CME GROUP, SUZANNE SPRAGUE

Proposal and Comment Information

Title: GSIB-Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15), R-1889

Comment ID: FR-2026-0009-01-C43

Submitter Information

Organization Name: CME Group

Organization Type: Company

Name: Suzanne Sprague

Submitted Date: 06/18/2026

Please find attached comments on behalf of CME Group.

June 18, 2026

VIA ELECTRONIC SUBMISSION

Benjamin W. McDonough
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington, DC 20551

Chief Counsel's Office
Attention: Comment Processing
Office of the Comptroller of the Currency
400 7th Street SW, Suite 3E–218
Washington, DC 20219

Jennifer M. Jones
Deputy Executive Secretary
Attention: Comments (RIN 3064–AF29)
Federal Deposit Insurance Corporation, 550 17th Street NW
Washington, DC 20429

Re: Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations with Significant Trading Activity, and Optional Adoption for Other Banking Organizations [Docket ID OCC-2026-0265, RIN 1557-AF52 | Docket No. 1887, RIN 7100-AH20 | RIN 3064-AF29] & GSIB-Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y-15) [Docket No. 1889 | RIN 7100-AH22]

Dear Sir/Madam:

CME Group ("CME Group")[1] appreciates the opportunity to comment on proposed rulemakings on the bank regulatory capital rules ("the Proposal")[2] issued by the Office of the Comptroller of the Currency, Federal Reserve System, and the Federal Deposit Insurance Corporation (collectively "the Agencies"),

[1] As a leading and diverse derivatives marketplace, CME Group enables clients to trade in futures, cash and over-the-counter markets, optimize portfolios, and analyze data – empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group's exchanges offer the widest range of global benchmark products across all major asset classes based on interest rates, equity indexes, foreign exchange, energy, agricultural products, and metals. CME Group offers futures trading through the CME Globex platform, fixed income trading via BrokerTec, and foreign exchange trading on the EBS platform.
[2] 91 FR 14908, *Regulatory Capital Rule (Regulation Q): Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report (FR Y–15)* (March 27, 2026); 91 FR 14952, *Regulatory Capital Rule: Category I and II Banking Organizations, Banking Organizations With Significant Trading Activity, and Optional Adoption for Other Banking Organizations* (March 27, 2026).

which aims to strengthen the capital requirements for large U.S. banks and enhance the resilience of the banking system.

Chicago Mercantile Exchange Inc. ("CME") and CME Securities Clearing Inc. ("CMESC") are wholly-owned subsidiaries of CME Group. CME is registered with the Commodity Futures Trading Commission ("CFTC") as a derivatives clearing organization ("DCO") ("CME Clearing") and CMESC is registered with the Securities and Exchange Commission ("SEC") as a clearing agency.[3] CME Clearing offers clearing and settlement services for listed futures and options on futures contracts, including those listed on CME Group's CFTC-registered designated contract markets ("DCMs"), as well as over-the-counter derivatives transactions, including interest rate swaps ("IRS") products. On July 18, 2012, the Financial Stability Oversight Council designated CME as a systemically important financial market utility ("SIFMU") under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act. As a SIFMU, CME is also a systemically important DCO ("SIDCO").

I. Introduction

CME Group, as the operator of clearing services through its regulated entities, is a proponent of the transparency and risk management benefits of central clearing and supportive of initiatives that will enhance the strength and durability of the banking system. We believe the Proposal accomplishes both goals by better aligning the capital cost of central clearing with the risk benefits it provides. This alignment should incentivize the utilization of central clearing which will increase resilience in the banking system.

Our views on the Agencies' Proposal are explained in more detail below, as well as further comments we hope inform the policy making process.

II. Cross-Product Netting

Question 43: What, if any, additional changes should be made to the scope of cross product netting recognition under SA-CCR? For example, if the scope of cross-product netting recognition in SA-CCR were expanded to eligible margin loans, what would be the advantages and disadvantages of this expanded scope? What are the advantages and disadvantages of extending cross-product netting recognition in SA-CCR to cleared transactions?

In the Proposal, the Agencies describe the benefits of cross product netting in detail:

> *"The quantity of netting sets would generally be reduced, as banking organizations would be able to net transactions with multiple products together. Thus, a banking organization's net exposure to a single counterparty typically would be lower, reducing counterparty credit risk. Additionally, cross-product netting allows banking organizations to improve collateral management and expand liquidity efficiency across different product types. Instead of calculating collateral requirements and posting collateral for transactions of each product type (such as derivative and*

[3] As of this letter, CMESC has not commenced its clearing operations.

repo-style transactions) separately, cross-product netting allows for collateral requirements to be determined on a net basis for all transaction types in the same netting set."[4]

CME Group shares the Agencies' sentiment regarding the efficiencies and risk management benefits which cross-product netting provides, particularly in the U.S. Treasury market. The benefits of cross-product netting, including the ability to manage risk holistically by offsetting risks on distinct products to create a single netted obligation, are consistently recognized by market participants and have seen adoption across a variety of banking organizations through participation in central counterparties' cross-margining programs.

The Proposal creates a new provision for the inclusion of cross-product netting within the Standardized Approach to Counterparty Credit Risk ("SA-CCR") due to the fact that the Agencies' current capital rules do not recognize the benefits of cross-product netting under SA-CCR. Currently, banking organizations are only permitted to reflect those benefits using the internal models methodology ("IMM"), which would be phased out in the proposal.

As the Agencies look to further entrench the adoption of the SA-CCR for risk modelling, cross-product netting sets must be included in the revised calculations in order to recognize the risk mitigating benefits that cross-product netting provides. Importantly, the Proposal includes a provision for the intermediation activity done by clearing members on behalf of clients that would be included in a cross-product netting set. The inclusion of the intermediation activity of clearing members on behalf of clients in the cross-product netting proposal would promote liquidity and market access for derivatives and repo-style transactions. CME is aware of industry association comments on the calibration of the cross-product netting proposal and is broadly supportive of those requests as they have recommended calibration changes to the proposal, meant to clarify and improve the ability for the cross-product netting capital relief to work as intended within existing market structures.

Additionally, the inclusion of cross-product netting in SA-CCR creates opportunities for central counterparties to better recognize the risk profile for cross-margining arrangements when determining their own hypothetical capital requirements ("KCCP"), a monthly calculation required for qualifying central counterparty ("QCCP") status. This recognition ultimately provides capital efficiencies for clearing members, since it would allow QCCPs to accurately reflect in their KCCP calculations the risk exposures of their clearing members who participate in these cross-margining arrangements. This capital relief provides incentives for a wider adoption of cross-product netting in the broader financial system.

III. SA-CCR DURATION ADJUSTMENTS & PERPETUAL DERIVATIVES

By design, the SA-CCR employs trade-level adjusted notionals for all major derivative asset classes within the framework. These adjusted notional amounts then serve as the basis from which the regulatory capital requirements resulting from the SA-CCR are then derived. In short, they are the important starting line from which all the additional calculations then follow to determine regulatory capital requirements.

[4] FR 91 14984.

For asset classes such as interest rate and credit derivatives, the SA-CCR trade-level adjusted notional incorporates an additional component for the duration of the contract. This is based on the starting and ending dates of these derivative contracts, and capital requirements scale higher based on the length of the duration of the derivative product. Other asset classes, such as equity and commodity derivatives, do not have the same emphasis on the duration of the product for determining capital requirements. The resulting trade-level adjusted notional amount for these products are primarily based upon the market value of the underlying reference contract as of a given observation date.

The indefinite duration of perpetual derivatives creates significant risk exposures and complications for SA-CCR's treatment of derivatives that must be considered. The nature of a perpetual derivatives contract is akin to holding a swap position with a maturity that is effectively indefinite, which presents risks that are unique from that of traditional derivatives such as futures and options on futures, which have defined, typically short-dated, maturities under their contract specifications.

Regardless of the underlying for perpetual derivatives, the duration is effectively unlimited creating significant long term risks while failing to ensure pricing convergence with the underlying market. These characteristics of perpetual derivatives makes it inappropriate to apply the SA-CCR's asset class categorizations in the same manner as they are applied to standard derivatives, such as futures and options on futures, while calling into question whether they could ever qualify for hedge accounting treatment. These perpetual derivatives contracts are effectively their own type of asset class due to the lack of expiration, and should therefore be subject to regulatory capital requirements associated with the indefinite tenor of the exposure and significant risks due to lack of pricing convergence.

IV. Collateralized-to-Market and Settled-to-Market Transactions

Question 45: What are the advantages and disadvantages of permitting banking organizations to treat bilateral settled-to-market derivative transactions as collateralized-to-market derivative transactions for purposes of SA-CCR?

The Agencies' current capital rules view collateralized-to-market ("CTM") and settled-to-market ("STM") contracts differently for the purpose of the SA-CCR. CME Group's DCMs have listed options on futures, typically characterized as CTM contracts. These options have a proven decades-long track record of acting as an effective risk management tool, including during periods of heightened volatility, such as the Global Financial Crisis and the COVID period.

In particular, these CTM options on futures are utilized frequently by market participants to manage risk and fine-tune exposures relative to their underlying futures products, which are STM contracts, as part of a single portfolio. The current capital rules therefore create friction between capital regulations and the manner by which market participants and clearinghouses risk manage their exposures.

Potential future exposure ("PFE"), a component of the SA-CCR calculation, uses defined netting sets, which typically contain cleared transactions. Treating CTM and STM products as distinct netting sets prevents listed options on futures (i.e., CTM) and listed futures (i.e., STM) from being netted within the same SA-CCR netting set despite the fact that they offset risk which is taken into account when liquidating the positions as a single portfolio.

The Proposal seeks to amend this discord under the current capital rules, by allowing netting between STM and CTM contracts. CME Group supports this approach which reflects that the positions are held in a single portfolio and have historically been liquidated as such in real world defaults allowing for market participants to continue to use these important hedging tools in a more capital efficient manner.

V. Credit Valuation Adjustment

Credit Valuation Adjustment ("CVA") risk is the exposure to changes in the valuation of derivatives contracts due to changes in counterparty credit risk. Currently, banking organizations are subject to both CVA risk capital charges and capital requirements under SA-CCR. The requirement to apply CVA risk capital charges on client cleared activity is duplicative with the SA-CCR capital requirements that already account for the counterparty credit risk of client activity. Applying CVA risk capital charges for centrally cleared client activity is generally inconsistent with the approach taken in other major jurisdictions, as recognized by SIFMA:

> *"Under the ERBA, client-cleared OTC derivatives would be capitalized by the CVA risk framework and the operational risk framework in addition to the current counterparty credit risk framework and the [stress capital buffer]. Whereas in other major jurisdictions, e.g., the European Union, client-cleared OTC derivatives are exempt from CVA capital requirements."*[5]

CME Group is appreciative of the fact that the Agencies have responded to industry feedback and included a provision in the Proposal's updated CVA risk capital charge requirements to exclude client cleared transactions. CME Group supports the exclusion of centrally cleared client activity from the CVA risk capital charge as the SA-CCR standards already appropriately capitalize the activity of clients. The duplicative nature of the CVA risk capital charge on centrally cleared client activity disincentivizes both clearing members and their clients from hedging and other risk management activity by placing inappropriate and unnecessary costs on central clearing. The exclusion for client cleared activity aligns the United States with the approach taken in other jurisdictions to CVA risk and, if adopted, would promote access to the transparency and risk management benefits of central clearing.

VI. Hypothetical Capital Requirement (KCCP) Calculations

Question 47: If the agencies were to permit recognition of offsetting positions that are facilitated by cross-margining agreements among QCCPs that satisfy certain criteria, what criteria and operational requirements should the agencies establish for a qualifying cross-margining agreement? For example, should the agencies require that a qualifying cross-margining agreement be approved by the QCCPs' primary regulator or regulators? Alternatively, should the agencies require that banking organizations

---

[5] SIFMA, *How the US GSIB Surcharge and Basel III Endgame Proposals Impair Client Clearing of OTC Derivatives* (May 2024), *available at* https://www.sifma.org/news/blog/how-the-us-gsib-surcharge-and-basel-iii-endgame-proposals-impair-client-clearing-of-otc-derivatives.

receive a legal opinion verifying the validity and enforceability of the agreement under applicable law of the relevant jurisdictions, or that banking organizations conduct sufficient legal review, including ongoing due diligence, to have a well-founded basis for concluding the agreement would be enforceable under applicable law?

Question 48: What revisions, if any, should the agencies make to the cleared transactions framework in consideration of cross-margining agreements? What are the advantages and disadvantages of extending recognition of cross-margining agreements for default fund contribution capital requirements to cleared transaction capital requirements?

On a monthly basis QCCPs, such as CME Clearing, calculate a capital requirement for banks which they can utilize to determine their capital requirements for their default fund contributions to those QCCPs. The Agencies' current capital rules dictate that the exposure at default ("EAD") calculation should be based on the appropriate standardized models, SA-CCR for derivatives contracts. This process at QCCPs is relatively similar to the necessary regulatory capital calculations performed by banking organizations to determine their outstanding exposures to clients. CME believes that extending the ability for QCCPs to utilize recognized cross-margining agreements for default fund capital requirements would be consistent with the regulatory capital framework, and allows the risk-reducing benefits of cross-margining agreements to be taken into account when sizing banking organizations capital costs related to their default fund contributions.

CME Group believes that in order for a qualifying cross-margining agreement to be reflected both by banking organizations and QCCPs in their regulatory capital calculations, it would be appropriate for the primary regulators of each respective CCP involved in the cross-margin program to sign-off on the cross-margining agreement. This provision would ensure that agreements receive proper oversight prior to utilization in regulatory capital calculations.

VII. G-SIB Surcharge Proposal

The Agencies previously issued a proposal to revise the Systematic Risk Report ("FR Y-15") and its individual components.[6] In the previous iteration of the Proposal there were amendments to the calculation of the interconnectedness and complexity categories. At the time, CME Group pointed out that these amendments would increase the costs to global systemically important banks ("GSIBs") who provide central clearing services to their clients without providing any financial stability benefits.

Under the previous iteration of the Proposal, the calculation for interconnectedness was amended to "include guarantees by a banking organization of a client's performance"[7] of over-the-counter ("OTC") derivatives. CME Group and other industry associations explained that the amendment would create a duplicative charge for client clearing as GSIBs currently hold counterparty credit risk capital against their clients' activity when providing access to central clearing. After receiving feedback from industry participants, the Agencies have removed from the interconnectedness indicator their amendment to

---

[6] 88 FR 60385, *Regulatory Capital Rule: Risk-Based Capital Surcharges for Global Systemically Important Bank Holding Companies; Systemic Risk Report* (Sept. 1, 2023).
[7] 88 FR 60392.

include guarantees of client performance by banking organizations. Ultimately, clearinghouses help prevent contagion and so including client cleared exposures as additive to the interconnectedness indicator would be inappropriate. CME Group appreciates the Agencies' decision to address this improper treatment of central clearing by removing "guarantees by banking organizations of a client's performance" from the interconnectedness component of the GSIB surcharge.

The Agencies also previously included a modification to the complexity indicator that would include the notional value of all client cleared OTC derivatives under the agency model. Again, CME Group and industry associations raised concerns with this proposed modification, as central clearing does not introduce complexity into the financial system but rather reduces it. Central clearing reduces complexity by enhancing transparency, netting down portfolio exposures and providing neutral third-party risk monitoring. CME Group appreciates that the Agencies' Proposal accounts for these benefits by removing the notional value of client cleared OTC derivatives transactions from the complexity indicator.

Regarding the cross-jurisdictional activity indicator, CME Group is broadly supportive of industry association views of the potential negative impacts of including derivatives within this indicator. In particular, central clearing helps to bring standardization in legal documentation, risk management practices, reporting and transparency; all things which help reduce cross-jurisdictional complexity. Therefore, we strongly believe the final rule should exclude cleared derivative transactions because of the benefits which central clearing and resulting standardization brings to the markets.

VIII. Conclusion

CME Group welcomes the opportunity to provide comment on the Agencies' Proposal and is appreciative of the Agencies' consideration of market participant views as they finalize the Proposal. With our comments provided today, we hope to support the adoption of risk appropriate regulation, supervision, and practices of banks, while supporting stability of the broader financial systems.

We would be happy to further discuss or provide additional detail regarding our comments. If you have any comments or questions regarding this submission, please feel free to contact me at +1 312-930-3260 or suzanne.sprague@cmegroup.com; or alternatively Sean Downey, Managing Director, Chief Clearing Compliance Officer, Enterprise Risk Officer and Policy, CME Clearing at +1 (312) 930-8167 or sean.downey@cmegroup.com.

Sincerely,

Suzanne Sprague
Senior Managing Director, Chief Operating Officer and Global Head of Clearing & Post-Trade Services
CME Group