

October 20, 2026

VIA CFTC PORTAL

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Kalshi Klear LLC - Rule Certification Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a) - Klear Non-Cash Collateral Framework; Initial Admitted Collateral Type—U.S. Treasury Securities

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “CEA”), and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), Kalshi Klear LLC (“Klear” or the “Clearing House”) hereby self-certifies the amendments to the Klear Rulebook (the “Klear Rules”) set forth in Appendix A hereto, which establish a general framework for the acceptance of Eligible Non-Cash Collateral in satisfaction of Member Initial Margin obligations, with United States Treasury securities designated as the first Admitted Collateral Type. Capitalized terms used but not defined herein have the meanings assigned to them in the Klear Rules. Affected rules include Klear Rule 1.1 (Definitions); Rule 7.2 C; Rule 7.6 A; new Rule 7.6 H; new Rule 7.6 I.

The amendments will become effective ten business days after the date of this submission (November 4, 2026). Klear will not accept Treasury collateral before the supporting custody and procedural arrangements are in place.

Klear respectfully requests confidential treatment under Regulation 40.8 for the accompanying methodology and calibration presentation (the “Presentation”), which is submitted concurrently.

1. Introduction and Initial Implementation of the Non-Cash Collateral Framework

Klear, a CFTC-registered derivatives clearing organization, proposes to accept non-cash collateral against Member Initial Margin obligations, with United States Treasury securities as the first Admitted Collateral Type. The general Framework establishes the criteria and risk-management standards governing the admission, valuation, custody, concentration and use of Eligible Non-Cash Collateral. The initial implementation for United States Treasury securities further specifies the applicable custody arrangement, operational processes, valuation and haircut methodology, and supporting liquidity and default-management arrangements. The Framework is designed to comply with 17 CFR 39.13(g), the CPMI-IOSCO Principles for Financial Market Infrastructures, and applicable Commission requirements.

2. General Framework

The proposed Rules establish the substantive standards and governance framework applicable to all Eligible Non-Cash Collateral. Consistent with similar rules adopted by other DCOs, Rule 7.6¹ authorizes Klear to designate an asset category as an Admitted Collateral Type only after determining that the category satisfies the requirements of Commission Regulation 39.13(g), including minimal credit, market and liquidity risk, prudent valuation, appropriately conservative haircuts, concentration controls, reliable custody and legal enforceability, and liquidity risk management appropriate to the characteristics of the asset.

U.S. Treasury securities constitute the first Admitted Collateral Type under this framework. Future designation of another Admitted Collateral Type would not require amendment of Rule 7.6 solely to identify the asset by name. Before implementing any additional Admitted Collateral Type, Klear would establish and publish the applicable eligibility criteria, valuation and haircut methodology, concentration limits and other asset-specific risk controls, and would make any filing or submission required under Part 40.

The methodology for the general non-cash collateral framework and its parameters are set out in the Presentation. The principal elements of the general framework are as follows:

- *Eligibility determination.* An asset is admitted only where each of seven generic eligibility criteria, applicable to all Eligible Non-Cash Collateral, and, for government securities, five additional criteria are satisfied, consistent with the requirement in 17 CFR 39.13(g)(10) that a derivatives clearing organization limit the assets it accepts as initial margin to those that have minimal credit, market and liquidity risks. The seven generic criteria are: (i) identifiable, verifiable and stable value, observable daily from independent sources; (ii) convertibility to United States dollars within the liquidation horizon, under both normal and stressed conditions; (iii) an acceptable issuer credit profile, subject to ongoing supervision and verifiable from public information; (iv) operational segregation, held in segregated custody in accordance with Regulation 1.20 and Part 22, as applicable, with written acknowledgment; (v) quantifiable tail risk, estimable at a confidence level of no less than 99 percent; (vi) periodic review and recalibration, with daily recomputation of the haircut, re-evaluation of its adequacy no less than monthly, and quarterly review; and (vii) a defined liquidation path, being an operationally tested default-management playbook for converting the asset to United States dollars. The five additional criteria for government securities are listed in Section 3.
- *Regulatory treatment and eligibility analysis.* An asset is only admitted if it satisfies the collateral eligibility requirements of Regulation 39.13(g), including the requirement that assets accepted as Initial Margin have minimal credit, market and liquidity risks. Klear nonetheless applies the full eligibility analysis set out in the Presentation rather than relying on that recognition alone.
- *Excluded categories.* For each Admitted Collateral Type, the Framework identifies the categories of assets that are excluded, each for a stated reason relating to valuation convention, interest-rate sensitivity, optionality, credit character or liquidity. The categories excluded for the initial implementation for U.S. Treasury securities are listed in Section 3.
- *Custodian criteria.* Admitted assets must be held by a custodian satisfying documented criteria, including a qualifying charter or license, documentation appropriate to the relevant account origin, including any segregation acknowledgment required under Regulation 1.20 and for cleared swaps under Part 22 with respect to customer funds, documentation establishing that Klear's interest is validly created and perfected where applicable under Regulation 39.13(g)(14), and, for government securities only, Fedwire Securities Service participation. The custodian must also maintain an

¹CME Rulebook, *Clearing House and Performance Bonds*, Rule 820 (Performance Bonds).

established production platform serving institutional clients, including central counterparties; automatically enforce the eligibility profile Klear defines, rejecting or reallocating collateral that fails it; provide independent daily valuation at the asset level, with intraday revaluation capability; support automated substitution subject to required value, and the processing of income and maturity events; and maintain business continuity, cybersecurity and access controls, with authenticated reporting suitable for daily reconciliation. Klear selects a custodian through due diligence against these criteria under its custodian due-diligence and approved-agent policy, and will identify the selected custodian and any backup to the Commission before an Admitted Collateral Type is activated, and notify the Commission of any subsequent change.

- *Valuation.* Klear credits a Member with a dollar-equivalent collateral balance determined at the asset level. Assets are valued no less than daily from an independent pricing source, with the custodian's valuation as a second observation; where the two differ beyond a defined tolerance the lower value applies, and where a price cannot be validated for two consecutive business days the collateral credit for that asset is reduced to zero.
- *Operational architecture.* The architecture comprises a settlement layer involving a custodian that holds, values and administers the collateral under the eligibility profile Klear defines, and the Klear internal ledger, on which all margin activity is recorded as dollar-denominated entries. Delivery: a Member requests a deposit through Klear; Klear validates the asset against the Admitted Collateral Type and every applicable limit; the Member delivers the asset to the custodian; the custodian confirms eligibility, allocates the asset to Klear's account and values it; and Klear reconciles, independently recomputes the value and credits its ledger. Collateral credit is extended only after the custodian confirms receipt and allocation. Substitution: a Member may substitute one eligible asset for another through the custodian, which releases collateral only if the remaining collateral satisfies required value and every concentration limit; Klear may suspend substitution upon a default, an unmet margin call or an eligibility event. Return: excess collateral is released subject to the same required-value and limit checks and to Rule 7.2D. Income and maturity handling for U.S. Treasury securities is described in Section 3.
- *Liquidity and default management.* Liquidity risk management is addressed in Section 3(d) below. Upon a Member default, the Chief Risk Officer declares the default and Klear instructs the custodian to suspend the defaulting Member's substitution and withdrawal rights and immobilize its posted collateral. Klear then determines the cash required, elects the conversion channel for each position and converts only the portion required, using an alternative channel if one is impaired and, where necessary, drawing on pre-positioned United States dollar liquidity and default resources. Conversion may be staged over more than one day where an immediate sale would move the market against Klear.

3. Initial Implementation for United States Treasury Securities

The general non-cash collateral framework is established through the proposed Rule amendments. Its initial implementation for United States Treasury securities includes the following features.

- *Regulatory Eligibility.* Klear has evaluated Treasury securities and determined that they satisfy the collateral eligibility requirements of Regulation 39.13(g), including the requirement that assets accepted as Initial Margin have minimal credit, market and liquidity risks. Klear has also applied the full eligibility analysis set out in the Presentation to United States Treasury securities. In addition, Klear takes into account Regulation 1.25(a)(1)(i)'s recognition of obligations of the United States, and obligations fully guaranteed as to principal and interest by the United States, as permitted investments for an FCM or DCO, which further underscores the nature of United States Treasury Securities as

assets with minimal credit, market and liquidity risks. The five additional criteria for government securities, as applied to U.S. Treasury securities, are: (i) a direct obligation of the United States, or an obligation fully guaranteed as to principal and interest by the United States, and therefore a permitted investment under Regulation 1.25(a)(1)(i); (ii) marketable and held in book-entry form on the Fedwire Securities Service, settling delivery versus payment on the same business day; (iii) nominal fixed cash flows, so that value depends on the discount curve alone and not on an inflation index, a rate reset or an embedded option; (iv) an executable or evaluated price available daily from an independent pricing source, at security level, for every admitted CUSIP; and (v) an observable residual maturity, so that each security is assigned unambiguously to a haircut band and reassigned as it seasons.

- *Admission limited to nominal marketable Treasury securities.* Treasury bills, notes and bonds are admitted. The following are not admitted: Treasury Inflation-Protected Securities, because value depends on a published inflation index as well as the curve and they carry a separate accrual convention and distinct liquidity; Floating Rate Notes, because coupon resets mean rate sensitivity is not a function of residual maturity as the schedule assumes; STRIPS, because zero-coupon duration is materially longer than that of a par bond of the same maturity and trading is thinner; agency and government-sponsored enterprise obligations, because they are not direct or fully guaranteed obligations of the United States and carry a distinct credit and liquidity profile; and mortgage-backed securities, because prepayment optionality makes duration state-dependent and negatively convex. Municipal and foreign sovereign debt are outside the scope of this submission. As of July 31, 2026 the admitted universe comprised \$28.65 trillion outstanding.
- *A published haircut schedule, set above measured risk.* For purposes of the Framework, the principal measurable market risk associated with eligible U.S. Treasury collateral is the risk that its market value declines before Klear can monetize it, which generally increases with interest-rate sensitivity and residual maturity. The Framework applies the schedule based on a combination of a model and additional buffers to keep the levels stable over a long period of time. The values are currently set out in Section 3(a) below, rising from 0.5 percent for Treasury bills to 8.0 percent for securities with ten to thirty years remaining, and nothing with more than thirty years remaining is admitted. Klear's policy is that the applied haircut may not fall below 2.5 times the measured one-day 99 percent Conditional Value-at-Risk for the band; the applied schedule clears that floor in every band by a realized margin of 2.7 to 5.3 times.
- *Valuation.* Klear values U.S. Treasury collateral as the par amount multiplied by the clean price expressed as a fraction of par, multiplied by one minus the applicable haircut. For U.S. Treasury securities, accrued interest is excluded from collateral value as a conservative valuation treatment. A coupon paid on a posted security is credited to the Member and does not change the credited value, which is computed on the clean price. A posted security must be substituted or replaced before it reaches five business days to maturity; if it is not, its collateral credit is reduced to zero.
- *Initial margin only.* Treasury collateral may be applied only against initial margin obligations.
- *Liquidity and settlement considerations.* The architecture comprises a securities settlement layer on the Fedwire Securities Service. Treasury collateral is subject to liquidity risk management appropriate to the trading, settlement and monetization characteristics of U.S. Treasury securities, including consideration of periods during which relevant settlement systems or markets may be unavailable. The Treasury implementation of the general framework's liquidity and default management process includes procedures for monetizing or financing posted securities as appropriate following a Member default, including through the repurchase market or outright sale.

- *Anti-procyclicality measures.* The applied schedule incorporates conservative floors intended to prevent haircuts from mechanically declining during prolonged periods of low rate volatility. The estimator retains stressed observations at material weight for a period of years, and a defined escalation threshold requires the Chief Risk Officer to re-evaluate the schedule when realized experience deteriorates.
- *Custody with segregation and no rehypothecation.* Admitted securities are held by a qualified custodian meeting documented criteria, in accounts maintained and segregated in accordance with applicable account-origin and customer-funds segregation requirements, including Regulation 1.20 for futures customers and Part 22 for cleared swaps customers. Klear does not rehypothecate, lend, repledge or finance Member collateral.
- *Concentration limits and two liquidation channels.* Reliance on Treasury collateral is bounded by two limits, enforced by the eligibility profile at the custodian and re-evaluated no less than monthly pursuant to Regulation 39.13(g)(13): a per-Member limit tested separately by account origin, and an aggregate limit. Posted securities may be converted to cash by financing them in the repurchase market or by outright sale, so the Framework does not depend on a single venue or counterparty.

(a) The Applied Haircut Schedule for Treasury Collateral

Klear sets the applied schedule by instrument class and residual maturity band. It is set at a level strictly more conservative than the haircuts applicable to broker-dealers under the SEC's Net Capital Rule (*see* 17 C.F.R. 240.15c3-1(c)(2)(vi)(A)), and it clears the conservatism floor described above in every band. The applicable schedule may be revised over time in accordance with Klear's governance framework and its ongoing assessment of collateral risk; the proposed initial haircuts are as follows.

Asset class	0 to 1y	1 to 3y	3 to 5y	5 to 10y	10 to 30y
U.S. Treasury Bills	0.5%	--	--	--	--
U.S. Treasury Notes	1.0%	2.0%	3.0%	4.5%	8.0%
U.S. Treasury Bonds	1.0%	2.0%	3.0%	4.5%	8.0%

A dash indicates that no rate applies to that asset class at that maturity. Treasury bills are not issued with an original maturity beyond one year. Nothing with more than thirty years remaining is admitted.

(b) Treasury Haircut Review Process, Ongoing Oversight and Procedural Changes

The model-implied haircut is recalculated daily, and posted Treasuries are revalued daily at security level and reassigned between maturity bands as they season. The adequacy of the applied haircut schedule and concentration limits is reviewed against those results on an ongoing basis and formally re-evaluated no less than monthly as required by Regulations 39.13(g)(12) and 39.13(g)(13). The Chief Risk Officer or designee conducts a quarterly framework review, with out-of-cycle review triggered by a breach of the escalation threshold or a significant event in the Treasury market. Records are retained for not less than five years pursuant to Regulation 1.31.

The amendments are accompanied by changes to Klear's policies and procedures, which Klear will complete before activation and which are available to Commission staff on request. These comprise the collateral valuation procedure, the custodian due-diligence and approved-agent policy, treasury and default-management procedures covering collateral monetization and available liquidity sources, the

haircut model governance policy, conforming changes to Klear's margin operations procedures, and the disclosures required by Regulation 39.21.

(c) Treasury Haircut Coverage and Backtesting

Klear has separately validated the proposed Treasury haircut schedule using historical backtesting and stress analysis designed to assess whether the haircuts appropriately reflect stressed market risk consistent with Regulation 39.13(g)(12). Measured against the applied schedule, the test records no breach in any band for Treasury notes and bonds, and coverage of 99.98 percent for Treasury bills. The detailed backtesting, sensitivity analysis and stress testing are set out in the Presentation.

Klear notes one limitation directly. A 99 percent Conditional Value-at-Risk is not a bound on loss. That residual is addressed through the escalation threshold, concentration limits, liquidity-risk and collateral-monetization controls, and Klear's broader default-management resources.

(d) Liquidity of Treasury Collateral

Klear assesses the liquidity characteristics of Treasury collateral as part of its overall liquidity-risk and default-management framework. In doing so, Klear considers the depth and resilience of the U.S. Treasury cash and repurchase markets, the size and concentration of collateral positions, the expected time required to monetize or finance collateral under normal and stressed conditions, and the availability of relevant settlement infrastructure.

Klear maintains procedures for monetizing Treasury collateral through outright sale or financing transactions and may apply acceptance limits, concentration limits, additional haircuts, require additional United States dollar collateral, or implement other risk controls where it determines that timely monetization or financing could be materially constrained, including during weekends, holidays or other periods when relevant markets or settlement systems are unavailable or operating on a limited basis. Such controls may include limiting the amount of Treasury collateral accepted during such periods by reference to pre-positioned United States dollar liquidity or other immediately available liquidity resources.

4. Compliance with the Act and Commission Regulations

Klear has reviewed the foregoing amendments and determined that they comply with the requirements of the CEA and the rules and regulations promulgated by the Commission thereunder. Klear reviewed the derivatives clearing organization core principles (the "Core Principles") set forth in Section 5b(c)(2) of the CEA and determined that the amendments are potentially relevant to the following Core Principles and the applicable Commission regulations thereunder.

- Financial Resources (Core Principle B). Klear will continue to maintain adequate financial, operational and managerial resources to discharge its responsibilities, including resources sufficient to cover the default of the Member creating the largest exposure. For the initial implementation, admitting Treasury collateral at a haircut that carries a margin of 2.7 to 5.3 times measured risk, subject to daily revaluation and to the concentration limits, is designed to ensure that the collateral value credited by Klear appropriately reflects the market and liquidity risks associated with the collateral. See 17 C.F.R. 39.11.
- Participant and Product Eligibility (Core Principle C). The eligibility methodology establishes documented and reviewable standards determining which securities may be admitted, with any security not satisfying every criterion remaining ineligible. The amendments do not alter Klear's membership or product eligibility rules. See 17 C.F.R. 39.12.

- Risk Management (Core Principle D). The proposed Rules require each Admitted Collateral Type to satisfy defined eligibility, valuation, haircut, concentration, custody and other risk-control requirements consistent with Regulation 39.13(g). For the initial implementation, the Framework applies a published haircut schedule to Treasury securities by instrument class and residual maturity, validated against a 99 percent Conditional Value-at-Risk standard taking stressed market conditions into account, with each haircut operating as a permanent floor, concentration limits enforced at the custodian, daily revaluation, and monthly re-evaluation of adequacy. The applied schedule exceeds every estimate Klear computes in every band. See 17 C.F.R. 39.13.
- Settlement Procedures (Core Principle E). For the initial implementation, Treasury securities are delivered and returned in book-entry form on the Fedwire Securities Service against confirmation by the collateral custodian, and collateral credit is extended only after the agent confirms receipt and allocation, so an unsettled or failed delivery produces no credit. Klear considers periods of market or settlement-system unavailability as part of its Treasury collateral liquidity controls. Settlement of margin obligations continues to occur in United States dollars on Klear's existing schedule. See 17 C.F.R. 39.14.
- Treatment of Funds (Core Principle F). Eligible Non-Cash Collateral is held through the collateral custodian in accounts maintained in accordance with the applicable account-origin and segregation requirements, including Regulation 1.20 with respect to futures customer collateral and Part 22 with respect to cleared swaps customer collateral, with house and customer-origin collateral maintained separately as applicable. Klear does not rehypothecate, lend, repledge or finance Member collateral, and obtains documentation establishing that its interest is validly created and perfected, consistent with Regulation 39.13(g)(14). See 17 C.F.R. 39.15.
- Default Rules and Procedures (Core Principle G). The initial implementation for Treasury securities includes a staged playbook for monetizing or financing posted securities as appropriate following a Member default, including through the repurchase market or outright sale, with provision for staging monetization to limit market impact and utilizing available liquidity and default resources where appropriate. Upon declaration of default, the collateral custodian suspends the defaulting Member's substitution and withdrawal rights and immobilizes the collateral. See 17 C.F.R. 39.16.
- System Safeguards (Core Principle I). Klear will apply its existing Regulation 39.18 cybersecurity, access-control, monitoring, reconciliation, incident-response, business continuity and vendor-risk controls to all systems supporting non-cash collateral. Klear reconciles its ledger against the agent's position and valuation reports each business day. See 17 C.F.R. 39.18.
- Public Information (Core Principle L). Klear will disclose each Admitted Collateral Type and the applicable eligibility criteria, valuation and haircut methodology, concentration limits and other material terms, consistent with Regulation 39.21. See 17 C.F.R. 39.21.
- Antitrust Considerations (Core Principle N). The amendments do not adopt any rule or take any action that results in any unreasonable restraint of trade or imposes any material anticompetitive burden. The Framework expands the range of eligible collateral available to all Members on a non-discriminatory basis, and the applied schedule is set at a level consistent with prevailing practice for this asset class, so Members are neither advantaged nor disadvantaged relative to terms available elsewhere. See 17 C.F.R. 39.23.
- Legal Risk (Core Principle R). Treasury securities are direct obligations of the United States held in book-entry form on the Fedwire Securities Service, and the legal framework governing their transfer and pledge is long established. Klear will confirm the enforceability of its interest in posted collateral under the custody documentation and applicable law before accepting Treasury securities as collateral, consistent with Regulation 39.13(g)(14). See 17 C.F.R. 39.27.

5. Opposing Views

No substantive opposing views were expressed to Klear by governing board or committee members, Members of Klear, or market participants that were not incorporated into the amendments.

6. Certification

Klear hereby certifies that the amendments to the Klear Rules that are the subject of this submission comply with the CEA and the rules and regulations promulgated by the Commission thereunder. This certification covers both the initial designation of U.S. Treasury securities as an Admitted Collateral Type and the broader Rule framework under which Klear may subsequently designate additional categories of Eligible Non-Cash Collateral without amending the Rules solely to enumerate each asset category, subject to the requirements of Rule 7.6 and applicable Commission Regulations. Klear is not aware of any potential anticompetitive effects of the amendments. Klear further certifies that, concurrent with the filing of this submission with the Commission, a notice of pending certification and a copy of this submission have been posted on Klear's website, with information for which confidential treatment is requested redacted, to be republished consistent with any determination made pursuant to Regulation 40.8(c)(4).

If you or your staff have any questions or require further information regarding this submission, please do not hesitate to contact the undersigned.

Sincerely,

Udesh Jha
Chief Risk Officer, Kalshi Klear LLC

Appendix A

Klear Rulebook Amendments

Additions are shown in bold. Deletions are shown in strikethrough.

General non-cash collateral provisions:

Rule 1.1 Definitions

Eligible Non-Cash Collateral: Any non-cash asset of a type designated by the Company as eligible for deposit in satisfaction of Initial Margin obligations pursuant to Rule 7.6.

Rule 1.1 Definitions

Qualified Custodian: An institution or other entity approved by the Company and permitted under applicable law and Commission Regulations to provide custody or control arrangements for the relevant Eligible Non-Cash Collateral, as further described in Rule 7.6. Any reference in these Rules to a transfer of Margin from or to a Settlement Bank shall, as applicable in the case of Eligible Non-Cash Collateral, be deemed to refer to a transfer from or to the Qualified Custodian holding such collateral for and on behalf of the relevant Member.

Rule 7.2 C. Mechanics for Margin Payments

Initial Margin and Variation Margin shall be deposited in United States dollars by each Member with the Company as provided in Rule 7.2A, **except that Initial Margin may also be deposited in the form of Eligible Non-Cash Collateral as permitted by the Company pursuant to Rule 7.6 H.**

Rule 7.6 A. Collateral

Acceptable collateral shall consist of United States dollars ~~is the sole form of acceptable collateral and~~ **Eligible Non-Cash Collateral.**

Rule 7.6 H. Eligible Non-Cash Collateral

Initial Margin may be deposited in United States dollars or, to the extent permitted by the Company, in the form of Eligible Non-Cash Collateral of such types and to the extent permitted by the Company from time to time. In determining whether to designate an asset category as an Admitted Collateral Type, the Company shall limit such designation to assets having minimal credit, market and liquidity risks and shall evaluate, as applicable, the asset's credit quality, market and liquidity risk, price transparency and availability of reliable valuation, historical volatility and gap risk, settlement and transferability characteristics, custody and legal enforceability, wrong-way, issuer and concentration risk, and the Company's ability to monetize or otherwise realize the collateral within a timeframe appropriate to Klear's liquidity and default-management needs. The Company shall use prudent valuation practices to value Eligible Non-Cash Collateral on a daily basis. The Company shall apply haircuts to Eligible Non-Cash Collateral as it deems appropriate. Designations of Admitted Collateral Types, and the applicable haircuts, eligibility criteria and concentration limits, shall be approved by the Chief Risk Officer. The Company shall apply appropriate limitations or charges on the concentration of Eligible Non-Cash Collateral, and shall evaluate the appropriateness of any such limitations or charges on at least a monthly basis. The Company shall publish and maintain the applicable eligibility criteria and haircut schedule for Eligible Non-Cash Collateral and shall maintain appropriate valuation and haircut methodologies for Eligible Non-Cash Collateral, and shall ensure legal enforceability, segregation, custody and

operational risk controls consistent with Commission Regulations.

Admission of collateral types:

Rule 1.1 Definitions

Admitted Collateral Type: A category of assets designated by the Company from time to time as Eligible Non-Cash Collateral pursuant to Rule 7.6H, together with the applicable eligibility criteria, valuation methodology, haircut methodology, concentration limits, custody arrangements and other risk controls published by the Company. Upon effectiveness of these amendments, marketable United States Treasury bills, notes and bonds meeting the Company's published eligibility criteria shall constitute an Admitted Collateral Type.

Rule 7.6 I. Admitted Collateral Types

Notwithstanding Rule 7.6.E., Eligible Non-Cash Collateral may be applied only against Initial Margin obligations. Such collateral shall be held by a Qualified Custodian, in accounts maintained and segregated in accordance with the account-origin and segregation requirements applicable under the Act and Commission Regulations, including CFTC Regulation 1.20 with respect to Futures Customer Collateral and Part 22 of CFTC Regulations with respect to Cleared Swaps Customer Collateral, and pursuant to such acknowledgment, control or other arrangements as the Company as are appropriate to ensure that its interest in the collateral is validly created, perfected and enforceable.

The Company shall not rehypothecate, lend, repledge or finance Eligible Non-Cash Collateral deposited by a Member except in connection with the default of that Member.

The Company shall credit a Member with a United States dollar equivalent collateral value determined at the asset level using the valuation methodology applicable to the relevant Admitted Collateral Type and after application of the applicable haircut. The Company may exclude accrued, unpaid or otherwise unrealized income from collateral value where appropriate to the relevant Admitted Collateral Type.

For each Admitted Collateral Type, the Company shall publish and maintain applicable eligibility criteria, a valuation and haircut methodology, and limitations or charges relating to concentration by Member, account origin and in the aggregate.

The Company shall maintain liquidity risk management arrangements appropriate to the trading, settlement, transfer and monetization characteristics of each Admitted Collateral Type. Where the Company determines that the availability or timely monetization of an Admitted Collateral Type may be materially constrained, including during periods in which relevant markets, settlement systems or conversion channels are unavailable, the Company may impose appropriate acceptance limits, additional haircuts or other risk controls.

The Company may reduce to zero the collateral value credited in respect of any asset for which a reliable price cannot be established or validated, that ceases to satisfy the applicable eligibility criteria, or that the Company otherwise determines no longer satisfies the requirements applicable to Eligible Non-Cash Collateral.

Neither the Exchange nor the Company shall have any obligation or responsibility to preserve, protect, collect or realize upon, and under no circumstances shall the Exchange or Company be liable for, any loss or diminution in value or depreciation in the Eligible Non-Cash Collateral maintained pursuant to this rule. A Member who maintains Eligible Non-Cash Collateral with the Company pursuant to this rule shall hold the Exchange and Company harmless from all liability, losses and damages which may result from or arise with respect to the care and sale of such Eligible

Non-Cash Collateral. All initial and additional Eligible Non-Cash Collateral shall be retained by the Company in whole or in part, as the Company staff may deem necessary, until the trades for which such Eligible Non-Cash Collateral has been deposited, have been offset, cash settled, or otherwise closed out as determined by Company staff.