



NATIONAL  
SECURITIES  
CLEARING  
CORPORATION

RULES & PROCEDURES

TEXT OF PROPOSED RULE CHANGE

**Underlined and boldface** text indicates new text

**~~Strikethrough and boldface~~** indicates deleted text

## RULE 4(A) – SUPPLEMENTAL LIQUIDITY DEPOSITS

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

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

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

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

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

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

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

“Designated Lender” means a financial institution that (i) is designated by an Unaffiliated Member or Member Family to be a lender under the Credit Facility, (ii) agrees to be so designated by such Unaffiliated Member or Member Family to be a lender under the Credit Facility and (iii) satisfies all criteria to be a lender under the Credit Facility established by the Corporation. A financial institution may be the Designated Lender of one or more Unaffiliated Members or Affiliated Families. The Commitment of a Designated Lender shall be allocated by such Designated

**Lender, in a manner specified by the Corporation, to one or more Unaffiliated Members or Affiliated Families.**

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

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

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

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

**“Other Qualifying Liquid Resources” means liquid resources, other than the Clearing Fund and Credit Facility, available to the Corporation to enable the Corporation to settle its payment obligations as a central counterparty in stressed market conditions.**

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

**“Prefund Deposit” means the Regular Activity Prefund Deposit or Special Activity Prefund Deposit.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“Regular Activity Supplemental Liquidity Need” means, on any Regular Activity Business Day, the amount by which the Regular Activity Daily Liquidity Need of the Corporation exceeds the sum of (i) all Required Deposits and (ii) an amount of Regular Activity Prefund Deposits up to such limit as may be determined by the Corporation from time to time.**

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

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

**“Special Activity Calculation Date” has the meaning given to such term in Section 20 below.**

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

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

**“Special Activity Liquidity Lookback Period” means, during the 24 month period (or longer period as determined by the Corporation in its discretion) ending on the applicable Special Activity Calculation Date, each Options Exercise Period that falls within the same calendar month as the calendar month of the applicable Special Activity Calculation Date.**

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

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

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

**“Special Activity Peak Liquidity Exposure” means:**

- a. with respect to an Unaffiliated Member, the amount by which the largest Special Activity Supplemental Liquidity Need that the Corporation would have in the event of the default of such Unaffiliated Member on any Special Activity Business Day during the applicable Special Activity Liquidity Lookback Period exceeds, on the applicable Special Activity Calculation Date, the sum of (i) all Regular Activity Supplemental Deposits, (ii) all Commitments under the Credit Facility, (iii) all Other Qualifying Liquid Resources and (iv) an amount of Special Activity Prefund Deposits up to such limit as may be determined by the Corporation from time to time;**
- b. with respect to a Member of an Affiliated Family, the amount by which the largest Special Activity Supplemental Liquidity Need that the Corporation would have in the event of the default of such Member on any Special Activity Business Day during the applicable Special Activity Liquidity Lookback Period exceeds, on the applicable Special Activity Calculation Date, the sum of (i) all Regular Activity Supplemental Deposits, (ii) all Commitments under the Credit Facility, (iii) all Other Qualifying Liquid Resources and (iv) an amount of Special Activity**

Prefunds Deposits up to such limit as may be determined by the Corporation from time to time; and

- c. with respect to an Affiliated Family, the amount by which the largest Special Activity Supplemental Liquidity Need that the Corporation would have in the event of the simultaneous default of all Members of that Affiliated Family on any Special Activity Business Day during the applicable Special Activity Liquidity Lookback Period exceeds, on the applicable Special Activity Calculation Date, the sum of (i) all Regular Activity Supplemental Deposits, (ii) all Commitments under the Credit Facility, (iii) all Other Qualifying Liquid Resources and (iv) an amount of Special Activity Prefund Deposits up to such limit as may be determined by the Corporation from time to time.

“Special Activity Peak Liquidity Need” means, on any Special Activity Calculation Date, the amount by which the largest Special Activity Supplemental Liquidity Need observed at any time during any Options Exercise Activity Period exceeds, on such Special Activity Calculation Date, sum of (i) all Regular Activity Supplemental Deposits, (ii) all Commitments under the Credit Facility, (iii) all Other Qualifying Liquid Resources and (iv) an amount of Special Activity Prefund Deposits up to such limit as may be determined by the Corporation from time to time.

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

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

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

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

**“Special Activity Supplemental Liquidity Need” means, on any Special Activity Business Day, the amount by which the Special Activity Daily Liquidity Need of the Corporation exceeds the sum of all Required Deposits to the Clearing Fund.**

**“Supplemental Deposit” means a Regular Activity Supplemental Deposit or Special Activity Supplemental Deposit. All Supplemental Deposits shall be made in cash by wire transfer to an account designated by the Corporation.**

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

### **Regular Activity First Tranche Liquidity Obligations<sup>1</sup>**

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

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

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**<sup>1</sup> Special Transition Rule. If this Rule 4(A) first becomes effective on a date that is not the Effective Date or Reset Date of the Credit Facility then in effect, the Corporation shall designate a date which shall be deemed to be a Regular Activity Interim Calculation Date and all of the procedures set forth in Sections 11 through 14 of this Rule 4(A) shall be implemented on that basis with any adjustments in timing (consistent with the purposes of such Sections 11 through 14) that the Corporation determines to be necessary or convenient under the circumstances. Members shall be given not less than 30 days notice of the amounts (if any) of their (i) initial Liquidity Obligations and (ii) required Supplemental Deposits.**



- e. the 30 Unaffiliated Members or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period.**

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

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

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

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

**C is the amount of all Other Qualifying Liquid Resources on the First Tranche Calculation Date;**

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

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

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

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

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

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

**C is, (i) with respect to an Unaffiliated Member, the aggregate amount (if any) of its Commitment and the allocated Commitment of any Designated Lender of such Unaffiliated Member on the Effective Date, and, (ii) with respect to an Affiliated Family, the aggregate amount (if any) of the Commitments of all Members of the Affiliated Family and the**

allocated Commitments of any Designated Lenders of such Members on the Effective Date;

D is the aggregate amount of (i) all Commitments other than the Commitments of Regular Activity First Tranche Liquidity Providers and the allocated Commitments of their Designated Lenders, (ii) the sum (if any) of the Commitments of Regular Activity First Tranche Liquidity Providers and the allocated Commitments of their Designated Lenders in excess of the Regular Activity First Tranche Liquidity Obligations of such Regular Activity First Tranche Liquidity Providers and (iii) an additional amount to provide each Regular Activity Liquidity Provider with the benefit of a full allocation of the amount in clause (ii) above; and

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

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

#### Regular Activity Second Tranche Liquidity Obligations

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

- a. the Regular Activity Daily Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;**
- b. the Regular Activity Supplemental Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;**
- c. the Regular Activity Peak Liquidity Need of the Corporation on the applicable Regular Activity Peak Liquidity Need Date;**

- d. the Regular Activity Peak Liquidity Exposure of each Unaffiliated Member or Affiliated Family during the applicable Regular Activity Provider Lookback Period; and**
- e. the 30 Unaffiliated Members or Affiliated Families with the largest Regular Activity Peak Liquidity Exposures during the applicable Regular Activity Provider Lookback Period.**

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

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

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

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

**C is the amount of all Other Qualifying Liquid Resources on the Second Tranche Calculation Date;**

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

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

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

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

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

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

**C** is, (i) with respect to an Unaffiliated Member, the aggregate amount (if any) of its Commitment and the allocated Commitment of any Designated Lender of such Unaffiliated Member on the Reset Date, and (ii) with respect to an Affiliated Family, the aggregate amount (if any) of the Commitments of all Members of the Affiliated Family and the allocated Commitments of any Designated Lenders of such Members on the Reset Date;

**D** is the aggregate amount of (i) all Commitments other than the Commitments of Regular Activity Second Tranche Liquidity Providers and the allocated Commitments of their Designated Lenders, (ii) the sum (if any) of the Commitments of Regular Activity Second Tranche Liquidity Providers and the allocated Commitments of their Designated Lenders in excess of the Regular Activity Second Tranche Liquidity Obligations of such Regular Activity Second Tranche Liquidity Providers and (iii) an additional amount to provide each Regular Activity Liquidity Provider with the benefit of a full allocation of the amount in clause (ii) above; and

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

**SEC. 10. Notice of Regular Activity Second Tranche Liquidity Obligations and Payment of Regular Activity Supplemental Deposits.** Within five Business Days after the Regular Activity Second Tranche Calculation Date, the Corporation shall provide each Regular Activity Second Tranche Liquidity Provider with the amount of its required Regular Activity Supplemental Deposit. Within five Business Days after receiving such notice from the Corporation, the Reset Date, a Regular Activity Second Tranche Liquidity Provider shall make its Regular Activity Supplemental Deposit to the Clearing Fund.

#### **Regular Activity Interim Liquidity Obligations**

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

**a.** the Regular Activity Daily Liquidity Need of the Corporation on each Regular Activity Business Day of the applicable Regular Activity Liquidity Lookback Period;

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

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

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

**A is the Regular Activity Interim Liquidity Obligation of such Regular Activity Interim Liquidity Provider;**

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

**C is the amount of all Other Qualifying Liquid Resources on the Regular Activity Interim Calculation Date;**

**D is the Regular Activity Peak Liquidity Exposure of such Regular Activity Interim Liquidity Provider during the applicable Regular Activity Provider Lookback Period; and**

**E is the aggregate amount of the Regular Activity Peak Liquidity Exposures of all Regular Activity Interim Liquidity Providers during the applicable Regular Activity Provider Lookback Period.**

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

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

- A is the Regular Activity Supplemental Deposit of such Regular Activity Interim Liquidity Provider;**
- B is the Regular Activity Interim Liquidity Obligation of such Regular Activity Interim Liquidity Provider;**
- C is, (i) with respect to an Unaffiliated Member, the aggregate amount (if any) of its Commitment and the allocated Commitment of any Designated Lender of such Unaffiliated Member on the immediately preceding Effective Date or Reset Date, as the case may be, and, (ii) with respect to an Affiliated Family, the aggregate amount (if any) of the Commitments of all Members of the Affiliated Family and the allocated Commitments of any Designated Lenders of such Members on the immediately preceding Effective Date or Reset Date, as the case may be;**
- D is the aggregate amount of (i) all Commitments other than the Commitments of Regular Activity Interim Liquidity Providers and the allocated Commitments of their Designated Lenders, (ii) the sum (if any) of the Commitments of Regular Activity Interim Liquidity Providers and their the allocated Commitments of Designated Lenders in excess of the Regular Activity Interim Liquidity Obligations of such Regular Activity Interim Liquidity Providers and (iii) an additional amount to provide each Regular Activity Liquidity Provider with the benefit of a full allocation of the amount in clause (ii) above; and**
- E is the aggregate amount of the Regular Activity Interim Liquidity Obligations of all Regular Activity Interim Liquidity Providers.**

**SEC. 14. *Notice of Regular Activity Interim Liquidity Obligations and Payment of Regular Activity Supplemental Deposits.* Promptly after the Regular Activity Interim Calculation Date, the Corporation shall provide each Regular Activity Interim Liquidity Provider with the amount of its required Regular Activity Supplemental Deposit. Within five Business Days after receiving such notice from the Corporation, a Regular Activity Interim Liquidity Provider shall make its Regular Activity Supplemental Deposit to the Clearing Fund.**

**Adjustments of Regular Activity Supplemental Deposits**

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

- a. if the new Regular Activity Liquidity Obligation of a Regular Activity Liquidity Provider is more than the existing Regular Activity Supplemental Deposit of such Regular Activity Liquidity Provider, the Regular Activity Liquidity Provider shall, within five Business Days after receiving notice of the amount of its required Regular Activity Supplemental Deposit, deposit the amount of the difference (as an**

addition to its Regular Activity Supplemental Deposit) to the Clearing Fund;

- b. if the new Regular Activity Liquidity Obligation of a Regular Activity Liquidity Provider is less than the existing Regular Activity Supplemental Deposit of such Regular Activity Liquidity Provider, the Regular Activity Liquidity Provider shall be entitled to a return of the amount of the difference (up to the amount of its existing Regular Activity Supplemental Deposit), payable ten Business Days after the applicable Effective Date or Reset Date, as the case may be, but nothing shall reduce or in any way affect any Commitment or other obligation of any Member or Designated Lender of any Member under the Credit Facility; and
- c. if a Regular Activity Liquidity Provider no longer has a Regular Activity Liquidity Obligation, such Liquidity Provider shall be entitled to a return of the entire amount of its existing Regular Activity Supplemental Deposit, payable ten Business Days after the applicable Effective Date or Reset Date, as the case may be, but nothing shall reduce or in any way affect any Commitment or other obligation of any Member or Designated Lender of any Member under the Credit Facility.

#### Regular Activity Liquidity Calls

**SEC. 16. Determination of Regular Activity Liquidity Calls.** If, with respect to any Regular Activity Business Day between Regular Activity Calculation Dates, the Corporation observes an increase in its Regular Activity Supplemental Liquidity Need in excess of such threshold as may be determined by the Corporation from time to time, the Corporation shall be entitled to call on the Member whose increase in activity levels caused (or was the primary cause of) such increase in the Regular Activity Supplemental Liquidity Need of the Corporation to deposit to the Clearing Fund (as an addition to its Regular Activity Supplemental Deposit) an amount equal to the difference between (i) the Regular Activity Supplemental Liquidity Need of the Corporation on such Regular Activity Business Day and (ii) the sum, on such Regular Activity Business Day, of (x) all Regular Activity Supplemental Deposits, (y) all Commitments under the Credit Facility and (z) all Other Qualifying Liquid Resources (a “Regular Activity Liquidity Call”).

**SEC. 17. Satisfaction of Regular Activity Liquidity Calls.** Within two Business Days after receiving a Regular Activity Liquidity Call from the Corporation, a Member shall make a Regular Activity Supplemental Deposit to the Clearing Fund in the amount of the Regular Activity Liquidity Call.

#### Returns of Regular Activity Supplemental Deposits

**SEC. 18. Deposits Made in Satisfaction of a Liquidity Obligation.** Unless sooner payable pursuant to Section 15(c) above, a Regular Activity Liquidity Provider

shall be entitled to a return of the entire amount of its Regular Activity Supplemental Deposit, payable ten Business Days after the Maturity Date.

SEC. 19. *Ceasing to be a Participant.* Regular Activity Supplemental Deposits shall not be subject to the provisions of Section 6 of Rule 4 relating to the 90 day deferral of refunds of deposits to the Clearing Fund when a Member retires from membership.

#### Special Activity Liquidity Obligations

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

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

SEC. 21. *Special Activity Liquidity Obligations and Providers.* The 30 Unaffiliated Members and/or Affiliated Families with the largest Special Activity Peak Liquidity Exposures during the applicable Special Activity Provider Lookback Period (each, a “Special Activity Liquidity Provider”) shall have a supplemental liquidity obligation to the Corporation (a “Special Activity Liquidity Obligation”), determined for each Special Activity Liquidity Provider in accordance with the following formula:

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

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

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



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

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

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

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

#### **Special Activity Liquidity Calls**

**SEC. 24. Determination of Special Activity Liquidity Calls. If, with respect to any Special Activity Business Day between Special Activity Calculation Dates, the Corporation observes an increase in its Special Activity Supplemental Liquidity Need in excess of such threshold as determined by the Corporation from time to time, the Corporation shall be entitled to call on the Member whose increase in activity levels caused (or was the primary cause of) such increase in the Special Activity Supplemental Liquidity Need of the Corporation to deposit to the Clearing Fund, as an addition to its Special Activity Supplemental Deposit, an amount equal to the difference between (i) the Special Activity Supplemental Liquidity Need of the Corporation on such Special Activity Business Day and (ii) the sum, on such Special Activity Business Day, of (w) all Supplemental Deposits, (x) all Commitments under the Credit Facility, (y) all Other Qualifying Liquid Resources and (z) an amount Special Activity Prefund Deposits up to such limit as may be determined by the Corporation from time to time (a “Special Activity Liquidity Call”).**

**SEC. 25. Satisfaction of Special Activity Liquidity Calls. Within two Business Days after receiving a Special Activity Liquidity Call from the Corporation, a Member shall make a Special Activity Supplemental Deposit to the Clearing Fund in the amount of the Special Activity Liquidity Call.**

### Returns of Special Activity Supplemental Deposits

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

**SEC. 27. Deposits Made in Satisfaction of a Liquidity Call. A Special Activity Liquidity Provider shall be entitled to a return of the amount of its Special Activity Liquidity Deposit made in satisfaction of a Special Activity Liquidity Call, payable 90 days after the date of such deposit.**

**SEC. 28. Ceasing to be a Participant. Special Activity Supplemental Deposits shall not be subject to the provisions of Section 6 of Rule 4 relating to the 90 day deferral of refunds of deposits to the Clearing Fund when a Member ceases to be a participant.**

### Miscellaneous Matters

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

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

**SEC. 30. Application of Supplemental Deposits.**

- a. A Supplemental Deposit of a Member may not be withdrawn by the Member unless it is entitled to a return of such deposit pursuant to Sections 15, 18, 26 or 27 above.**

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

**SEC. 31. Information. To enable Members to understand and manage their obligations to the Corporation, the Corporation shall provide to each Member, not less frequently than monthly, the following information:**

- a. the Regular Activity Peak Liquidity Exposure of such Member on each Business Day of the preceding month;**
- b. the largest Regular Activity Peak Liquidity Need of the Corporation for the preceding month;**
- c. in the case of an Unaffiliated Member, for each Business Day of the preceding month, the percentage that the Regular Activity Peak Liquidity Exposure of such Member bears to the aggregate Regular Activity Peak Liquidity Exposures of all Regular Activity Liquidity Providers; provided, however, that, for this purpose, the percentage for an Unaffiliated Member that would not be a Regular Activity Liquidity Provider shall be zero; and**
- d. in the case of an Affiliated Family, for each Business Day of the preceding month, the percentage that the aggregate Regular Activity Peak Liquidity Exposures of all Members of such Affiliated Family bears to the aggregate Regular Activity Peak Liquidity Exposures of all Regular Activity Liquidity Providers; provided, however, that, for this purpose, the percentage for an Affiliated Family that would not be a Regular Activity Liquidity Provider shall be zero.**