



June 2, 2026

Christopher J. Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Cboe Clear U.S., LLC Rule Certification for Subpart C Policies and Procedures Updates
Submission Number CCUS-2026-XX

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Regulation 40.6 of the regulations promulgated by the Commodity Futures Trading Commission (“CFTC” or “Commission”) under the Act, Cboe Clear U.S., LLC (“CCUS” or “Clearinghouse”) hereby submits: (1) the Cboe Clear US – Liquidity Risk Management Policy; (2) Cboe Clear US – Margin and Stress Testing Committee Charter (“MAST Charter”); and (3) amendments to various CCUS Policies and Procedures to comply with subpart C of part 39 of the Commission’s regulations (collectively, the “Amendments”). CCUS intends for the Amendments to become effective June 16, 2026 (“Effective Date”) in tandem with its election to become a subpart C derivatives clearing organization (“subpart C DCO”).

The Liquidity Risk Management Policy, MAST Charter, and amendments to the CCUS Policies and Procedures are set forth in segregated confidential Exhibits 1-14, and in Exhibit 15.

Description of the Amendments

The purpose of the Amendments is to adopt new and amend existing CCUS Policies and Procedures and committee charters to meet the heightened standards of subpart C of part 39 of the Commission’s regulations in conjunction with CCUS’s election to become subject to the provisions of subpart C of Part 39 of the Commission’s regulations (“Subpart C Provisions”). The Amendments also provide a small number of changes unrelated to the Subpart C provisions, described below, as well as general updates to clarify current structure and processes, streamline and enhance language, and provide additional clarity as applicable.

Overview

The Amendments establish the Liquidity Risk Management Policy and a charter for the new MAST internal governance committee (Exhibits 1 and 2, respectively) and update the following CCUS Policies and Procedures:

- Bank Counterparty Participation Requirements Policy (Exhibit 3)
- Treasury Management - Liquidity and Capital Funding Policies and Procedures (Exhibit 4)
- Financial Resources and Reporting Policy (Exhibit 5)
- Margin Model and Stress Scenarios (Exhibit 6)
- Margin Model and Stress Scenarios Governance Policy (Exhibit 7)
- Default Financial Resources Policy (Exhibit 8)
- Default Financial Resources Requirements Calculator Policy (Exhibit 9)

- Risk Management Framework (Exhibit 10)
- CFTC Reporting Procedures (Exhibit 11)
- Accounting/Finance Policies and Procedures (Exhibit 12)
- Business Continuity and Disaster Recovery Plan (Exhibit 13)
- Default Management Committee Charter (Exhibit 14)
- Default Management Plan (Exhibit 15)

General Updates Across All Policies and Procedures

As applicable, the Amendments will make the following changes across all CCUS Policies and Procedures:

- Harmonizing the use of certain terms and phrases;
- Relocating certain policies and procedures for improved comprehension;
- Clarifying and streamlining language throughout the policies and procedures and committee charter;
- Updating Clearinghouse staff titles;
- Updating language to more closely align with the Subpart C Provisions.

Summaries of all other updates and changes included in the Amendments are provided below.

New Policy and Committee Charter

Liquidity Risk Management Policy (Exhibit 1)

CCUS is adopting a Liquidity Risk Management Policy (“LRM Policy”) to govern how CCUS identifies, measures, monitors and manages liquidity risk. The LRM Policy is designed to satisfy requirements applicable to subpart C DCOs under Commission Regulations 39.33(c)-(e), 39.35, and 39.36(c) and (e). In particular, the LRM Policy: (i) sets forth the standard for the minimum amount of eligible liquidity resources CCUS maintains; (ii) establishes a liquidity risk exposure model; (iii) governs the types of eligible liquidity resources CCUS may use to manage liquidity risk and places restrictions on the manner in which they may be used; (iv) addresses liquidity risks from settlement banks, custody banks, and liquidity providers; and (v) sets forth procedures for the monitoring and management of liquidity risk.

Margin and Stress Testing Committee Charter (Exhibit 2)

The Amendments also establish a charter for the Margin and Stress Testing Committee (“MAST”), a new internal governance committee responsible for oversight of CCUS’s margin modeling, acceptable collateral, and stress testing practices. The MAST is designed to, among other things, provide an internal governance process that supports compliance with the requirements of Commission Regulation 39.36 related to: stress tests of financial resources and liquidity resources, analyses of stress testing scenarios and underlying parameters, margin model sensitivity analyses, reviews of independent validations of the Clearinghouse’s financial and liquidity risk management models, and annual reviews of the theoretical and empirical properties of its margin models.

The MAST also considers and analyzes matters that are not specific to subpart C, including but not limited to: margin model construction, minimum initial margin requirements, the types of collateral

accepted by CCUS, testing for new products, and reviews of independent validations of CCUS’s margin model systems. The MAST reports to the CCUS Risk Management Committee (“RiskCo”) on any margin-, acceptable collateral-, or stress testing-related matters or proposed changes that could materially affect the Clearinghouse’s risk profile.

Amendments to Existing Policies and Committee Charter

The Amendments make the following changes to CCUS’s Policies and Procedures and Committee Charter:

Settlement Bank Participation Requirements Policy (Renamed Bank Counterparty Participation Requirements Policy) (Exhibit 3)

The Amendments rename the Settlement Bank Participation Requirements Policy, which governs how CCUS measures, monitors, and manages its exposure to risk from its use of settlement banks, to the Bank Counterparty Participation Requirements Policy and expand its scope to include custodian banks and liquidity providers (together with settlement banks, “Bank Counterparties”). These changes are intended to ensure compliance with certain requirements of Commission Regulations 39.33 and 39.36 and include:

- Expanding the scope of provisions related to onboarding reviews, participation requirements, ongoing monitoring, concentration risk and reporting to apply to liquidity providers and custodian banks;
- Establishing regulatory participation standards for liquidity providers and custodian banks;
- Establishing additional requirements applicable to liquidity providers, including annual testing of the liquidity provider’s ability to provide liquidity within one hour and conducting due diligence to ensure that the liquidity provider sufficiently understands its own liquidity risks; and
- Establishing an additional method for managing concentration risk across liquidity providers and settlement banks.

The Amendments also clarify and streamline the review and approval processes related to the onboarding of a Bank Counterparty and the consideration of an existing Bank Counterparty that no longer meets the participation requirements of this policy.

Treasury Management - Liquidity and Capital Funding Policies and Procedures (Exhibit 4)

The Amendments update the Treasury Management – Liquidity and Capital Funding Policies and Procedures, which establishes procedures for CCUS to monitor and maintain adequate financial resources to meet its financial resources requirements. The changes are designed to update and establish policies and procedures to ensure compliance with certain requirements of Commission Regulations 39.33 and 39.36, including:

- Applying the requirements of Commission Regulation 39.15 related to the treatment of funds and assets of clearing members to CCUS’s treatment of its own funds and assets;
- Updating provisions relating to CCUS’s financial resources requirements to: (1) clarify that CCUS is subject to the financial resources requirements of Commission Regulation 39.11(a) but elects to satisfy the “Cover 2” standard contained in Commission Regulation 39.33(a) even though it is not required to do so and; (2) incorporate the heightened requirements for the liquidity of financial resources contained in Commission Regulation 39.33(c); and
- Updating to clarify CCUS’s status as a subpart C DCO.

Financial Resources and Reporting Policy (Exhibit 5)

The Amendments update the Clearinghouse's Financial Resources and Reporting Policy, which guides the Clearinghouse in meeting financial resource and financial reporting requirements under Commission Regulations, to ensure compliance with the requirements of Commission Regulations 39.33 and 39.36 by:

- Removing potential assessments for additional Guaranty Fund contributions from the types of financial resources the Clearinghouse may use to cover its Default Financial Resources Requirement;
- Clarifying that the Clearinghouse performs daily stress testing to calculate its daily Cover 2 Requirement and that at least monthly, the Clearinghouse uses the Daily Cover 2 Requirement to resize its Default Financial Resource Requirement; and
- Moving requirements related to the liquidity of financial resources to the LRM Policy and incorporating them by reference.

The Amendments also, independent of the Subpart C Provisions, revise the cadence of the Clearinghouse's reporting to the CFTC under Commission Regulation 39.11(f)(1) from monthly to quarterly to align with the regulation's quarterly reporting requirement.

Margin Model and Stress Scenarios (Exhibit 6)

The Amendments update the Margin Model and Stress Scenarios to reflect compliance with relevant requirements of Commission Regulation 39.36, including providing additional detail and heightened standards for stress scenario calibration, specifying the types of stress scenarios used to measure credit risk and liquidity risk exposures, and providing for a margin sensitivity analysis of the margin model.

The Amendments also set forth changes to clarify and streamline language, as well as clarifying updates related to the concentration add-on.

Margin Model and Stress Scenarios Governance Policy (Exhibit 7)

The Amendments update the Clearinghouse's Futures Margin Model and Stress Scenario Governance Policy to incorporate the heightened margin model and stress scenario governance requirements of Commission Regulation 39.36, including: providing for the comprehensive analyses of stress testing scenarios and underlying parameters for financial and liquidity resources on an at least monthly basis; establishing procedures for conducting a sensitivity analysis of the margin model on an at least monthly basis; providing for annual review of the theoretical and empirical properties of the Clearinghouse's margin model and the stress testing scenarios that measure credit and liquidity exposures from Clearing Members; and adding provisions to incorporate review of the foregoing by the MAST. The Amendments also clarify procedures related to the annual independent review and validation of the margin model and system, including review by the MAST.

The Amendments also provide several changes that are not specific to Subpart C, including: the addition of procedures to evaluate potential new products to prepare for clearing futures on a broader range of underlying assets and the review of all potential new products by the MAST and RiskCo.

Default Financial Resources Policy (Exhibit 8)

The Amendments update the Clearinghouse's Default Financial Resources Policy to align with the requirements of subpart C by:

- Providing that Assessments for additional guaranty fund contributions that are not pre-funded are not included in calculating the financial resources available to meet the Clearinghouse's Default Financial Resources Requirement;
- Clarifying the Clearinghouse's daily stress testing is used to determine its Daily Cover 2 Requirement;
- Providing procedures for using stress testing results to determine whether the Default Financial Resources Requirement is adequate and to make adjustments as necessary; and
- Streamlining and clarifying language related to the Clearinghouse's financial resource obligations.

Default Financial Resources Requirements Calculator Policy (Exhibit 9)

The Amendments update the Clearinghouse's Default Financial Resources Requirements Calculator Policy that sizes the Clearinghouse's Default Financial Resource Requirement to clarify the conditions under which Clearing Members are considered to be affiliated, clarify calculator governance, and provide for the annual independent validation of the calculator in accordance with Commission Regulation 39.36(e).

Risk Management Framework (Exhibit 10)

The Risk Management Framework functions as a cohesive document that sets forth CCUS obligations under CFTC Part 39 requirements by aggregating all relevant and applicable policies and procedures that relate to CCUS's risk management. The Amendments update the Risk Management Framework to align with the requirements of subpart C by:

- Incorporating in the Risk Management Framework relevant changes made in CCUS policies and procedures that relate to the Risk Management of CCUS to align with the requirements of subpart C, as applicable;
- Providing for the public disclosures required by Commission Regulation 39.37; and
- Providing for an annual effectiveness review of the Clearinghouse's policies and procedures as a mechanism to review the Clearinghouse's compliance with Commission Regulation 39.38(a).

The Amendments also update the Risk Management Framework by adding language clarifying the role of the internal audit function in supporting the Clearinghouse's risk management structure.

CFTC Reporting Procedures (Exhibit 11)

The Amendments update the Clearinghouse's CFTC Reporting Procedures, which sets forth the process by which CCUS complies with Commission Regulation 39.19. The Amendments make updates to align with the Subpart C Provisions by including in the events requiring CFTC reporting changes to the Clearinghouse's Recovery and Wind-down plans and updates to its responses to the Disclosure Framework for Financial Market Infrastructures. The Amendments also make clarifying changes unrelated to subpart C, including regarding the reporting procedures related to a decrease in ownership equity.

Accounting/Finance Policies and Procedures (Exhibit 12)

The Amendments update the Clearinghouse’s Accounting/Finance Policies and Procedures by providing additional specificity and clarity regarding CCUS’s investments of its own funds and assets to align with the Subpart C Provisions.

Business Continuity and Disaster Recovery Plan (Exhibit 13)

The Amendments update the Clearinghouse’s Business Continuity and Disaster Recovery Plan (“BC/DRP”) to clarify how CCUS satisfies the heightened system safeguards requirements in Commission Regulation 39.34. The Amendments also update the BC/DRP to provide additional clarity regarding the Clearinghouse’s annual disaster recovery tests.

Default Management Committee Charter (Exhibit 14)

The Amendments update the Clearinghouse’s Default Management Committee (“DMC”) Charter to include responsibilities related to the application of the Clearinghouse’s Recovery Plan in the DMC’s mandate. These responsibilities include reviewing results of the annual testing of the Recovery Plan and meeting to apply any element of the Recovery Plan, as necessary.

Default Management Plan (Exhibit 15)

The Amendments update the Clearinghouse’s Default Management Plan (“DMP”), which sets forth the procedures followed in the event of a default, to clarify that the DMP is to be read together with the Recovery Plan on common topics.

Core Principle Compliance

CCUS believes that the Amendments are consistent with the DCO Core Principles under Section 5b of the Act and the Commission’s regulations thereunder. In particular, CCUS believes that the Amendments are consistent with the following Core Principles:

- **DCO Core Principle B (Financial Resources)**, because:
 - The Amendments clarify that while CCUS is subject to the financial resource requirements of Commission Regulation 39.11(a), CCUS is electing to satisfy the heightened “Cover 2” standard by maintaining financial resources sufficient to enable it to meet its financial obligations to clearing members notwithstanding a default by the two clearing members creating the largest combined financial exposure to CCUS in extreme but plausible market conditions, which enables CCUS to better manage the risks related to a default.
 - The Amendments further ensure that CCUS holds adequate financial resources to cover its exposures by excluding guaranty funds that are not pre-funded from its calculation of the financial resources available to meet the Cover 2 standard.
 - The new LRM Policy provides detailed procedures regarding how CCUS will maintain adequate liquidity resources pursuant to the heightened requirements of CFTC Regulation 39.33(c), including procedures governing the types of eligible liquidity resources that CCUS may maintain. Amendments to the Bank Counterparty Participation Requirements Policy further support CCUS in ensuring it maintains adequate liquidity resources by providing requirements related to the use of liquidity providers.
- **Core Principle D (Risk Management)**, because:

- The Margin Model and Stress Scenarios document, as amended, is enhanced to help ensure that CCUS manages its risks through the use of appropriate, tailored tools and procedures, including measurement of exposure, limitation of exposure to potential losses from defaults, margin requirements, and requirements regarding models, stress testing scenarios and parameters;
 - The new Margin and Stress Testing Committee and the Margin Model and Stress Scenarios Governance Policy, as amended, will support CCUS in adequately governing the processes by which CCUS: determines risk-based margin requirements; regularly reviews, monitors and tests its margin requirements; and reviews, monitors, and tests its stress testing scenarios and underlying parameters.
 - The new LRM Policy enables CCUS to identify, manage and monitor liquidity risks to which the Clearinghouse is exposed.
 - The Risk Management Framework, as amended, continues to clearly identify and document the range of risks to which the Clearinghouse is exposed, address the monitoring and management of the entirety of those risks, and provide a mechanism for internal audit.
- **Core Principle G (Default Rules and Procedures),** because:
 - The Default Management Committee Charter, as amended, provides additional clarity to the mandate, purpose, and function of the Default Management Committee, which itself has key responsibilities in the administration and oversight of a default, by including responsibilities related to the application of the Clearinghouse’s Recovery Plan in the DMC’s mandate; and
 - The Default Management Plan, as amended, will continue to inform the roles and responsibilities of the Clearinghouse in addressing a default and assist the Clearinghouse in facilitating the efficient, fair, and safe management in the case of a default.
 - **DCO Core Principle L (Public Information),** because:
 - The Amendments assist CCUS in providing market participants with clear and comprehensive disclosures regarding all aspects of its operations and certain quantitative metrics, which will be posted to the CCUS website in satisfaction of this Core Principle.

Public Information

A notice and copy of this submission has been concurrently posted on CCUS’s website at <https://www.cboedigital.com/regulation/exchange-notices/> under “CFTC Submissions.”

Opposing Views

There were no substantive opposing views expressed regarding the Amendments.

Certification

CCUS hereby certifies to the Commission, pursuant to the procedures set forth in Commission Regulation 40.6, that this submission complies with the Act, as amended, and the regulations promulgated thereunder.

Please contact Michael Margolis at mmargolis@cboe.com if you have any questions or wish to discuss this matter further.

Sincerely,

/s/ Dale Michaels

Dale Michaels
President, Cboe Clear US
dmichaels@cboe.com

Exhibits 1-14

[CONFIDENTIAL TREATMENT REQUESTED]

Exhibit 15

(additions are underlined and deletions are ~~stricken through~~)

Cboe Clear US – Default Management Plan

Table of Contents

| | |
|---|---|
| 1. Purpose | 1 |
| 2. Applicability/Scope..... | 2 |
| 3. Details | 2 |
| 3.1. Guaranty Fund..... | 2 |
| 3.2. Default Management Committee | 2 |
| 3.3. Testing | 2 |
| 3.4. Clearing Member Default..... | 2 |
| 3.5. Method of Position Close Out..... | 4 |
| 3.6. Application of Funds | 4 |
| 3.7. Guaranty Fund Contributions To Be Restored | 5 |
| 3.8. Assessments | 5 |
| 3.9. Haircut Settlement Cycles | 6 |
| 3.10. Partial & Full Tear-ups | 7 |
| 3.11. Cooling Off Period And Multiple Defaults | 8 |
| 4. Questions/Ownership | 8 |
| 5. Related Documents | 8 |
| 6. Revision History | 9 |
| 7. Document Information <DO NOT EDIT> | 9 |

1. Purpose

In the event a Clearing Member of Cboe Clear US, LLC (the “Clearinghouse”) is in Default, the Clearinghouse will invoke this Default Management Plan (“DMP”) and follow the default procedures below to handle such an event. In accordance with Commodity Futures Trading Commission (“CFTC” or “Commission”) §Regulation 39.16, this DMP delineates the roles and responsibilities of the Clearinghouse’s management team, Board of Directors (“Board”), Risk Management Committee (“RiskCo”), and Default Management Committee (“DMC”).

The purpose of this DMP and the default procedures included within is to ensure that the Clearinghouse takes timely action to contain losses, and liquidity pressures, and continue meeting its obligations in the event of a Default on the obligations of one or more of its Clearing Members.

Some policies and topics contained in this document are also addressed in the Recovery Plan that the Clearinghouse maintains pursuant to CFTC Regulation 39.39(b) to address recovery necessitated by situations including uncovered credit losses or liquidity shortfalls. The Recovery Plan contemplates the procedures set forth herein, and the documents are to be read together on common topics. The DMC is responsible for both overseeing risk management in default scenarios described in this DMP, and for overseeing application of the Recovery Plan.

All capitalized terms not defined in this document shall have the meaning set forth in the Cboe Clear US Rulebook (“Rulebook”).

Cboe Clear US shall make its Default rules publicly available.

2. Applicability/Scope

This DMP governs Clearinghouse and its Clearing Member compliance with the requirements set forth under CFTC Regulation §39.16 and CFTC [§Regulation 39.13\(f\)](#) and ~~would~~ **does** not apply to Clearing Member portfolios that hold only fully collateralized positions. Margin is extended by Cboe Clear US only to its FCM Clearing Members. Therefore, this DMP only applies to FCMs.

3. Details

3.1. Guaranty Fund

Each FCM Clearing Member shall be required to contribute to the Guaranty Fund in accordance with Clearinghouse Rules 504 through 507. The [Default Financial Resource Policy](#) outlines the policies to which the Clearinghouse adheres to ensure that ~~to-it maintains financial resources sufficient to enable it to~~ meet its financial obligations to its Clearing Members notwithstanding a default by the two Clearing Members creating the largest combined financial exposure for the Clearinghouse in extreme but plausible market conditions.

3.2. Default Management Committee

As part of the DMP, the DMC, a subcommittee of the RiskCo, oversees the management of risks to the Clearinghouse and its (non-defaulting) Clearing Members in the event of Default or potential Default by a Clearing Member.

The DMC also meets at least annually for DMP testing. The [Default Management Committee Charter](#) governs the roles and responsibilities of the DMC.

3.3. Testing

Testing of the DMP is performed at least once per calendar year. Information about DMP testing and required operational preparation is communicated to Clearing Members as part of the onboarding process and their ongoing membership participation. The [Default Communication Plan](#) governs internal and external Clearinghouse communications in the event of a Default.

3.4. Clearing Member Default

Pursuant to Clearinghouse Rule 502, if a Clearing Member (a) fails to satisfy any of its Obligations, (b) fails to deliver funds within the time established by the Clearinghouse, (c) is expelled or suspended from the Clearinghouse, a Participating Exchange, or any self-regulatory organization, (d) fails to meet the minimum capital and other financial requirements of the Clearinghouse, or (e) is Insolvent, the Clearinghouse may declare such Clearing Member to be in Default. A minimum of three out of the five-four following individuals are required to declare a Clearing Member in Default: the ~~Head of Clearing~~, President, Chief Risk Officer (“CRO”), Chief Financial Officer (“CFO”) or Chief Compliance Officer (“CCO”).

Pursuant to Clearinghouse Rule 306 a Clearing Member must immediately notify the Clearinghouse:

- of any Default of the Clearing Member or any failure or inability of the Clearing Member to meet its Obligations;
- if it becomes the subject of a bankruptcy petition, receivership proceeding, or the equivalent; and
- about any other event(s), transpired or imminent, that may or will lead to Default.

Each Default by a Clearing Member will be considered a separate Default, provided that if a Clearing Member has been declared in Default, subsequent failures to meet an obligation of the Clearinghouse by such Defaulting Clearing Member shall not be considered separate Default events unless the original default has been fully resolved and such Clearing Member has been restored to good standing.

Upon the Clearinghouse declaring a Clearing Member to be in Default, the Clearinghouse will take the below-described actions, as applicable, as soon as reasonably practicable to communicate to the designated persons, contain losses and liquidity pressures:

The Clearinghouse will make an immediate notice to the CFTC via communications means as determined by the CFTC, as prescribed by CFTC [§Regulation 39.19\(c\)\(4\)\(viii\)](#). Such notice shall be prepared by Legal and Compliance and include the following information:

- The name of the Clearing Member;
- The products the Clearing Member defaulted upon;
- The number of positions for futures and options, and for swaps, the number of outstanding trades and notional amount, the clearing member defaulted upon; and
- The amount of the financial obligation.

The Clearinghouse will notify all Clearing Members of the Default via public notification on its website. Such notice shall state, to the extent practicable in general terms, how pending transactions, open positions and other pending matters will be affected and what steps are to be taken in connection therewith.

In a timely manner, the CRO will notify and convene the DMC and, based on the facts and circumstances of the Default, make a recommendation to the DMC for its approval regarding the nature and timing of transactions to cause open positions in Contracts in any of the accounts of a Defaulting Clearing Member:

- To be closed in such manner as deemed practicable by the Clearinghouse, in its sole discretion, including auctioning the Contracts as described in the [Default Auction Procedures](#).
- To be transferred to the account of one or more other willing non-defaulting Clearing Members.
- To be offset within the Defaulting Clearing Member's account(s) and, to the extent of any remaining imbalance, offset against the Contracts of other Clearing Members; or
- To be settled at the final Settlement Price for such Contracts, or at such other price or prices as the Clearinghouse may deem fair and reasonable under the circumstances.

The Clearinghouse may take any of the actions set forth in Clearinghouse Rule 606 against the Defaulting Clearing Member.

The Clearinghouse may suspend the Defaulting Clearing Member's membership in accordance with the process described in Clearinghouse Rule 601.

The Clearinghouse may take other actions in relation to the Defaulting Clearing Member. Such actions may include but are not limited to pursuit of legal action and requests to restore Guaranty Fund contributions.

In connection with any action undertaken by the Clearinghouse, the Clearinghouse shall have the right to apply the Margin of the Defaulted Clearing Member and any other assets of such Clearing Member held by, pledged to or otherwise available to the Clearinghouse, including contributions to the Guaranty Fund and any guarantee issued pursuant to the Clearinghouse Rules, to discharge the Obligations of such Clearing Member to the Clearinghouse (including any costs and expenses associated with the liquidation, transfer, or management of Contracts held in or for the accounts of such Clearing Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member).

Taking into account the size and nature of a Defaulting Clearing Member's positions, market conditions prevailing

at the time, the potential market effects of liquidating transactions that might be directed by the Clearinghouse, and such other relevant circumstances, the DMC may determine that the closing out of some or all of the Defaulting Clearing Member's positions would not be in the best interests of the Clearinghouse, other Clearing Members, or the general public, such positions need not be closed out.

If the Margin held with respect to the Defaulting Clearing Member's Member Property Accounts, and other assets of such Clearing Member held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to the Clearinghouse Rulebook, are insufficient to satisfy the Defaulting Clearing Member's Obligations to the Clearinghouse after giving effect to the application of such amounts pursuant to Clearinghouse Rule 502(d) such defaulting Clearing Member shall continue to be liable therefor.

In closing, offsetting, transferring or otherwise resolving the Contracts of a Clearing Member as provided in Clearinghouse Rules 502 and 601, the Clearinghouse shall have the rights set forth in Clearinghouse Rule 502.

The Clearinghouse will not apply any funds and assets held in segregated Customer Accounts to any obligations arising from a Default in a Clearing Member's House Account. In the event a Default occurs in the segregated Customer Account of a Clearing Member, any obligations shall be satisfied by application of any and all funds and assets held in said Clearing Member's Customer Account, in a manner consistent with CFTC Regulation 1.20. In the event the relevant FCM's customer funds and assets are insufficient, the customer obligations shortfall will be first covered from FCM Clearing Member's excess House funds.

The Clearinghouse may make immediate demand upon any guarantor of the Clearing Member. Upon demand, the guarantor shall pay the Clearinghouse by the time and date set by the Clearinghouse.

3.5. Method of Position Close Out

A detailed recommendation of the process to finalize a resolution with respect to a Default, including taking into consideration the effects of the liquidation, auction, tear- up, or sale of positions or assets of the Defaulting Clearing Member, shall be produced by the [Head of Clearing President](#) or CRO and provided to the DMC for approval. The liquidation of open contracts of the Defaulting Clearing Member as determined by the DMC may occur by one or more of the following methods:

- book entry that offsets concurrent long and short open contracts on the books of the Defaulting Clearing Member;
- executing block trades with one or more Exchange Participants;
- hedging positions, where offsets are impractical due to the market illiquidity or volatility
- liquidation in the open market; and/or
- one or more private auctions amongst qualified market participants invited by the Clearinghouse to submit confidential bids.

When determining the appropriateness of the recommended method of portfolio liquidation, the DMC will take into consideration the Defaulting Clearing Member's position size, liquidity of the products and whether some are deemed less liquid than others, open interest, market conditions and other relevant factors. For products deemed to be highly liquid, notwithstanding the considerations as described above, the DMC may determine to attempt open market liquidation first. For products deemed less liquid, the DMC may determine to perform one, or some combination of entering into hedge positions, and/or pursuing liquidation through the other methods such as block trade and/or auctions.

3.6. Application of Funds

If positions are closed-out and the Clearinghouse bears a Default Loss, such Default Loss will be met by applying the following funds, as appropriate, in the order of priority listed below, with each source of funds to be completely exhausted, to the extent practicable, before applying the following source. The Clearinghouse will not apply any funds held in a Customer Account to a Loss in a Clearing Member's House Account.

1. Margins of the Defaulting Clearing Member on deposit with the Clearinghouse, payments made by a guarantor of the Defaulting Clearing Member, and any other assets of the Defaulting Clearing Member.
2. Excess funds of the Defaulting Clearing Member, including funds and assets in excess of requirements to collateralize fully collateralized positions, such as, but not limited to, any partial payment amounts, settlement funds, or variation gains.
3. Guaranty Fund Deposits of the Defaulting Clearing Member, as such deposits are required by the Rules of the Clearinghouse.
4. Such assets contributed by the Clearinghouse for the purpose of Default.
5. Such assets committed by Cboe Global Markets that have not yet been contributed to the Clearinghouse for the purpose of Default.
6. Guaranty Fund Deposits of non-defaulting Clearing Members shall be applied toward meeting a loss in direct proportion to the total Guaranty Fund deposit requirement of each Clearing Member as described in the Assessment section of this Plan, if such deposits are required by the Rules of the Clearinghouse.
7. Surplus funds of the Clearinghouse as may be in excess of funds necessary for normal business operations. No such surplus shall be assumed until approved by the Board.

The Clearinghouse may borrow funds or draw funds as necessary against any line of credit at any time to cover any Default Losses or obligations of the Clearinghouse. Any borrowing of funds shall not relieve any Clearing Member from their obligations under the DMP or any other Clearinghouse Rule or from the application of their Guaranty Fund Deposits.

The Clearinghouse may obtain and maintain any default insurance. To the extent the Clearinghouse deems it appropriate, it will utilize this financial resource in its sole discretion. Such insurance shall be for the sole benefit of the Clearinghouse and proceeds, and the right to any proceeds, shall be paid to and belong solely to the Clearinghouse.

Non-Default Losses may also be allocated to Clearing Member Guaranty Fund Deposits if approved by the Default Management Committee.

3.7. Guaranty Fund Contributions To Be Restored

In the event the Clearinghouse must apply all or part of a non-Defaulted FCM Clearing Member's Guaranty Fund deposits or margins to meet obligations imposed by the Clearinghouse, the Clearing Member shall make good any such deficiency in Guaranty Fund Deposits, by wire or other acceptable method, prior to the close of business on the next banking day. Notably, the deficiency in Guaranty Fund Deposits may reflect a re-sizing of the Default Financial Resource Requirement and re-allocation of Guaranty Fund Deposit requirements among the non-Defaulted FCM Clearing Members. If a non-Defaulted FCM Clearing Member pays such assessment by wire and the wire transfer service is not open or operational at the time notice is sent, payment is due within one (1) hour on the next business day that the wire transfer service is open and operational.

If Non-Default Losses are allocated to Clearing Member Guaranty Fund Deposits, then Clearing Members would be required to fund the resultant Guaranty Fund Requirement deficits within the same timeline described above.

3.8. Assessments

Default Losses will first be satisfied by applying the funds in the order of priority listed in Application of Funds. The balance of any losses remaining after the application of such funds will be assessed against all Clearing Members excluding any Insolvent Clearing Members.

Each applicable Clearing Member will be subject to an Assessment in direct proportion to the Clearing Members' total Guaranty Fund deposit requirement up to an amount that does not exceed (i) a total of three times such Clearing Member's total guaranty fund deposit requirement at the time of the default with respect to losses that are attributed to the default of a single Clearing Member, and (ii) a total of six times such Clearing Member's total guaranty fund deposit requirement at the time of the default with respect to losses that are attributed to the default of multiple Clearing Members during a Cooling Off Period as defined below.

Each Clearing Member shall pay any assessment required by wire or other method acceptable to the Clearinghouse by the end of the banking day on which the notice of the assessment is delivered to each Clearing Member. If a Clearing Member pays such assessment by wire and the wire transfer service is not open or operational at the time notice is sent, payment is due within one (1) hour on the next business day that the wire transfer service is open and operational. Any Clearing Member that does not satisfy an assessment shall be in default and shall be responsible for any Default Loss that occurs. In the event that the amount of assessments received exceeds the amount of the loss, the Clearinghouse will return such excess funds as soon as practicable.

3.9.Haircut Settlement Cycles

If one or more Clearing Members Default and the assets available to cover the Defaults, including the funds described above, are insufficient to satisfy the Default Loss and Obligations of the Clearinghouse as a result of such Default, then the Board, with input from RiskCo if required, approves the Clearinghouse to modify settlement cycles in accordance with CFTC Regulation 39.14.

Following the Board's approval, the Clearinghouse shall issue a notice and conduct a settlement cycle for all the Clearinghouse contracts to determine settlement prices for all contracts and the net portfolio gain or loss for each house and customer portfolio:

The net portfolio gain of a Clearing Member (a "collect"), or the net portfolio loss of a Clearing Member to the Clearinghouse (a "pay"), shall be determined separately for (i) its proprietary positions in the Clearinghouse contracts (a "Proprietary Collect" or a "Proprietary Pay"), and (ii) the net positions of its customers in Cboe Clear US contracts (collectively, a "Customer Collect" or a "Customer Pay").

The Clearinghouse shall determine and calculate the sum of (i) the amount of each non-defaulted Clearing Member's remaining payment obligations, if any, with respect to assessments levied by the Clearinghouse; (ii) any other remaining available funds or collateral; (iii) all Proprietary Pays to be received by the Clearinghouse; and (iv) all Customer Pays to be received by the Clearinghouse, and deduct the amount of any uncovered loss (the resulting amount, the "Aggregate Available Funds").

The Clearinghouse shall then notify each Clearing Member of the amount of its remaining assessments (if any), Proprietary Pay, and Customer Pay, and each Clearing Member shall pay all such amounts no later than the time required for the relevant settlement cycle. If a Clearing Member does not make such payment to the Clearinghouse, such Clearing Member will be in Default and the Clearinghouse may take any of the actions specified elsewhere in the Clearinghouse Rules with respect to such Clearing Member and its customers.

If the amount of Aggregate Available Funds received by the Clearinghouse exceeds the sum of all Proprietary Collects and Customer Collects, the Clearinghouse shall calculate reimbursements of, and distribute, the excess funds to Clearing Members in the reverse order funds were previously paid to the Clearinghouse, provided the loss has been fully addressed. Such reimbursements will be distributed pro rata to Clearing Members. The Clearinghouse may also determine a maximum amount to pay back for closed positions that may be included in the aggregate collects, based upon existing facts and circumstances that it deems appropriate to mitigate further disruptions to the markets.

If the sum of all Proprietary Collects and Customer Collects exceeds the amount of Aggregate Available Funds received, including any voluntary contributions received, then the following procedures will apply:

- The Clearinghouse shall haircut the amount of each Proprietary Collect and Customer Collect on a pro rata basis for the current, and each successive, settlement cycle for the next two (2) Business Days, unless a bankruptcy event has occurred, to equal the amount of Aggregate Available Funds received relative to the Proprietary Collect and Customer Collect (such process, a "Variation Margin Gains Haircut"). The Clearinghouse will haircut Customer Collects at the Customer Account level of each Clearing Member, and each Clearing Member will allocate such haircut pro rata among its customers with net portfolio gains for the relevant settlement cycle.
- After considering the existing facts and circumstances and the interests of the Clearinghouse's Clearing Members, the Board, in consultation with the RiskCo, may instruct the Clearinghouse to extend or reduce the number of days during which Variation Margin Gains Haircuts are applied by one or two Business

Days. In no event may the Clearinghouse conduct Variation Margin Gains Haircuts for longer than five Business Days.

- Absent a bankruptcy event, for each settlement cycle conducted in accordance with these procedures, the Clearinghouse shall pay the haircutted Proprietary Collects and Customer Collects as soon as practicable after receipt of the Aggregate Available Funds.
- If a bankruptcy event occurs following a Clearing Member Default on a day during which Variation Margin Gains Haircuts are applied to settlement cycles, then on such day, the Clearinghouse will conduct a final settlement cycle which will also be subject to a Variation Margin Gains Haircut. The price determined in accordance with such settlement cycle will be used as the price for close-out netting.

Notwithstanding anything to the contrary in this section, the funds and assets of a defaulting Clearing Member's customers will not be applied to cover losses with respect to a House default, per CFTC Regulation 39.16(c)(2)(v).

3.10. Partial & Full Tear-ups

Default Losses will first be satisfied by applying the funds in the order of priority as described in the Application of Funds section of this document and the use of Clearinghouse Assessments. In the event such measures are not sufficient to cover Default Losses, the Clearinghouse may implement a voluntary tear-up process and, if a voluntary tear-up is not sufficient to cover Default losses or the Clearinghouse otherwise determines it is appropriate, the Clearinghouse may implement a sanctioned partial tear-up process or determine to implement a full termination of all contracts.

Voluntary tear-up. The Clearinghouse may issue a notice to Clearing Members and Market Participants providing an opportunity to voluntarily agree to have one or more proprietary contracts or, with a customer's consent, to agree to have one or more of each of such customer's contracts that are opposite the remaining open positions of the Defaulted Clearing Member, extinguished by the Clearinghouse ("tear-up").

Sanctioned partial tear-up. The Board, through consultation with the RiskCo and the DMC, may determine that a sanctioned partial tear-up is appropriate and instruct the Clearinghouse to extinguish a portion of the remaining open positions of the Defaulted Clearing Member through a partial tear-up of proprietary and customer positions of non-defaulted Clearing Members and non-defaulted customers of the Defaulted Clearing Member. A partial tear-up may include, but is not limited to, a line-by-line tear-up against the remaining open positions of the Defaulted Clearing Member. In such event, the RiskCo will review and provide recommendations to the Board who will determine the appropriate scope of each partial tear-up in accordance with the following procedures.

Sanctioned full tear-up. The Board may determine that, instead of implementing a sanctioned a partial tear-up process, it is appropriate for the Clearinghouse to conduct a full tear-up of all contracts, taking into consideration any recommendation by the Board and the DMC. Such determination, and any recommendation, will (i) be based upon then existing facts and circumstances; (ii) support the integrity of the Clearinghouse and the stability of the financial system; (iii) take into consideration the interests of Clearing Members and Market Participants; and (iv) aim to extinguish the Defaulted Clearing Member's open proprietary and customer positions and any additional positions deemed necessary to mitigate further disruptions to the markets affected by the remaining open positions of the Defaulted Clearing Member.

If any proprietary or customer positions of a Defaulted Clearing Member remain open following the last Variation Margin Gains Haircut settlement cycle, then the Clearinghouse will conduct a partial tear-up process of proprietary and customer positions of non-defaulted Clearing Members and non-defaulted customers of the Defaulted Clearing Member, provided that the Board, with input from the RiskCo shall determine the appropriate scope of the tear-up. In this situation, the Clearinghouse would proportionately extinguish contracts held by non-defaulted Clearing Members, their non-defaulted customers, and the non-defaulted customers of the Defaulted Clearing Member that

are opposite the Defaulted Clearing Member's remaining open positions relative to the size of such remaining open positions.

In the event that the Board mandates a full tear-up of contracts or if, after taking any or all of the measures allowed in this section to address a Clearing Member Default or Insolvency, the Clearinghouse determines that it still will be unable to satisfy all losses or cover a settlement variation payment obligation when due (without expectation of accessing funds that would permit it to cover such payment obligation), then the Clearinghouse will terminate all contracts in accordance with these procedures. As soon as reasonably practicable, and in a manner consistent with the Commodity Exchange Act and the regulations adopted thereunder, the Clearinghouse will fix a U.S. dollar amount to be paid to or received from the Clearinghouse in respect of all contracts to be terminated by conducting a haircut settlement cycle to determine a final settlement price for all open contracts.

Upon the completion of payments, all Clearinghouse contracts shall be extinguished, and the Clearinghouse shall have no further access to funds or collateral with respect to such contracts or clearing activity of a non-Defaulting Clearing Member. Clearing Members, their affiliates, and their customers shall have no claim against the Clearinghouse with respect to losses suffered as a result of the application of the Clearinghouse Rules, nor shall any beneficial holder of a Contract have any claim against non-defaulting Clearing Members.

3.11. Cooling Off Period And Multiple Defaults

If more than one Clearing Member Default occurs at a time or in close sequence, including a Default that occurs by reason of a Clearing Member's failure to satisfy an assessment demand, the Clearinghouse will manage the Defaults separately.

Upon any Default, during the Cooling Off Period, as defined below, non-defaulting Clearing Members will be subject to a maximum obligation to pay assessments as described in the Assessments requirement and the maximum obligation of all Members shall be restricted to the special assessment limit as described in Assessments requirement. These maximums shall apply from the date of the original default until the later of (i) the fifth Business Day thereafter and (ii) if another Clearing Member defaults during the five Business Days following the initial or any subsequent default, the fifth Business Day following the last such default (such period, the "Cooling Off Period"), regardless of the number of Defaults that occur during such Cooling Off Period.

The aggregate maximum contribution that may be required pursuant to the Assessments requirement, for the Cooling Off Period, shall be based upon each Clearing Member's total Guaranty Fund deposit requirement in effect at the commencement of the Cooling Off Period. The maximum does not limit Clearing Members' obligations to restore their Guaranty Fund contributions or margins, and performance bonds as set forth in the Collateral to be Restored section. Following a Cooling Off Period, the Clearinghouse shall notify each Clearing Member of its Guaranty Fund deposit requirement and its assessment exposure.

The Clearinghouse Default Financial Resource contribution shall be limited during the Cooling Off Period, as decided by the Board, in consultation with the RiskCo if required. The Board may, at its discretion, authorize additional funds to be added to the Clearinghouse's Default Financial Resources contribution during the Cooling Off Period.

4. Questions/Ownership

The Cboe Clear US Risk Management Department owns this Policy. Questions pertaining to this Policy should be directed to clearus.risk@cboe.com.

5. Related Documents

| Type | Title (Doc ID) |
|--------|--|
| Policy | Default Financial Resource Policy (3112) |

| | |
|------------|---|
| Charter | Default Management Committee Charter (3125) |
| Policy | CCD DCO Default Communication.docx (3149) |
| Procedures | Default Auction Procedures (3122) |

6. Revision History

| Date | Description |
|------------------|--|
| March 27, 2026 | Reviewed and reapproved |
| June 9, 2025 | Update for CFE Migration - June 8, 2025 |
| January 11, 2025 | Original Effective Date - margin launch and implementation |
| December 1, 2024 | CCUS name change |
| January 11, 2025 | Original Effective Date - margin launch and implementation |

7. Document Information <DO NOT EDIT>

SharePoint-populated data:

| | |
|--------------------------|------------------------|
| Major Version # | 5.55.135.17 |
| Last Revised Date | 3/27/2026 |
| Last Review Date | 3/27/2026 |