

Exemption Order

Chicago Mercantile Exchange Inc.

Section 33(1) of the *Securities Act*, R.S.B.C. 1996

1. Background

Chicago Mercantile Exchange Inc. (the Filer) has filed an application (the Application) with the British Columbia Securities Commission (the Commission) for an exemption under section 33 of the *Securities Act* (British Columbia) (the Act) from the requirements under:

- (a) section 25 of the Act from the requirement to be recognized as a clearing agency; and
- (b) National Instrument 24-102 – *Clearing Agency Requirements* (NI 24-102)

(collectively, the Requested Relief).

The Filer has together with The Board of Trade of the City of Chicago, Inc., New York Mercantile Exchange, Inc., and Commodity Exchange, Inc. (collectively, the CMEG Exchanges) concurrently filed an application to the Commission for an exemption under section 33 of the Act from the requirement under section 25 of the Act to be recognized as an exchange.

2. Interpretation

Terms defined in the Act, National Instrument 14-101 *Definitions* and NI 24-102 have the same meaning if used in this decision, unless otherwise defined.

In this decision,

“BC Clearing Member” means a Clearing Member that is a “BC Person”;

“BC Person” means a person that has its head office or principal place of business in British Columbia;

“Clearing Member” means a person registered as a registered futures commission merchant with the Commodity Futures Trading Commission (CFTC) and that is subject to the compliance requirements of the U.S. Commodity Exchange Act (CEA), the CFTC and the U.S. National Futures Association and is a member of CME Clearing, which is a service of CME;

“material non-compliance” means any incident of non-compliance with securities legislation if any of the following apply:

- (a) the non-compliance creates or created, in the opinion of a reasonable person, a risk of material harm to a BC Person;

- (b) the non-compliance creates or created, in the opinion of a reasonable person, a risk of material harm to capital markets in British Columbia;
- (c) the non-compliance is part of a pattern of non-compliance.

3. Representations

This decision is based on the following representations of the Filer:

1. The Filer is a corporation organized under the laws of the State of Delaware in the United States of America (the U.S.).
2. The Filer is a wholly-owned subsidiary of CME Group Inc. (CMEG), a publicly traded for-profit corporation organized under the laws of the State of Delaware, headquartered in Chicago, Illinois, USA, and listed for trading on the NASDAQ National Market.
3. The Filer provides clearing and settlement services for (i) over-the-counter (OTC) derivatives transactions (OTC Products) and (ii) exchange-traded futures and options on futures (Exchange Products), based on various asset classes, including interest rates, equities, foreign exchange, credit and commodities, including tangible and intangible commodities that are traded on the CMEG Exchanges through CME Clearing (the Clearing System).
4. The Filer is registered with the U.S. Commodity Futures Trading Commission (CFTC) as a derivatives clearing organization, and is subject to oversight by the CFTC under the U.S. Commodity Exchange Act. The Filer is designated as a Systematically Important Derivatives Clearing Organization by the CFTC.
5. The Filer is exempt from recognition as a clearing agency in Ontario by the Ontario Securities Commission and in Alberta by the Alberta Securities Commission. The Filer is also exempt from recognition as a clearing house in Quebec by the Autorité des marchés financiers.
6. The Filer does not have physical operations in the Province of British Columbia.
7. OTC Products and Exchange Products traded by BC Persons on CMEG Exchanges are cleared and settled on the Filer's Clearing System through a Clearing Member and the Filer is therefore considered to be carrying on business as a clearing agency in British Columbia.
8. The Filer will maintain a compliance program reasonably designed to comply with the United States laws and regulations applicable to derivatives clearing organizations and the requirements of the CFTC applicable to its operations and activities and the terms and conditions of this Order.
9. The Filer has a Clearing House Risk Committee to assist the Board in risk management, financial surveillance, and clearing member admission. The Clearing

House Risk Committee's authority and responsibilities are set out in the Clearing House Risk Committee Charter.

10. The fees on the Clearing System will be fair and appropriate, and are available on the Filer's website to all Clearing Members and applicants.
11. The Filer has rules, policies and procedures to govern the Clearing System, including financial resources (guaranty fund and liquidity resources), margin and collateral requirements, default management, margin methodology and model performance, and model validations.
12. The Clearing Rules:
 - (a) are designed to govern the operations of the Clearing System, access to the Clearing System, and conduct of Clearing Members;
 - (b) permit the denial or limitation of a Clearing Member's access to the Clearing System or services offered, are not contrary to the public interest and are designed to:
 - (i) ensure compliance with applicable legislation;
 - (ii) prevent fraudulent and manipulative acts and practices;
 - (iii) promote just and equitable principles;
 - (iv) provide a framework for disciplinary and enforcement actions, including referral of matters to the appropriate securities regulatory authority when appropriate;
 - (v) ensure a fair and orderly market; and

require each Clearing Member to have

the capacity to fulfill collateral, payment and delivery obligations to the Clearing System; and

the ability to fulfill default management requirements under the Clearing Rules.
13. For any decision made by the Filer in connection with the operation of the Clearing System relating to a person applying to be a Clearing Member, that materially affects the person applying to be a Clearing Member, including in respect of access, the Filer ensures that:
 - (a) the affected person is given an opportunity to be heard or make representations; and
 - (b) the Filer keeps a record of, give reasons for, and provide for appeals or reviews of the decisions.

14. The Filer applies internal controls, policies and procedures relating to the Clearing System and its critical systems and testing, including in relation to:
 - the proper functioning of the systems, change and incident management and system capacity;
 - information security;
 - business continuity;
 - disaster recovery; and
 - recordkeeping.
15. Where the Filer has outsourced any of the key services or systems of the Clearing System to a service provider, the Filer has appropriate and formal arrangements and processes in place that are designed to ensure that the Filer and the Clearing System meet its obligations with respect to the operation of the Clearing System, including applicable regulatory requirements.

4. Order

Based on the representations that the Filer provided and considering that to do so would not be prejudicial to the public interest, the Commission orders under section 33(1) of the Act that the Requested Relief is granted on the following terms and conditions:

1. With respect to a proceeding brought by the Commission arising out of, related to, concerning or in any other manner connected with the Commission's regulation and oversight of the activities of the Filer, the Filer will submit to the non-exclusive jurisdiction of the courts of British Columbia and the Commission.
2. The Filer will file with the Commission an appointment of an agent for service in British Columbia upon whom the Commission may serve a notice, pleading, subpoena, summons, order, directions or other process in any action, investigation or proceeding relating to the Commission's regulation and oversight of the Filer's activities and operations in British Columbia.

5. Requirements

The Filer, during the period that they rely on the Requested Relief, must:

1. Promptly notify the Commission of any of the following:
 - (a) any material change to its business or operations or the information provided in the Application or the Filer's PFMI Disclosure Framework Document, including, but not limited to:
 - (i) changes to the regulatory oversight of the Filer or the Clearing System by the CFTC;
 - (ii) the corporate governance structure of the Filer;

- (iii) the access model, including eligibility criteria, for BC Clearing Members; and
 - (iv) critical systems and technology;
- (b) any change that may materially affect the accuracy of the representations of the Filer as stated in this Order;
 - (c) any significant change to the Filer's operations, as a clearing agency, that could have a material impact on a BC Clearing Member;
 - (d) any condition or change in circumstances that results in the Filer being in material non-compliance with regulatory requirements of the CFTC;
 - (e) any revocation or suspension of the Filer's ability to operate the Clearing System in Canada or in any other jurisdiction;
 - (f) any known investigations of, or disciplinary action against, the Filer by the CFTC or any other securities regulatory authority; and
 - (g) any matter known to the Filer that may affect its financial or operational viability, including, but not limited to, any significant system failure or interruption.
2. In the event that any BC Persons become Clearing Members of the Filer, promptly provide the Commission when requested either directly or through the CFTC, as the case may be, any books records or other information in the custody or control of the Filer, relating to BC Clearing Members, the operations of the Clearing System and compliance with applicable securities legislation in British Columbia, including this decision.
 3. In the event that any BC Persons become Clearing Members of the Filer, provide, in a manner and form acceptable to the Commission, on a quarterly basis and at any time promptly upon the request of staff of the Commission:
 - (a) a current list of BC Clearing Members, including each BC Clearing Member's LEI, if available;
 - (b) a list of all BC Clearing Members against whom disciplinary action has been taken by the Filer in the last quarter period;
 - (c) a list of all BC Persons who applied for status as a BC Clearing Member that were denied such status during the quarter last period;
 - (d) for each class of OTC Products and Exchange Products available to BC Clearing Members on the Clearing System:
 - (i) the total volume and notional value cleared for each BC Clearing Member; and
 - (ii) the proportion of worldwide volume and notional value cleared on the Clearing System for BC Clearing Members;

- (e) the aggregate total margin amount required by the Filer on the last trading day during the quarter for each BC Clearing Member;
 - (f) the proportion of the total margin required by Filer on the last trading day of the quarter for BC Clearing Members;
 - (g) the Guaranty Fund contribution on the last trading day during the quarter for each BC Clearing Member;
 - (h) the proportion of the total Guaranty Fund contributions on the last trading day of the quarter for BC Clearing Members; and
 - (i) a list outlining each incident of a significant system outage that occurred at any time during the period for any system impacting BC Clearing Members, identifying the date, duration and reason for the outage, and noting any corrective action taken.
4. Continue to make the Clearing Rules publicly available on its website and will promptly provide the Commission copies of material changes to the Clearing Rules.
5. Provide to BC Clearing Members a disclosure that states that:
- (a) rights and remedies against the Filer may only be governed by the laws of the U.S. and may be required to be pursued in the U.S.;
 - (b) the rules applicable to using the facilities on the Filer are governed by the laws of the U.S.; and
 - (c) the Filer is subject to primary regulatory oversight by the CFTC under the regulatory regime in the United States of America which might not be equivalent, in all respects, to regulatory requirements under securities legislation in British Columbia.

April 29, 2026

“ Brenda M. Leong”

Brenda M. Leong
Chair