defaulting clearing members shall take no actions, including but not limited to attempting to obtain a court order, that would interfere with the ability of the Clearing House to collect and apply assets and proceeds in accordance with this Rule 802.B. For purposes of this Rule 802.B, a default by a Participating Exchange or a Partner Clearinghouse shall be managed in the same manner as a default by a clearing member.

1. If Losses Are Limited to the Base Product Class:
 - i. Surplus funds of the Exchange in excess of funds for normal operations.
 - ii. The Base Tranche.
 - iii. The Commingled Tranche.
 - iv. The CDS Tranche and any Alternate Tranche, pro rata in accordance with the relative size of such Tranches.
 - v. The balance of any Losses remaining after the application of the above funds shall be assessed against all clearing members (excluding any insolvent or defaulting clearing

- members). Each clearing member (excluding any insolvent or defaulting clearing member) shall be subject to an assessment up to an amount that does not exceed a total of 275 per cent of such clearing member's guaranty fund requirements attributable to all Product Classes at the time of the default. Assessed amounts shall be divided among clearing members pro rata in proportion to the size of the Clearing House's assessment authority with respect to each clearing member. If after satisfaction of any assessments up to foregoing maximum, a non-defaulting clearing member withdraws as set forth in 802.B.5, the clearing member shall not be subject to any further assessment in respect of Losses attributable to the default.
2. If Losses Are Limited to the CDS Product Class:
 - i. Surplus funds of the Exchange in excess of funds for normal operations.
 - ii. The CDS Tranche.
 - iii. The Commingled Tranche.
 - iv. The Base Tranche and any Alternate Tranche, pro rata in accordance with the relative size of such Tranches.
 - v. The balance of any Losses remaining after the application of the above funds shall be assessed against all clearing members (excluding any insolvent or defaulting clearing members). Each clearing member (excluding any insolvent or defaulting clearing member) shall be subject to an assessment up to an amount that does not exceed a total of 275 per cent of such clearing member's guaranty fund requirements attributable to all Product Classes at the time of the default. Assessed amounts shall be divided among clearing members pro rata in proportion to the size of the Clearing House's assessment authority with respect to each clearing member. If after satisfaction of any assessments up to foregoing maximum, a non-defaulting clearing member withdraws as set forth in 802.B.5, the clearing member shall not be subject to any further assessment in respect of Losses attributable to the default.
 3. If Losses Are Limited to an Alternate Product Class:
 - i. Surplus funds of the Exchange in excess of funds for normal operations.
 - ii. The Alternate Tranche.
 - iii. The Commingled Tranche.
 - iv. The Base Tranche, the CDS Tranche and any other Alternate Tranche, pro rata in accordance with the relative size of such Tranches.
 - v. The balance of any Losses remaining after the application of the above funds shall be assessed against all clearing members (excluding any insolvent or defaulting clearing members). Each clearing member (excluding any insolvent or defaulting clearing member) shall be subject to an assessment up to an amount that does not exceed a total of 275 per cent of such clearing member's guaranty fund requirements attributable to all Product Classes at the time of the default. Assessed amounts shall be divided among clearing members pro rata in proportion to the size of the Clearing House's assessment authority with respect to each clearing member. If after satisfaction of any assessments up to foregoing maximum, a non-defaulting clearing member withdraws as set forth in 802.B.5, the clearing member shall not be subject to any further assessment in respect of Losses attributable to the default.
 4. If Losses Are Apportioned Among Multiple Product Classes:

Because of differences in the timeframes and processes associated with the liquidation of certain product types, the Clearing House may finalize Loss amounts associated with different Product Classes at different points in time. Notwithstanding this, the Clearing House will act with all possible speed to satisfy the Losses as they are finalized, in the order of priority and per the schedule set forth below.

 - i. Surplus funds of the Exchange in excess of funds for normal operations shall be applied. Surplus funds of the Exchange shall be divided by the Clearing House into separate segments in proportion to the size of each Tranche except for the Commingled Tranche. Each segment of surplus funds shall be applied first to Losses associated with the applicable Product Class for such segment, and only at such time as one or more Losses associated with such Tranche are finalized. Subject to paragraph 802.C if any surplus funds remain after such initial application, such

- surplus funds shall be reserved to be later applied to Losses associated with other Product Classes as set forth in paragraph 802.B.4.v.
- ii. The Base Tranche shall be applied to Losses associated with the Base Product Class, the CDS Tranche shall be applied to Losses associated with the CDS Product Class, and any Alternate Tranche shall be applied to Losses associated with the applicable Alternate Product Class, in each case when one or more Losses associated with such Tranche are finalized. Subject to paragraph 802.C, if the Tranche is not exhausted, any remaining funds shall be held in such Tranche and may later be applied to other Losses as set forth in paragraph 802.B.4.v.
 - iii. The Commingled Tranche funds shall be applied to remaining Losses associated with any Product Class immediately as such Losses are finally determined by the Clearing House, in the order that the amounts of such Losses are finalized. Consequently, the application of Commingled Tranche funds to Losses associated with one Product Class may occur prior to the finalization of Losses associated with other Product Classes (*i.e.*, prior to the completion of the processes set forth in paragraphs 802.B.4.i and 802.B.4.ii with respect to Losses associated with another Product Class.) If Losses associated with more than one Product Class are to be finalized pursuant to auction processes being conducted concurrently, then any remaining Commingled Tranche funds shall be divided and allocated to such auctions during the auction process, pro rata in proportion to the relative sizes of the mark-to-market losses for such Product Classes.
 - iv. Any Losses remaining after the application of the processes set forth above shall be assessed against all clearing members (excluding any insolvent or defaulting clearing members) up to an amount that does not exceed a total of 275 per cent of the aggregate guaranty fund requirements across all clearing members (excluding any insolvent or defaulting clearing members) at the time of the default with respect to the Product Class with which the Loss is associated. Such assessments shall occur on a per-Product Class basis as Losses associated with each Product Class are finalized by the Clearing House. Consequently, the application of an assessment against clearing members with respect to Losses associated with one Product Class may occur prior to the finalization of Losses associated with other Product Classes. Assessed amounts shall be divided among clearing members pro rata in proportion to the size of the Clearing House's assessment authority with respect to each clearing member, without regard to the Product Classes cleared by such clearing member or the proportion to which such Product Classes contribute to such clearing member's maximum assessment exposure. (For example, a clearing member that clears only CDS products and that is subject to a maximum \$1 billion assessment because of that clearing activity will be subject to assessment of up to \$500 million for a Loss associated with the Base Product Class if 50% of the Clearing House's aggregate assessment powers are generated by guaranty fund requirements with respect to the Base Product Class). Any remaining unused assessment authority associated with Product Classes as to which Losses are fully satisfied shall be reserved and later may be applied to Losses associated with other Product Classes as set forth in paragraph 802.B.4.v below. For the avoidance of doubt, each clearing member (excluding any insolvent or defaulting clearing member) shall be subject to assessment up to a maximum amount of 275 per cent of such clearing member's aggregate guaranty fund requirements with respect to all Product Classes at the time of the default. If after satisfaction of any assessments up to foregoing maximum, a non-defaulting clearing member withdraws as set forth in 802.B.5, the clearing member shall not be subject to any further assessment in respect of Losses attributable to the default.
 - v. Reserved (a) collateral of the defaulting clearing member, (b) surplus funds, (c) Base Tranche funds, CDS Tranche funds or Alternate Tranche funds, and (d) assessment powers shall be applied to remaining Losses as they are finalized with respect to each Product Class and in such order, provided that if at the time of any such application, Losses associated with another Product Class remain to be finalized, the Clearing House shall continue to reserve a portion of such remaining funds or assessment powers, pro rata in proportion to the size of the Tranches originally supporting such Product Classes, until such remaining Losses are finalized. When all Losses have been finalized by the Clearing House, any remaining reserved funds and

assessment powers of any kind may be applied to satisfy such Losses, pro rata relative to the size of the remaining losses for the Product Classes.

5. Fedwire and Satisfaction of Assessment

All amounts assessed by the Clearing House against a clearing member pursuant to this Rule, during the hours in which the Federal Reserve's wire transfer system (Fedwire) is in operation, shall be paid to the Exchange by such clearing member prior to the close of Fedwire on such day; provided, however, that all amounts assessed within one (1) hour prior to the close of Fedwire shall be paid to the Exchange within one (1) hour after Fedwire next opens.

Any clearing member that does not satisfy an assessment, made pursuant to this paragraph 802.B.5 or paragraphs 802.B.1.v, 802.B.2.v, 802.B.3.v, 802.B.4.iv or 802.B.4.v above, shall be in default. Any Loss that occurs as a result of such default shall itself be assessed by the Clearing House to non-defaulting clearing members pursuant to the applicable paragraph.

If a clearing member (i) has made payment of all amounts assessed against it pursuant to this Rule 802.B in connection with any single default and any related default by any other clearing member with respect to its own assessment, (ii) has replenished any deficiency in its guaranty fund contribution in accordance with Rule 802.D, and (iii) within five (5) business days after making such payments, has satisfied the other conditions for withdrawal set forth in Rule 913.A, it may provide written notice of its application to withdraw from clearing membership pursuant to Rule 913. Upon receipt of such notice, provided that the foregoing conditions have been satisfied, the withdrawing clearing member shall not be subject to any residual assessment to cover Losses on an open unresolved default, nor any other assessment pursuant to this Rule in respect of defaults occurring on or after the date upon which notice is received. Further, the guaranty fund contribution that it has restored shall not be used or applied towards meeting any claim or obligation of the Clearing House pursuant to Rule 802.B that arises with respect to defaults occurring on or after the date upon which notice is received, and the withdrawing clearing member's guaranty fund contribution shall be released in accordance with Rule 913.

After payment of an assessment pursuant to Rule 802.B, a clearing member shall charge other clearing members for whom it clears contracts or carries positions on its books to recover their proportional share of the assessment. Such other clearing members shall promptly pay the charge.

6. Details of Implementation

While adherence to the provisions of this Rule 802.B shall be mandatory, the detailed implementation of the process of finalizing Losses with respect to a default, including the liquidation, auction or sale of positions or assets of the defaulting clearing member, shall be conducted by the Clearing House in consultation with the Clearing House Risk Committee, with the approval of the Board, and/or such other committee as the Board may designate. With respect to a default occurring in the CDS Product Class, the finalization of Losses with respect to the defaulting clearing member's CDS positions shall be conducted in consultation with the CDS Default Management Committee.

802.C. Application of Funds to Avoid Clearing House Insolvency

Notwithstanding any requirements to reserve funds set forth in Rule 802.A or Rule 802.B, if at any point following a default, the Clearing House will be unable to timely fulfill its obligations following application of the funds described above in the priority described above, such that the Clearing House is in imminent danger of defaulting on its obligations or being declared insolvent, then the Clearing House shall be entitled to apply to such obligation any available funds reserved from the defaulting clearing member's collateral, surplus funds or any Tranche (other than the Commingled Tranche, which shall have been exhausted pursuant to paragraph 802.B.4.iii), in the foregoing order of priority, if necessary to avoid a default by the Clearing House or a declaration of its insolvency. Such use of reserved funds may only be made (i) if the Clearing House reasonably concludes that there is a reasonable expectation that (A) the use of such funds will satisfy the immediate obligation and avoid a default or insolvency and (B) that the remaining funds in the overall financial safeguards package (including assessment powers) will be sufficient to satisfy the finalized Losses with respect to all Product Classes, and (ii) the Clearing House reaches such conclusion in consultation with the Clearing House's primary regulator as to the specific facts, circumstances and estimates of Losses supporting such conclusion. In such case, the Clearing House shall restore the funds so employed to the

reserved collateral segments, surplus funds segments or Tranches from which they were drawn promptly following receipt by the Clearing House of assessment payments or any other amounts that become available to it in respect of obligations arising out of the defaulted clearing member's default.

802.D. Restoration of Funds Following Final Determination of Losses

If after the default of a clearing member is finally resolved, the Clearing House determines that collateral of the defaulting clearing member, surplus funds, Tranche funds other than the Commingled Tranche, or assessment powers were employed in a manner different from what would have occurred had all assets been secured and liquidated immediately and all Losses finalized simultaneously, then the Clearing House shall make appropriate (i) distributions to the non-defaulting firms whose guaranty funds were applied or who were assessed and/or (ii) rebalancing allocations among guaranty fund tranches.

802.E. Rights of Exchange for Recovery of Loss

Losses caused by the default of a clearing member, Participating Exchange or Partner Clearinghouse are amounts due to the Clearing House from such clearing member, exchange or clearing house and shall remain legal obligations thereof notwithstanding the Clearing House's recourse to the loss-mutualization provisions of this Rule 802, which amounts the Clearing House shall take commercially reasonable steps to recover (including claims submitted in bankruptcy court). If a Loss for which clearing members or their guaranty fund contributions have been assessed is subsequently recovered by the Exchange in whole or in part, the net amount of such recovery shall be credited to such clearing members (whether or not they are still clearing members at the time of recovery) in proportion to the amount of the assessment.

802.F. Guaranty Fund Contributions to be Restored

In the event it shall become necessary to apply all or part of the guaranty fund contributions to meet obligations to the Clearing House pursuant to this Rule 802, clearing members shall restore their contribution to the guaranty fund to previously required level prior to the close of business on the next banking day.

802.G. Default Management Across Account Classes

The procedures set forth in 802.A and 802.B shall be conducted separately by the Clearing House with respect to open positions and associated performance bond contributions for different account classes. Upon a default, the Clearing House may act immediately to attempt to transfer to alternate clearing members all customer positions and associated collateral with respect to any customer account class in which there is no default on payment obligations or shortfall in required collateral, and in such cases the Clearing House shall not apply segregated customer collateral to any payment obligations or Losses arising from a default in any proprietary account or a different customer account class. If a default occurs in a customer account, the Clearing House has the right to liquidate and apply toward the default all open positions and customer performance bond deposits in the associated customer account class. Accordingly, positions and performance bonds deposited by customers not causing the default are at risk if there is a default in the applicable customer account class of their clearing member. If the Clearing House liquidates positions and/or collateral in a customer account class, any collateral remaining after application to Losses in respect of such account class shall be reserved to such customer account class in order to satisfy the claims of non-defaulting customers in accordance with applicable law.

Upon liquidating the defaulting clearing member's proprietary account, any remaining collateral may be applied by the Clearing House to Losses remaining in the defaulting clearing member's customer account classes, provided that such collateral shall be divided among the Product Classes as described above. If the defaulting clearing member has more than one customer account class that has been declared to have defaulted, proceeds from the defaulting clearing member's proprietary account for each relevant Product Class shall be divided by the Clearing House pro rata among such customer account classes, based on their applicable performance bond requirements for the clearing cycle immediately prior to the default.

803. LIMITATION OF LIABILITY

The liability of the Clearing House shall be limited to losses resulting from the substitution of the Clearing House upon contracts between clearing members and to losses in connection

EXHIBIT D

Open Credit Default Swaps Clearing Solution

Default Management

Default Management Overview

November 2009



In the event of CDS clearing member default (i.e, failure to pay) to the CME, the CME will undertake a series of default management processes to protect its and its counterparties' interests. This process will be explicitly defined in rule 802 of the CME rules. The following is a colloquial summary of the information contained in rule 802.

DEFAULT MANAGEMENT COMMITTEE

The Default Management Committee (DMC) governs the default management process on behalf of the CME and other stakeholders. The DMC is comprised of:

- ¶ The President of the Clearing House
- ¶ The Chairman of the Clearing House Risk Committee
- ¶ 6-8 CDS Clearing Member Representatives

In the event of a CDS clearing member default, the DMC has several requirements and responsibilities that will be outlined in subsequent sections.

CLEARING MEMBER DEFAULT AUCTION

The Default Management Committee (DMC) will convene at a pre-determined location at the determination of the Clearing House Risk Committee. The Clearing House Risk Committee will take this action in the event a Clearing Member's Settlement Bank does not confirm payment to CME at 8:00AM EST. The committee will act to develop and execute an appropriate portfolio hedging strategy which includes:

- ¶ Netting involved positions where possible
- ¶ Liquidating positions where possible
- ¶ Hedge remaining exposures through off-setting trades where economically prudent

Following the hedging process, the DMC will prepare for a default management auction, in which the defaulting members remaining positions will be made available by auction to clearing members and other buy-side participants. The purpose of the auction is to provide an orderly process by which to liquidate distressed assets at a market sustainable rate. The DMC may choose to disaggregate portions of the portfolio into smaller entity positions or keep the portfolio in tact. As such, clearing members will construct bids for portions or all of the distressed assets. The winning bid will be the bid that requires the least amount of accompanying collateral to assume the asset. All clearing members are required to submit bids for the default auction.

In order to assist in the construction of auction bids, the DMC, with the assistance of CME staff, provide the following:

- ¶ Aggregate portfolio pv01's, modified durations, gross & net notionals
- ¶ Sector portfolio pv01's, modified durations, gross & net notionals
- ¶ Index portfolio pv01's, modified durations, gross & net notionals
- ¶ Single name pv01's, modified durations, gross & net notionals

¶ Gross and net notionals by maturity range

¶ Other relevant statistics and sensitivities

CDS clearing members will receive what is deemed a reasonable amount by the DMC to submit their bids. Founding member buy-side participants will also have the opportunity to submit bids, given approval of their clearing member. Buy-side participants participating in the first round of the default auction are liable for any potential allocations received as a result of a failed auction. The DMC will then review all bids, at which point they will either accept some or all bids, or call for another round of bidding to attempt to secure more attractive bids. In the second round of bidding, the DMC may actively solicit bids from non-founding member buy-side participants, however, they must still seek approval of their clearing members before submitting an auction bid. Second round buy-side participants are not subject to a pro-rata allocation.

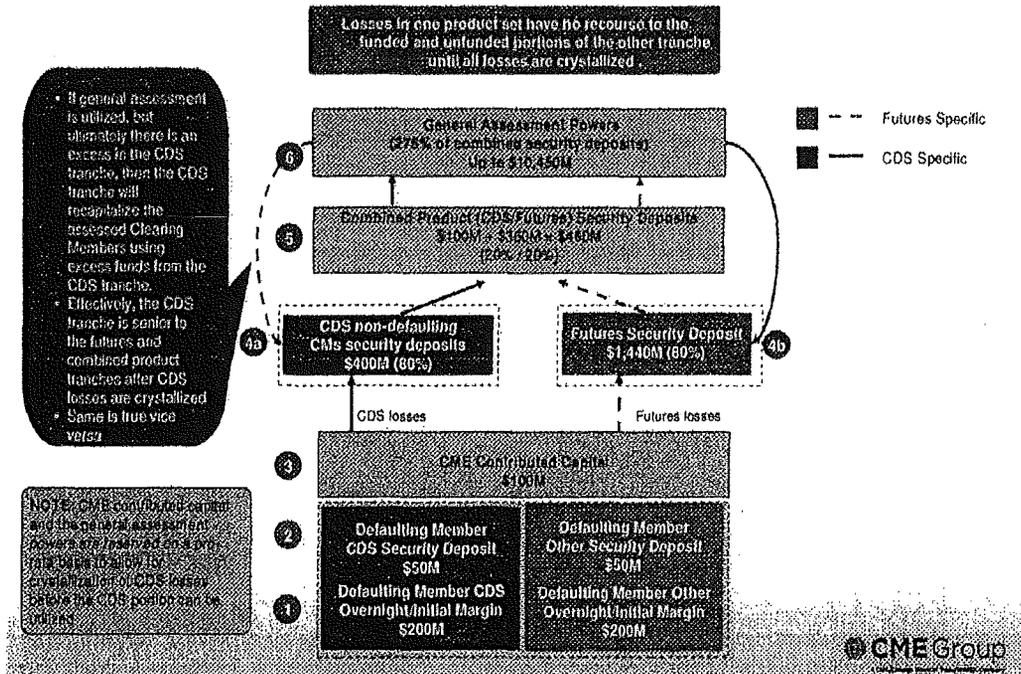
From the time of clearing member default, all MtM losses will be accrued. Auction bids, in addition to the unmet MtM losses on the portfolio, will be cured through the use of the CME's financial safeguards.

CDS FINANCIAL SAFEGUARDS STRUCTURE

The financial safeguards package has been constructed to specifically meet the unique demands of CDS clearing, and includes the tranching of security deposits by product class to ensure a commensurate assumption of risk by those clearing each product. In addition, the unique nature of CDS default management processes (including the conference of the CDS Default Management Committee) may delay the finalization of CDS specific losses until sometime after other product classes. Tranching will also ensure an equitable reservation of capital which will be preserved specifically for CDS losses and account for any delay in finalization of losses. The figure below outlines the financial safeguards structure.

Figure 1:

The New Financial Safeguards Package Protects CDS Deposits Until CDS Losses Have Been Crystallized



The defaulting member's initial margin, membership and security deposits, both for CDS and non-CDS products, will be utilized as the first layer of protection to cure portfolio MtM losses and portfolio liquidation costs (e.g., auction bids). [Figure 1] illustrates hypothetical totals for the defaulting member margin and security deposit, as the actual amounts will be dependent on the particular clearing member portfolio.

Additional losses will be cured using the CME's contributed capital, which is currently estimated to be \$100M. The CME contributed capital will be preserved for each product class commensurate to its security deposit totals. In the Figure 1 example, 22% of the capital would be reserved for CDS and 78% for futures [$\$400M / \$400M + \$1,440M = 22\%$]. The CDS portion of the CME contributed capital may only be utilized by other product class losses, in the event there are no CDS specific losses, or the CDS specific losses are cured using the first two layers of defaulting member capital.

Additional CDS losses, would next pass through the dedicated CDS security deposit tranche (See layer 4a in Figure 1). The CDS tranche (currently estimated to be \$400M) represents 80% of all CDS security deposits. The remaining 20% will be reserved as a mezzanine layer of protection (senior to the product specific tranches), and will be

comingled with 20% of security deposits from all other product classes. (See layer 5 in Figure 1).

The CDS tranche is protected from futures specific losses until all of the CDS specific losses are crystallized. Because the CDS default process calls for the conference of the Default Management Committee and the auctioning of the defaulting clearing member's positions, it is likely that futures losses will be crystallized prior to CDS losses. The tranching of the CDS security deposits stops futures losses from utilizing all of the layers of protection prior to CDS losses being finalized.

In the event that futures losses exceed the futures tranche and comingled layer, general assessments will be utilized prior to use of the CDS tranche. The general assessments power represents 275% of each clearing members security deposit. Futures losses may only utilize a portion of the general assessments that is commensurate to the security deposit totals for futures (i.e., 275% of futures security deposits). The remaining assessments will be preserved for CDS losses, and may only be used after CDS losses have been crystallized.

In the event that excess capital remains in the CDS tranche, and futures losses resulted in a general assessment against CME clearing members, the excess CDS tranche capital will be used to recapitalize assessed clearing members. Similarly, in the event that CDS losses result in a general assessment against CME clearing members, and there is an excess in the futures specific tranche, the excess capital will be used to recapitalize assessed clearing members.

In the event there are no CDS losses, the CDS tranche will effectively become a senior level of protection to the comingled mezzanine layer, but junior to the assessment powers (i.e., it would be effectively be a layer between layer 5 and layer 6 in Figure 1).

All loss treatments for CDS and futures are symmetric.

SIZING OF THE FINANCIAL SAFEGUARDS

The largest net debtor methodology assumes that all of the most extreme observed historical moves in each factor all occur on the same day. The following data points state the most extreme historical moves for each of the factors. The largest net debtor methodology is used in the calculation of the financial safeguards package.

Most Extreme Historical Factor Observations

Systematic 2 – day: (49.5%)

Sector 2 – day: (43.5%)

Convergence/Divergence: (7%)

Curve: +/-7%, +/- 7%, -/+5%, and +/-5%

Idiosyncratic: Largest 6 single name exposures used for jump to worst credit.

Basis: 1.00 for IG and 2.70 for HY

PRO-RATA ALLOCATIONS PROCESS

In the event of an unsuccessful auction or the exhaustion of all of the financial safeguards package, the Default Management Committee (DMC) may transfer any remaining positions to solvent clearing members to systematically distribute the risk of the defaulting member's positions. This transfer of positions (known as "allocation") will be executed with the following procedure:

Step 1: Determine 30 day average CDS margin requirement by Clearing Member, by account (e.g., House, Customer)

Step 2: For any house account, weight the average required margin by 200% (e.g., Clearing Member A House Account 30 day margin requirement is \$15M in the house account and \$10M in their customer account, the calculated totals would be \$30M and \$10M respectively).

Note: House accounts require a 200% weighting because, unlike customer accounts, which are margined at the gross position level, house accounts are margined at the net position level.

Step 3: Determine the proportion of margin per account relative to total average margin using the weighted totals ("Proportion of Margin")

Step 4: Determine the 30 day average CDS open interest by Clearing Member.

Step 5: Determine the proportion of open interest relative to the total average open interest; open interest is not weighted in the same way margin is ("Proportion of OI")

Step 6: Weight the Proportion of Margin (see Step 4) by 95% and the Proportion of OI (see Step 5) by 5% to determine the effective weight for each account.

Example of Effective Weight Calculation:

Effective Weight = [Clearing Member A's Weighted House Margin + Clearing Member A's Customer Margin / Total CDS Margin x 95%] + [Clearing Member A's Open Interest + Clearing Member A's Customer open Interest / Total CDS Open Interest x 5%]

Clearing Member A's House Margin = \$50M x 200% = \$100M

Clearing Member A's Customer Margin = \$25M

Total Weighted CDS Margin = \$500M

Clearing Member A's Open Interest = \$10B

Clearing Member A's Customer Open Interest = \$1B

Total CDS Open Interest = \$50B

$$\text{Effective Weight} = [\$100M + \$25M / \$500M \times 95\%] + [\$10B + 1B / \$50B \times 5\%] = 24.85\%$$

Step 7: The CME will use the effective weight to determine the proportion of the defaulting member's positions, on a risk basis that each clearing member will receive (e.g., Clearing Member A's effective weight is 24.55%, therefore Clearing Member A will receive 24.55% of the Defaulting Members positions as measured by margin required).

Note: Risk based allocations is a method of allocation by which the Clearing House sets a target allocation, not based on notional open interest, but rather on the basis of the accompanying margin on that open interest. For example, an IG-Series 13 \$10,000,000 long position would be allocated on the basis of its \$60,000 requisite margin requirement. Risk based positioning allows the CME to distribute the equal amounts of risk (for which margin is a proxy for) as opposed to equal amount of open interest which may not be reflective of the amount of risk inherent in the position (i.e., \$10,000,000 long IG is not equal to \$10,000,000 long Ford)

Step 9: Positions will be allocated in \$100,000 notional lots. The percentage of allocation will have allowance for 1% error so if your allocation ratio (i.e., effective weight) is 25% you may end up with 24% to 26% of defaulting member's portfolio on a risk basis.

Note: Any positions received during auction will not be credited during the allocation process.

Allocations Example

The auction process does not result in any successful bids. The allocation process is required to distribute the defaulting member's portfolio to solvent clearing members.

Clearing Member A has a target allocation of 30%, Clearing Member B has a target allocation of 40%, and Clearing Member C has a target allocation of 30%. (See Figure A1)

Target Allocation by Clearing Firm (Figure A1)

Target Allocation (Based on Effective Weight)

Clearing Member A	30%
Clearing Member B	40%
Clearing Member C	30%

These targets must be achieved through an allocation of the portfolio entities. The allocation requirement is fulfilled by slicing the portfolio positions into \$100,000 notional increments. Allocations are vertical slices (i.e., cross sections) of all portfolio entities (Figure A2).

Target Allocation for Clearing Member A (Figure A2)

Portfolio	Notional	Target Allocation for Clearing Member A
CDX HY	\$10,000,000	x.30 \$3,000,000
IBM	\$10,000,000	x.30 \$3,000,000
CDX IG	\$10,000,000	x.30 \$3,000,000

Positions to Meet Allocation Targets (Figure A3)

Firm	IG	HY	IBM	Margin Requirement	Percentage of Total
Clearing Member A	3,000,000	3,000,000	3,000,000	\$256,500	30%
Clearing Member B	4,000,000	4,000,000	4,000,000	\$342,000	40%
Clearing Member C	3,000,000	3,000,000	3,000,000	\$256,500	30%
Total	10,000,000	10,000,000	10,000,000	859,000	

EXHIBIT E

(Confidential Treatment Requested)

EXHIBIT F

(Confidential Treatment Requested)