

$$K_{CM_i} = \left(1 + \beta \cdot \frac{N}{N-2}\right) \cdot \frac{DF_i}{DF_{CM}} \cdot K_{CM}^*$$

$$K_{CM}^* = \begin{cases} c_2 \cdot \mu \cdot (K_{CCP} - DF') + c_2 \cdot DF'_{CM} & \text{if } DF' < K_{CCP} \quad (i) \\ c_2 \cdot (K_{CCP} - DF_{CCP}) + c_1 \cdot (DF' - K_{CCP}) & \text{if } DF_{CCP} < K_{CCP} \leq DF' \quad (ii) \\ c_1 \cdot DF'_{CM} & \text{if } K_{CCP} \leq DF_{CCP} \quad (iii) \end{cases}$$

Where

$$(A) \quad \beta = \frac{A_{Net,1} + A_{Net,2}}{\sum_i A_{Net,i}}$$

Subscripts 1 and 2 denote the clearing members with the two largest A_{Net} values.

For purposes of this section, for cleared transactions that are derivatives, A_{Net} is defined using the definition set forth in § ____.132(c)(6)(ii) and for cleared transactions that are repo-style transactions, A_{Net} is the EAD equation $\max \{0, [(\sum E - \sum C) + \sum (E_s \times H_s) + \sum (E_f \times)]\}$ from § ____.132(b)(2)(i) using the methodology in § ____.132(b)(2)(ii);

(B) N = the number of clearing members in the QCCP;

(C) DF_{CCP} = the QCCP's own funds and other financial resources that would be used to cover its losses before clearing members' default fund contributions are used to cover losses;

(D) DF_{CM} = Funded default fund contributions from all clearing members and any other clearing member contributed financial resources that are available to absorb mutualized QCCP losses;

(E) DF = $DF_{CCP} + DF_{CM}$ (that is, the total funded default fund contribution);

(F) \overline{DF}_i = Average \overline{DF}_i = the average funded default fund contribution from an individual clearing member;