



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105214; File No. SR-CMESC-2026-002]

Self-Regulatory Organizations; CME Securities Clearing Inc.; Order Approving Proposed Rule Change to Modify the CME Securities Clearing Inc. Amended and Restated By-Laws, Board of Directors Charter, Risk Management Committee Charter, Nominating Committee Charter, and Audit Committee Charter

April 13, 2026.

I. INTRODUCTION

On February 26, 2026, CME Securities Clearing Inc. (“CMESC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change CMESC-2026-002, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² The proposed rule change would modify the Amended and Restated By-Laws of CME Securities Clearing Inc. (“By-Laws”), the Board of Directors Charter (“Board Charter”), the Risk Management Committee Charter, the Nominating Committee Charter, the Audit Committee Charter, and the Regulatory Oversight Committee Charter (collectively, the “Committee Charters”). The proposed rule change was published for comment in the *Federal Register* on March 12, 2026.³ The Commission has received no comments on the changes proposed.

For the reasons discussed below, the Commission is approving the proposed rule change.

II. BACKGROUND

On December 13, 2024, CMESC filed with the Commission its application on Form CA-

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 104955 (Mar. 9, 2026), 91 FR 12224 (Mar. 12, 2026) (File No. SR-CMESC-2026-002) (“Notice of Filing”).

1 (“Application”) for registration as a clearing agency to provide central counterparty services for transactions involving U.S. Treasury securities. The Commission published notice of the Application in the Federal Register on January 22, 2025.⁴ The Application contained certain proposed governance documents, including CMESC’s By-Laws,⁵ Board of Directors Charter,⁶ Risk Management Committee Charter,⁷ Nominating Committee Charter,⁸ Audit Committee Charter,⁹ and Regulatory Oversight Committee Charter.¹⁰ Together, these governance documents constitute CMESC’s governance framework as a registered, operating clearing agency (“Governance Framework”). On December 1, 2025, the Commission issued an order granting CMESC’s Application for registration as a clearing agency, finding that the Application satisfied the requirements of the Act and rules and regulations thereunder.¹¹ In the order, the Commission discussed CMESC’s governance arrangements as reflected in the foregoing governance documents and found that “CMESC is so organized and has the capacity to be able to facilitate the prompt and accurate clearance and settlement of securities transactions and to comply with

⁴ Securities Exchange Act Release No. 102200 (Jan. 15, 2025), 90 FR 7713 (Jan. 22, 2025). Non-confidential aspects of the Application, including any exhibits thereto cited in this order, are available on the Commission’s website at: <https://www.sec.gov/rules-regulations/other-commission-orders-notices-information/cme-form-ca-1>.

⁵ See Exhibit E-2A(2) to Form CA-1, *available at* <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2a-2-amended-restated-bylaws-12-13-24.pdf>.

⁶ See Exhibit E-2B to Form CA-1, *available at* <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2b-board-directors-charter-12-13-24.pdf>.

⁷ See Exhibit E-2C to Form CA-1, *available at* <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2c-risk-management-committee-charter-12-13-24.pdf>.

⁸ See Exhibit E-2D to Form CA-1, *available at* <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2d-nominating-committee-charter-12-13-24.pdf>.

⁹ See Exhibit E-2E to Form CA-1, *available at* <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2e-audit-committee-charter-12-13-24.pdf>.

¹⁰ See Exhibit E-2F to Form CA-1, *available at* <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2f-regulatory-oversight-committee-charter-12-13-24.pdf>.

¹¹ Securities Exchange Act Release No. 104281 (Dec. 1, 2025), 90 FR 55926 (Dec. 4, 2025), *available at* <https://www.federalregister.gov/documents/2025/12/04/2025-21908/cme-securities-clearing-inc-order-granting-an-application-for-registration-as-a-clearing-agency> (“CMESC Registration Approval”).

the provisions of the Exchange Act and the rule[s and] regulations thereunder.”¹²

CMESC states that, as a newly registered clearing agency, it does not have any operating history and is in the early stage of engaging with prospective Members and Users that are to be represented on its Board and, therefore, the adoption of the Governance Framework requires CMESC to take certain steps in sequence.¹³ As the initial step to adopt the Governance Framework, CMESC states that the current CMESC Board or CMESC’s stockholder will adopt the By-Laws in accordance with CMESC’s current By-Laws,¹⁴ and that, upon adoption of the By-Laws, the Secretary will call a special stockholders meeting to elect Directors, consistent with the requirements of Article III, Section 1 of the By-Laws.¹⁵ After the new Board is constituted, CMESC states that it will undertake formal Board actions to adopt the Board Charter and Committee Charters and appoint members to the Nominating Committee and other Committees in accordance with the Committee Charters and, once constituted, the Nominating Committee and other Committees will assume their responsibilities under their respective Committee Charters.¹⁶ CMESC further states that the Nominating Committee will review the classification of each Director elected to the initial Board to verify the Director’s classification as an Independent Director or non-Independent Director.¹⁷

CMESC states that it is necessary for CMESC to make certain modifications to the By-Laws, Board Charter, and Committee Charters to provide the flexibility needed to facilitate composing and standing up the new Board and to smooth the implementation of the Governance

¹² *Id.* at 55932.

¹³ *See* Notice of Filing, *supra* note 3, at 12225.

¹⁴ *See* Exhibit E-2A(1) to Form CA-1, available at <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2a-1-initial-bylaws-12-13-24.pdf>. Article IX sets forth the provisions for adoption of amendments to the By-Laws.

¹⁵ *See* Notice of Filing, *supra* note 3, at 12225.

¹⁶ *Id.*

¹⁷ *Id.*

Framework.¹⁸

III. DESCRIPTION OF THE PROPOSED RULE CHANGE

The proposed rule change would modify the Board Charter to provide flexibility in the initial number of Directors on the Board and to reflect a transition from a staggered Board structure to a unitary Board elected annually, as well as to clarify the Board's responsibilities and standards for conducting its meetings. Conforming clarifications would also be made to the Amended and Restated By-Laws and the Nominating Committee Charter to align those documents with the annual Board term structure and its flexible initial size and to update cross-references. In addition, the Risk Management Committee Charter would be revised to add oversight of CMESC's Enterprise Risk Management Framework, and the Audit Committee Charter would be amended to correct a technical cross-reference. Finally, non-substantive clarifying changes would be made to each Committee Charter to clarify that a majority of its Directors must be Independent Directors, along with other non-substantive clarifying and conforming edits. The proposed changes are described in more detail below.

A. Changes to the By-Laws

The proposed rule change would make several changes to the By-Laws. First, Article III, Section 1 ("Number, Composition, and Election of Directors") would remove the current discussion regarding the initial sizing of the Board of Directors (as initially being two and then increased to nine upon adopting of the by-laws). CMESC states that it is more appropriate to address the size of the initial Board in the Board Charter, as described in part III.B below.¹⁹ CMESC states that this flexibility to appoint fewer than nine Directors to the first Board is consistent with the existing authority under Article III Section 1 of the By-Laws to appoint between one and fifteen directors.²⁰

¹⁸ *Id.*

¹⁹ *Id.* at 12226.

²⁰ *Id.*

Second, Section 1 of Article III would clarify that the Nominating Committee process for reviewing and recommending candidates to serve on the Board will apply to the first Board to be elected after the election of the initial Board following adoption of the By-Laws.²¹

Third, the proposed rule change would modify the manner of filling an officer vacancy in Article IV (“Officers”), Section 2 (“Election”). Currently, Article IV, Section 2 of the By-Laws provides that officer vacancies shall be filled by the Board, which, according to CMESC, contradicts certain provisions in the other governance documents.²² The proposed rule change would modify the relevant language in Article IV, Section 2 to state that officer vacancies shall be filled as specified in the By-Laws or any Board committee charter. Similarly, the proposed rule change would remove the language in the same paragraph regarding the salaries of all officers being fixed by the Board to take into consideration that the compensation of certain officers may not be fixed by the Board under certain existing Board committee charters.

Finally, the proposed rule change would create a defined term “Annual Meeting” in Article II, Section 2 to refer to the annual meeting of Stockholders.

B. Changes to the Board Charter

The proposed changes to the Board Charter relate to composing and standing up the new CMESC Board. First, the proposed rule change would modify the second bullet under Section II (“Board Composition”) to reflect that the initial Board would include no more than nine Directors. The proposed rule change would also provide that the number of Directors on the Board shall continually be composed of a sufficient number of Directors to meet the composition requirements described in the Board Charter, which would be subject to the provisions of the By-

²¹ CMESC states that, following its appointment, the Nominating Committee will also have other responsibilities under the Nominating Committee Charter, which would include nominating candidates to fill any vacancy that may occur on the Board including a vacancy on the initial Board, and its role in verifying the classification of a Director as an Independent Director or a non-Independent Director. *Id.*

²² *Id.* For example, the Regulatory Oversight Committee Charter provides that if the Chief Compliance Officer position becomes vacant, the Head of the Corporation shall appoint a successor, subject to the approval of the Regulatory Oversight Committee. *See* Exhibit E-2F to Form CA-1, *available at* <https://www.sec.gov/files/cmesc-ca-1-exhibit-e-2f-regulatory-oversight-committee-charter-12-13-24.pdf>. *Id.*

Laws (i.e., in Section I of Article III regarding the election of the initial Board following adoption of the By-Laws.²³

Second, the proposed rule change would change the staggered (classified) Board structure to a non-classified Board structure with a unitary annual term by eliminating Section IV (“Term of Office; Classes”) entirely and revising the existing Section V (“Election of Directors”) to provide that the Directors will be elected by the Stockholder at the Annual Meeting of the Stockholder and that each Director so elected will serve until the end of the annual term or until the Director’s earlier death, resignation, or removal. CMESC states that, on further consideration, a staggered or classified Board structure, which is often utilized by Delaware corporations as an anti-takeover defense mechanism, is not an appropriate structure for CMESC.²⁴ CMESC states that, as a registered clearing agency, it does not need a staggered Board structure as a defense mechanism, and a staggered Board structure would unnecessarily complicate the process of composing the Board and administering the terms of the Directors.²⁵ As a result of removing Section IV, Section V (“Election of Directors”) would be renumbered as Section IV and “Term of Office” would be added to the heading of the new Section IV. In addition, the proposed rule change would capitalize the term “annual meeting” throughout the new Section IV to clarify that it is a defined term.

Third, the proposed rule change would add language to Section I (“Purpose”) to specify the standards and obligations of the Board of Directors in fulfilling its responsibilities. Specifically, the proposed rule change would add new language as a third bullet under Section I to require the Board, in fulfilling its responsibilities, to consider the legitimate interests of Members and Users, and prioritize the overall risk management, safety, and efficiency of CMESC, including its obligations to facilitate and promote the prompt and accurate clearance

²³ *Id.*

²⁴ *See* Notice of Filing, *supra* note 3, at 12226.

²⁵ *Id.*

and settlement of securities transactions and to assure safeguarding securities and funds, and generally support the stability of the broader financial system in accordance with best practices in the industry. CMESC states that this language is designed to provide greater transparency to Directors of the Board and the public regarding the Board’s responsibilities.²⁶

The proposed rule change would also add language to existing Section VIII (“Meetings”)—to be re-numbered as Section VII after the proposed removal of existing Section IV—to state considerations the Board should take into account when evaluating a proposal. Specifically, when evaluating a proposal in front of the Board, the Board of Directors would be required to take into account all factors that the Board of Directors deems relevant, including, to the extent deemed relevant: (i) the potential impact of the proposal on the integrity, continuity, and stability of the Corporation, on the ability to prevent fraudulent and manipulative acts and practices, and on investors and the public, and (ii) whether such proposal would promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, and remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, in light of the nature of CMESC and its operations as a registered clearing agency and its status as a self-regulatory organization. CMESC states that this language is consistent with the statutory requirements and the clearing agency standards promulgated by the Commission under the statute and provides greater transparency to Board Directors and the public regarding the Board’s responsibilities.²⁷

²⁶ See *id.* and Amended and Restated By-Laws, Art. III, Sec. 3(c), Art. X, Sec. 1.

²⁷ See Notice of Filing, *supra* note 3, at 12227.

Finally, the proposed rule change would modify the Board Charter to improve clarity, maintain consistency among various governance documents, and correct certain errors, including:

- Clarifying that it is the Nominating Committee’s responsibility, with support from the Secretary, to broadly consider all relevant facts and circumstances to evaluate, determine, and document, as necessary, whether reported new relationships or changes to existing relationships may likely impair the categorization of a Director as an Independent Director and preclude a Director from being an Independent Director in the fifth bullet under Section II.
- Making non-substantive revisions to the existing fourth, fifth, and sixth sub-bullets under the fifth bullet of Section II to combine them into a new sub-bullet to create a new defined term “Interested Party” to refer to the types of third-party organization, entity, or outside auditor described in the existing sub-bullets under the existing fifth bullet of Section II. CMESC states that this new sub-bullet continues to be closely aligned with Rules 17ad-25(f)(4), (5) and (6) of the Act.²⁸ It also states that the revisions are designed to improve drafting efficiency by incorporating the new defined term “Interested Party” and allow the subsequent sub-bullets (i.e., existing seventh and eighth sub-bullets) to conveniently use the term “Interested Party” to refer to the type of third-party organization, entity or outside auditor described in Rule 17ad-25(f)(4)-(6) with respect to disclosure and monitoring of a Director’s relationships and relationships of the Director’s family members with CMESC, its affiliates, or Interested Parties that could affect the Director’s categorization as an Independent Director.²⁹

²⁸ See Notice of Filing, *supra* note 3, at 12227 and 17 CFR 240.17ad-25(f)(4)-(6).

²⁹ *Id.*

- Clarifying that the Chairman of the Board shall be selected by the Board “on an annual basis” in Section III (“Chairman of the Board”), which is consistent with the new annual term of the Board under the proposed declassified (non-staggered) Board structure.
- Removing reference to “the President” from existing Section VII (“Removal and Resignation”)—which will become Section VI after the proposed removal of Section IV—to clarify that “President” is not an officer position in CMESC.

C. Changes to the Risk Management Committee Charter

The proposed rule change would clarify the text prescribing the composition requirements for the Risk Management Committee (“CSRMC”) in the Risk Management Committee Charter. Specifically, the proposed rule change would revise the first bullet in Section II (“Membership & Organization”) to clarify that a majority of the Directors serving on the CSRMC must be Independent Directors, the same as required for the Board, rather than the existing language “in at least the same majority percentage as required for the Board,” which CMESC states does not accurately reflect the original intent.³⁰

The proposed rule change would also clarify the responsibilities of the CSRMC. Specifically, the proposed rule change would add two bullets to Section IV (“CSRMC Meetings, Tasks and Authority”) under “Responsibilities.” The first proposed bullet would require the CSRMC to provide oversight of CMESC’s Enterprise Risk Management Framework (“ERMF”), including annual review of the ERMF and review and approval of substantive changes to the ERMF, as well as a requirement to annually submit a recommendation to the Board to approve the ERMF. The second proposed bullet would require the CSRMC to review the quarterly Enterprise Risk Profile report on CMESC’s enterprise risks. CMESC states that the proposed

³⁰ See Notice of Filing, *supra* note 3, at 12227.

additions clarify the CSRMC's responsibilities, which is critical to CMESC's overall risk management.³¹

D. Changes to the Nominating Committee Charter

The proposed rule change would also clarify the text in the Nominating Committee Charter that prescribes the composition of the Nominating Committee. Specifically, the proposed rule change would revise the first bullet in Section II ("Membership & Organization") to clarify that a majority of the Directors serving on the Nominating Committee (as with the Board) shall be Independent Directors, rather than the existing language "in at least the same majority percentage as required for the Board," which CMESC states does not accurately reflect the original intent.³²

The proposed rule change would also make certain conforming changes to the Nominating Committee Charter, as follows:

- Changing the existing language regarding Board nominations to reflect the proposed change from a staggered Board structure to a declassified (non-staggered) Board structure with a unitary annual term.
- Changing a cross-reference located in Section IV ("Nominating Committee Meetings, Tasks and Authority") under "Responsibilities" to Section V, reflecting the proposed removal of Section IV from the Board of Directors Charter.

E. Changes to the Audit Committee Charter

The proposed rule change would clarify the text prescribing the composition of the Audit Committee. Specifically, the proposed rule change would revise the first bullet in Section II ("Membership & Organization") to clarify that a majority of the Directors serving on the Audit Committee (as with the Board) shall be Independent Directors, rather than the existing language

³¹ *Id.*

³² *Id.*

“in at least the same majority percentage as required for the Board,” which CMESC states does not accurately reflect the original intent.³³

CMESC is also proposing to correct a cross-reference located in Section VII (“Confidentiality”) of the Audit Committee Charter by correcting a reference to Rule 1203 of the Rulebook to reference Rule 1202 instead.

F. Changes to the Regulatory Oversight Committee Charter

Finally, CMESC is proposing to make the same clarifying change to the text prescribing the composition of the Regulatory Oversight Committee in the Regulatory Oversight Committee Charter as the other Committee Charters. CMESC proposes to revise the first bullet in Section II (“Membership & Organization”) to clarify CMESC’s intention that a majority of the Directors serving on the Regulatory Oversight Committee (as with the Board) shall be Independent Directors, rather than the existing language “in at least the same majority percentage as required for the Board,” which CMESC states does not accurately reflect the original intent.³⁴

IV. DISCUSSION AND COMMISSION FINDINGS

Section 19(b)(2)(C) of the Act³⁵ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. After careful review of the proposed rule change, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to CMESC. More specifically, for the reasons given below, the Commission finds that the proposed rule change is consistent with Sections 17A(b)(3)(A) and

³³ *Id.* at 12228.

³⁴ *Id.*

³⁵ 15 U.S.C. 78s(b)(2)(C).

(C) of the Act³⁶ and Rules 17ad-22(e)(2)(i) and 17ad-25 thereunder.³⁷

A. Consistency with Section 17A(b)(3)(A)

Section 17A(b)(3)(A) of the Act requires, among other things, that CMESC be so organized and have the capacity to be able to comply with the provisions of the Act and the rules and regulations thereunder.³⁸ Based on review of the record, and for the reasons discussed below,³⁹ CMESC's proposed rule changes described in Section III above are consistent with CMESC being so organized and having the capacity to comply with the provisions of the Act and the rules and regulations thereunder. Accordingly, the proposed rule changes are consistent with Section 17A(b)(3)(A) of the Act.

B. Consistency with Section 17A(b)(3)(C)

Section 17A(b)(3)(C) of the Act requires, among other things, that CMESC's rules assure a fair representation of its shareholders (or members) and participants in the selection of its directors and administration of its affairs.⁴⁰ As described above in Sections III.A. and B., the proposed rule change modifies the Board Charter (and, correspondingly, the By-Laws) by changing the amount of Directors required to be on the initial Board following adoption of the By-Laws from exactly nine to no more than nine Directors, which would provide CMESC the flexibility for composing the Board shortly before the launch of CMESC's clearing services. By capping the initial Board at up to nine Directors while preserving one seat for a representative of a Member and one seat for a representative of a User, the proposed rule change should preserve meaningful participant representation within CMESC's governance structure.⁴¹ Moreover, the

³⁶ 15 U.S.C. 78q-1(b)(3)(A) and (C).

³⁷ 17 CFR 240.17ad-22(e)(2)(i) and 17ad-25.

³⁸ 15 U.S.C. 78q-1(b)(3)(A).

³⁹ *See infra* Sections IV. C. (Consistency with Rule 17ad-22(e)(2)(i)) and IV.D (Consistency with Rule 17ad-25).

⁴⁰ 15 U.S.C. 78q-1(b)(3)(C).

⁴¹ *See* CMESC Registration Approval, *supra* note 11, at 55935 ("As such CMESC's approach, in reserving positions on the Board of Directors for a representative of a Member and a representative of a User, is

proposed requirement that the Board, in fulfilling its responsibilities, “consider the legitimate interests of Members and Users” should enhance participant representation by embedding consideration of participant perspectives into the Board’s decision-making framework.

Therefore, these changes should help to assure fair representation in the selection of its directors and administration of its affairs, consistent with Section 17A(b)(3)(C) of the Act.

C. Consistency with Rule 17ad-22(e)(2)(i)

Rule 17Ad-22(e)(2)(i) requires, among other things, that covered clearing agencies establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for governance arrangements that are clear and transparent.⁴² As described above in Sections III.A. through F., the proposed rule change introduces clarifying and conforming amendments to CMESC’s Amended and Restated By-Laws, Board Charter, and Committee Charters. By removing contradictory language regarding officer appointments, clarifying Committee responsibilities, specifying the considerations the Board should take into account when evaluating a proposal, and updating cross-references, definitions, and terminology to improve clarity and internal consistency, these changes should enhance the clarity and transparency of CMESC’s governance arrangements, consistent with Rule 17ad-22(e)(2)(i).

D. Consistency with Rule 17ad-25

Rule 17Ad-25 requires, among other things, that the majority of the members of the board of directors of a registered clearing agency, and any committee with authority to act on behalf of the board of directors, be independent directors.⁴³ As described above in Sections III.C. through E., the proposed rule changes to the charters of the Risk Management Committee, Nominating Committee, Audit Committee, and Regulatory Oversight Committee clarify that the

consistent with fair representation, helping to provide a voice in CMESC’s governance to a range of views from among the customers of the clearing agency”).

⁴² 17 CFR 240.17ad-22(e)(2)(i).

⁴³ 17 CFR 240.17ad-25.

majority of directors serving on the CSRMC, Nominating Committee, Audit Committee, and Regulatory Oversight Committee will be Independent Directors, consistent with the requirements of Rule 17Ad-25.⁴⁴

III. CONCLUSION

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and in particular with the requirements of Section 17A of the Exchange Act⁴⁵ and the rules and regulations promulgated thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act⁴⁶ that

proposed rule change SR-CMESC-2026-002 be, and hereby is, APPROVED.⁴⁷

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁸

Sherry R. Haywood,

Assistant Secretary.

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⁴⁴ Similarly, the removal of CMESC's current staggered Board structure is also consistent with Rule 17ad-25, which does not require such a structure.

⁴⁵ 15 U.S.C. 78q-1.

⁴⁶ 15 U.S.C. 78s(b)(2).

⁴⁷ In approving the proposed rule change, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁴⁸ 17 CFR 200.30-3(a)(12).