

(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);

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

(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);

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

(that is, a decreasing capital factor, between 1.6 percent and .16 percent, applied to the excess funded default funds provided by clearing members);

(J)  $c_2 = 100$  percent; and

(K)  $\mu = 1.2$ ;

(iii) For a [BANK] that is a clearing member of a QCCP with a default fund supported by unfunded commitments,  $K_{CM}$  equals:

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