

(F)  $DF_i = \text{average } DF_i = \text{the average default fund contribution from an individual}$

clearing member;

(G)  $DF'_{CM} = DF_{CM} - 2 \cdot \overline{DF}_i = \sum_i DF_i - 2 \cdot \overline{DF}_i$  (that is, the funded default fund contribution

from surviving clearing members assuming that two average clearing members have defaulted

and their default fund contributions and initial margins have been used to absorb the resulting

losses);

(H)  $DF' = DF_{CCP} + DF'_{CM} = DF - 2 \cdot \overline{DF}_i$

(that is, the total funded default fund contributions from the QCCP and the surviving

clearing members that are available to mutualize losses, assuming that two average clearing

members have defaulted);

(I)  $c_1 = \text{Max} \left\{ \frac{1.6\%}{(DF'/K_{CCP})^{0.3}}; 0.16\% \right\}$

(that is, a decreasing capital factor, between 1.6 percent and 0.16 percent, applied to the

excess funded default funds provided by clearing members);

(J)  $c_2 = 100$  percent; and

(K)  $\mu = 1.2$ ;

(iii) (A) For a [BANK] that is a clearing member of a QCCP with a default fund

supported by unfunded commitments,  $K_{CM}$  equals:

$$K_{CM_i} = \frac{DF_i}{DF_{CM}} \cdot K_{CM}^*$$