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Page 1 of * 240		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2023 - * 009 Amendment No. (req. for Amendments *)	
Filing by Fixed Income Clearing Corporation Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input type="checkbox"/>		Section 19(b)(3)(A) * <input checked="" type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input checked="" type="checkbox"/> 19b-4(f)(6)		<div>Submit with link to Prefiling or Request for Waiver option</div>	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
<div>Description</div> <p>Provide a brief description of the action (limit 250 characters, required when Initial is checked *).</p> <div>Modify the GSD Rules, MBSD Rules, and EPN Rules</div>					
<div>Contact Information</div> <p>Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.</p> <div>First Name *<div></div>Last Name *<div></div> Title *<div></div> E-mail *<div>RuleFilingAdmin@dtcc.com</div> Telephone *<div></div>Fax <div></div></div>					
<div>Signature</div> <p>Pursuant to the requirements of the Securities Exchange of 1934, Fixed Income Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.</p> <div>Date<div>07/06/2023</div><div>(Title *)</div> By<div></div><div></div><div>(Name *)</div></div> <div><div>NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.</div><div><div>Date: 2023.07.06 13:20:38 -04'00'</div></div></div>					

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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Narrative - FICC Clean-up - 2023-070		

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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Exh 1A - FICC Clean-up - 2023-0706		

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

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Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add	Remove	View
Exh 5 - FICC Clean-up - 2023-0706 Fi		

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The proposed rule change of Fixed Income Clearing Corporation (“FICC”) is annexed hereto as Exhibit 5 and consists of modifications to the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”), the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules”) and the FICC MBSD EPN Rules (“EPN Rules,” and together with the GSD Rules and the MBSD Rules, the “Rules”)¹ in order to make certain corrections, clarifications, and technical changes to the Rules, each as described in more detail below.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Deputy General Counsel of FICC on June 28, 2023, pursuant to delegated authority from FICC’s Board of Directors.

3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

FICC is proposing to make certain corrections, clarifications, and technical changes to the Rules, each as described in more detail below.

A. Corrections

1. Correct Uses of Defined Terms

Proposed Changes to Reflect Existing Defined Terms

FICC is proposing to correct the following references to reflect the existing defined terms:

- In GSD Rule 6C, Section 12, FICC proposes to revise “GCF Inter-Dealer Broker” to “GCF-Authorized Inter-Dealer Broker.”
- In GSD Rule 11, Section 14, FICC proposes to revise references from “defaulting Member” to “Defaulting Member.”

¹ Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the GSD Rules, MBSD Rules and EPN Rules, as applicable, available at <https://www.dtcc.com/legal/rules-and-procedures>.

- In GSD Rule 12, Section 4, FICC proposes to revise “Actual Settlement Day” to “Actual Settlement Date.”
- In GSD Rule 12, Section 4 and GSD Rule 14, Section 3, FICC proposes to revise “Scheduled Settlement Day” to “Scheduled Settlement Date.”
- In GSD Rule 18, Section 3, FICC proposes to revise the reference from “Generic CUSIP” to “Generic CUSIP Number.”
- In the Schedule of Timeframes in the GSD Rules, FICC proposes to revise “long position” to “Net Long Position” in the description of the 9:15 a.m. timeframe.
- In the definition of Current Haircut in GSD Rule 1, FICC proposes to revise “Close Leg” to “End Leg.”
- In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC proposes to revise “Close Leg” to “End Leg.”

In addition, in Section IV.B.4 of the Fee Structure of the GSD Rules, FICC is proposing to remove specific references to “The Bank of New York Mellon” and/or “BNY,” and to replace them with references to either “the Corporation’s Clearing Agent Bank” or “the Corporation’s GCF Clearing Agent Bank,” as applicable. FICC is proposing this change to use the defined terms rather than the specific name and/or acronym of the current Clearing Agent Bank and GCF Clearing Agent Bank if there are other Clearing Agent Banks or GCF Clearing Agent Banks in the future.

In the section entitled Late Fee Related to GCF Repo Transactions in Section IX of the Fee Structure of the GSD Rules, FICC is also proposing to correct the reference from “GCF Repo Clearing Agent Bank” to “GCF Clearing Agent Bank” to reflect the existing defined term.

FICC also proposes to revise a reference from “members” to “Netting Members” in the description of the 9:15 a.m. timeframe in the Schedule of Timeframes in the GSD Rules to reflect the existing defined term.

FICC is also proposing to capitalize the following words to reflect the existing defined terms in the GSD Rules: (i) “security” in GSD Rule 22A; (ii) “members” in the description of the 8:00 p.m. timeframe in the Schedule of Timeframes; (iii) “mark” in the last sentence of the definition of “Net Fail Mark Adjustment Payment” in GSD Rule 1; (iv) “collateral allocation obligations” in GSD Rule 20, Section 5; (v) “transactions” in the Schedule of Required Match Data; and (vi) “repo transactions” in the Schedule of Money Tolerances.

FICC is also proposing to make the following terms lowercase because they are not defined terms in the GSD Rules: (i) “Obligations” in GSD Rule 16; and (ii) “Positions” in GSD Rule 17, Section 4.

Proposed Changes to Correct References to Titles of Certain Schedules and Rules

In GSD Rule 6C, Section 5, FICC is proposing to revise the reference from Schedule of Data Items for GCF Repo Transactions to Schedule of Required and Other Data Submission Items for GCF Repo Transactions. In addition, in GSD Rule 3B, Section 13(d), FICC proposes to revise the reference from invoicing process to Bills Rendered.

Proposed Changes to Correct References to Terms Not Defined

In GSD Rule 1, FICC would remove the defined term “Non-Conversion Participating Member” because this defined term is not used in the GSD Rules.

In addition, FICC proposes to revise the term “Conversion Participating Member” to “Member” in GSD Rule 9, Section 2 because Conversion Participating Member is not a type of member and is also not defined in the GSD Rules.

Proposed Changes to Replace References with Correct Defined Terms

In GSD Rule 13, Section 1, FICC proposes to correct the reference from Positions to transactions because Credit Forward Mark Adjustment Payments are associated with transactions and not Positions.

Current GSD Rule 12, Section 8 states that if FICC deems it appropriate, in its sole discretion, in order to obtain financing necessary for the provision of the securities settlement services contemplated by the GSD Rules, including, without limitation, fail financing of securities Positions arising out of the delivery by Netting Members to FICC of Eligible Netting Securities, FICC may create security interests in Eligible Netting Securities in favor of any entity it deems necessary or desirable to obtain and maintain financing and/or enter into repurchase transactions involving Eligible Netting Securities with any Netting Member or Clearing Agent Bank. FICC proposes to correct the reference from “securities Positions” to “an outstanding Receive Obligation or Receive Obligations” in current GSD Rule 12, Section 8 to enhance accuracy, and thereby enhance clarity.

Proposed Changes Related to CCIT Transactions

The “CCIT Service” or the “Centrally Cleared Institutional Triparty Service” is the service offered by FICC to clear institutional triparty repurchase agreement transactions.² A CCIT Transaction is a transaction that is processed by FICC in the CCIT Service. Because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service, a CCIT Transaction must be: (i) in a Generic CUSIP Number approved for the GCF Repo Service and (ii) between a CCIT Member and a Netting Member who participates in the GCF Repo Service where the CCIT Member is the cash lender in the transaction.³

² GSD Rule 1, supra note 1.

³ Id.

In GSD Rule 1, FICC proposes to correct the definition of Start Leg to include references to CCIT Transactions as these references were inadvertently omitted. Specifically, in the first sentence of the definition of Start Leg, FICC would clarify that it is as regards a Repo Transaction other than a GCF Repo Transaction or a CCIT Transaction as applicable. In addition, in the second sentence of the definition, FICC would clarify that it is as regards a GCF Repo Transaction or a CCIT Transaction as applicable. FICC is proposing to add these references to CCIT Transactions because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service, and these provisions currently reference GCF Repo Transactions.

In GSD Rule 1, FICC also proposes to correct the definition of Generic CUSIP Number to include CCIT Transactions in the second sentence. Currently, the sentence states that FICC shall use separate Generic CUSIP Numbers for General Collateral Repo Transactions, GCF Repo Transactions and Sponsored GC Trades. FICC proposes to revise this second sentence to state that FICC shall use separate Generic CUSIP Numbers for General Collateral Repo Transactions, GCF Repo Transactions, CCIT Transactions and Sponsored GC Trades. FICC is proposing this change because one of the requirements for a CCIT Transaction is that it must be in a Generic CUSIP Number approved for the GCF Repo Service because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service.

FICC would also clarify the Schedule of Required Match Data in the GSD Rules by adding that this schedule does not apply to CCIT Transactions in addition to Netting-Eligible Auction Purchases and GCF Repo Transactions. Currently, the Schedule of Required Match Data states that this schedule does not apply to Netting-Eligible Auction Purchases and GCF Repo Transactions. Because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service, FICC proposes to clarify that this Schedule of Required Match Data in the GSD Rules also does not apply to CCIT Transactions.

Similarly, in the Schedule of Required and Accepted Data Submission Items for New Securities Collateral and in the Schedule of Required and Accepted Data Submission Items for a Substitution, FICC would clarify that these schedules also do not apply to CCIT Transactions.

2. Remove “Foreign Affiliates” and “Foreign Affiliate Trade”

Currently, GSD Rule 3, Section 2 states that on an annual basis, Netting Members must report information on their Foreign Affiliate Trades to FICC, and this reporting will be submitted to FICC containing the information, in the format and within the timeframes specified by guidelines issued by FICC from time to time. It also states that this reporting requirement does not apply Foreign Affiliate Trades of a Foreign Affiliate that has executed less than an average of 30 Foreign Affiliate Trades per business day per month within the prior twelve-month period. FICC is proposing to remove this annual reporting requirement for Foreign Affiliate Trades. Given that non-U.S. firms may apply for membership with GSD and no longer need to submit trading activity to FICC for clearing through their U.S. affiliates, the information provided in this reporting, which is time consuming for participants to complete, is no longer useful to FICC from a risk management perspective. Therefore, FICC does not believe that it should continue to require this reporting and is proposing to remove it from the GSD Rules.

In addition, FICC proposes to remove the defined terms “Foreign Affiliate” and “Foreign Affiliate Trade” in GSD Rule 1.

3. Correct Outdated Provisions and Reflect Current Practice

Proposed Changes to Remove Fail Net Settlement Position, Fail Net Short Position and Fail Net Long Position

FICC is proposing to remove references to Fail Net Settlement Position, Fail Net Short Position, and Fail Net Long Position because fails are no longer separately netted, and therefore these defined terms are outdated. Specifically, FICC would remove the defined terms “Fail Net Settlement Position,” “Fail Net Short Position,” and “Fail Net Long Position” from GSD Rule 1.

As such, FICC also proposes to revise the definition of “Fail Deliver Obligation” in GSD Rule 1, which currently states that it means a Deliver Obligation with respect to a Fail Net Short Position; FICC would revise this definition to state that a Fail Deliver Obligation means a Deliver Obligation that does not settle on its original Scheduled Settlement Date. Similarly, FICC would revise the definition of “Fail Receive Obligation” in GSD Rule 1, which currently states that it means a Receive Obligation with respect to a Fail Net Long Position; FICC would revise this definition to state that a Fail Receive Obligation means a Receive Obligation that does not settle on its original Scheduled Settlement Date.

FICC would also revise the definitions of Coupon Adjustment Payment, Credit Coupon Adjustment Payment and Debit Coupon Adjustment Payment in GSD Rule 1 by replacing the phrases “or a Fail Net Settlement Position” and “or a fail Net Settlement Position” with “Fail Deliver Obligation or Fail Receive Obligation.” FICC would also revise the definition of Net Unsettled Positions to remove the phrase “and Fail Net Settlement Positions.”

In GSD Rule 3A, FICC would (i) remove the reference to “Fail Net Settlement Position” in Section 8; (ii) remove the references to Fail Net Settlement Position and replace them with references to Fail Deliver Obligation and Fail Receive Obligation in Section 7(a)(iii); and (iii) remove the references to Fail Net Settlement Positions because this defined term would be deleted from GSD Rule 1, in Section 18(b).

In GSD Rule 22A, Section 2(b), FICC proposes to remove the reference to Fail Net Settlement Positions as well as replace the phrase “those that arise from Fail Net Settlement Positions” with “Fail Deliver Obligations and Fail Receive Obligations.”

The Fail Mark Adjustment Payment is the mark-to-market on failing obligations. It is calculated as the difference between the last Settlement Value of the obligation that failed to settle and the new Settlement Value of such obligation. For example, if on April 4, there is an obligation to receive, which has a Settlement Value of \$10 (this Settlement Value is based on the price in the system at the end of the day on April 3), and this obligation to receive failed to settle on April 4, then, at the end of the day on April 4, a new Settlement Value for this obligation will be generated based on the price in the system at the end of the day on April 4. In this example, the new Settlement Value that is generated for this obligation at the end of the day on April 4 is \$11 and the Fail Mark Adjustment Payment is \$1 for this obligation. The Fail Mark Adjustment Payment is the difference between the Settlement Value of the obligation based on the price from

the end of day (in this example, on April 3) and the new Settlement Value based on the price from the end of day (in this example, on April 4).

FICC is not proposing any changes to how the Fail Mark Adjustment Payment is currently calculated. Rather, FICC is proposing to clarify the definition of “Fail Mark Adjustment Payment” in GSD Rule 1 by removing the phrase “that constitutes a Fail Net Settlement Position” and making other conforming changes because, as described above, fails are no longer separately netted, and therefore this defined term is outdated. Currently, Fail Mark Adjustment Payment means the absolute value of the dollar difference between the Settlement Value of a Fail Deliver Obligation or a Fail Receive Obligation that constitutes all or part of a Fail Net Settlement Position on the current Business Day and the previous Settlement Value of such Fail Deliver Obligation or Fail Receive Obligation on the immediately previous Business Day. FICC would revise this definition to state that Fail Mark Adjustment Payment would mean the absolute value of the dollar difference between the current Settlement Value of a Fail Deliver Obligation or a Fail Receive Obligation on the current Business Day, and the previous Settlement Value of such Deliver Obligation or Receive Obligation.

In GSD Rule 11, Section 1, FICC also proposes to remove the references to Fail Net Settlement Positions because, as described above, this defined term would be deleted from GSD Rule 1.

Similarly, in GSD Rule 11, Sections 4 and 5, FICC proposes to remove the phrase “or Fail Net Settlement Position, as applicable,” in the first sentence of each section. In addition, in GSD Rule 11, Section 4, FICC proposes to remove the phrase “, including Fail Net Settlement Positions,” in the last sentence, and in GSD Rule 11, Section 5, FICC proposes to remove the phrase “or Fail Net Settlement Position” in the third sentence.

In GSD Rule 11, Section 4, FICC would also add references to Fail Deliver Obligations and Fail Receive Obligations in the first sentence to enhance clarity. The first sentence would state that on each Business Day, for each Eligible Netting Security with a separate CUSIP number, except as otherwise provided in GSD Rule 14 with respect to Forward Trades that comprise one or more Forward Net Settlement Positions, FICC will establish a Net Settlement Position for trades, and Fail Deliver Obligations and Fail Receive Obligations of a Netting Member that have not previously been settled, by comparing the aggregate par value of each Long Transaction and/or Fail Receive Obligation in an Eligible Netting Security by the Netting Member (hereinafter, the “Long Total”) and each Short Transaction and/or Fail Deliver Obligation in an Eligible Netting Security by the Netting Member (hereinafter, the “Short Total”).

Current GSD Rule 11, Section 8 states that on each Business Day, from their Scheduled Date, Fail Net Settlement Positions shall, pursuant to GSD Rule 13, be marked to market, taking into account accrued interest, until the Actual Settlement Date for such Positions. Notwithstanding the above, FICC, in its sole discretion in order to promote an orderly settlement process, may elect to not mark to market, pursuant to GSD Rule 13, a Fail Net Long Position where the Eligible Netting Securities that comprise such Position have been appropriately delivered to FICC pursuant to the GSD Rules and FICC has not re-delivered such Eligible

Netting Securities, and as a result, has held them overnight, Fail Deliver Obligations and Fail Receive Obligations shall be netted with any other Receive Obligations and Deliver Obligations.

In GSD Rule 11, Section 8, FICC would (i) revise the reference from Fail Net Settlement Positions to Fail Deliver Obligations and Fail Receive Obligations in the title of the section, (ii) revise the reference from Fail Net Settlement Positions to Fail Deliver Obligations and Fail Receive Obligations, as applicable, in the first sentence, (iii) revise the reference from Fail Net Long Position to Fail Receive Obligation in the second sentence, (iv) as a conforming change, in the first sentence, revise Positions to Fail Deliver Obligations and Fail Receive Obligations, and (v) as a conforming change, in the second sentence, revise Position to Fail Receive Obligation.

In GSD Rule 12, Section 1, FICC would revise the phrase “a Fail Net Settlement Position” to “either a Fail Deliver Obligation or Fail Receive Obligation, as the context requires.” In GSD Rule 12, Section 4, FICC would revise the title of the section and the references in the section from “Fail Net Settlement Positions” to “Fail Deliver Obligations and Fail Receive Obligations” and from “Fail Net Settlement Position” to “Fail Deliver Obligation and Fail Receive Obligation.” In GSD Rule 12, Section 5, FICC would revise Fail Net Settlement Position to Fail Deliver Obligation.

In GSD Rule 12, Section 1, FICC would also (i) correct the reference from “Netting Member’s Fail Deliver Obligations and Fail Receive Obligations” to “Netting Member’s outstanding Deliver Obligations and outstanding Receive Obligations,” and (ii) correct the reference from “applicable Fail Deliver Obligations and Fail Receive Obligations” to “applicable Deliver Obligations and Receive Obligations.”

In GSD Rule 13, Section 1(a), FICC would remove the phrase “either a Fail Net Settlement Position or.”

In GSD Rule 13, Section 1(f), FICC would (i) revise Fail Net Settlement Position to Fail Deliver Obligation and Fail Receive Obligation, (ii) revise the reference from Fail Net Short Position to Fail Deliver Obligation, and (iii) revise the reference from Fail Net Long Position to Fail Receive Obligation. As such, GSD Rule 13, Section 1(f) would state that with regard to every Fail Deliver Obligation and Fail Receive Obligation on a coupon payment date for the Eligible Netting Securities that comprise such Fail Deliver Obligation and Fail Receive Obligation: (1) if the Member has a Fail Deliver Obligation, it will pay to FICC a Debit Coupon Adjustment Payment, and (2) if the Member has a Fail Receive Obligation, it will collect from FICC a Credit Coupon Adjustment Payment.

In GSD Rule 13, Section 1(b), FICC would revise the word “every” to “certain” so it would state that with regard to certain Deliver Obligations and Receive Obligations, either pay to FICC a Debit Delivery Differential Adjustment Payment or collect from FICC a Credit Delivery Differential Adjustment Payment. This proposed change would enhance accuracy and reflect current practice because this payment only applies to certain obligations and not every obligation. This proposed change would not impact the rights and obligations of Members.

Proposed Changes to Remove References to Open Net Long Position and Open Net Short Position

Although Open Net Long Position and Open Net Short Position are capitalized in the GSD Rules, these terms are not defined in the GSD Rules. As such, FICC proposes to replace the references to Open Net Long Positions and Open Net Short Position or Positions in GSD Rule 11, Section 13, and make other related changes, as further described below.

Specifically, in GSD Rule 11, Section 13, FICC would revise the reference from “an Open Net Long Position” to “a Fail Receive Obligation” and make a conforming change to revise “Allocated Net Long Position” (which is currently defined in the same section) to “Allocated Fail Receive Obligation.” Similarly, FICC would revise the reference from “an Open Net Short Position or Positions” to “a Fail Deliver Obligation or Fail Deliver Obligations” and make a conforming change to revise “Allocated Net Short Position” to “Allocated Fail Deliver Obligation.”

Proposed Changes to Remove Submission Size Alternatives

Currently, GSD Rule 5, Section 4 states that FICC shall establish procedures governing the manner in which FICC shall compare Full-Sized Trades to trades submitted in pieces and the order in which such comparison shall occur, and that FICC will inform Members of these procedures by notice prior to their implementation. FICC is proposing to remove this description regarding procedures governing the comparison of Full-Sized Trades to trades submitted in pieces because currently Full-Sized Trades can only be submitted as executed. FICC no longer intends to implement a process to compare Full-Sized Trades to trades submitted in pieces. Therefore, procedures governing the comparison of Full-Sized Trades to trades submitted in pieces would no longer be applicable.

Proposed Changes to Remove Reference to an Additional Fee

GSD Rule 18, Section 2 currently states that if FICC determines that a Netting Member has, without good cause, violated its obligations pursuant to this section, such Netting Member may be, among other things, subject to an additional fee. FICC proposes to remove the reference to an additional fee because this reference is outdated and FICC does not charge an additional fee.

Proposed Changes to Update the Definition of “Report”

Currently, the definition of “Report” in GSD Rule 1 means any document, record, or other output prepared by FICC and made available to a Member in any format (including, but not limited to, machine-readable and print image formats) or medium (including, but not limited to, print copy, magnetic tape, and CPU-to-CPU interface formats) that provides information to such Member with regard to the services provided by, or the operations of, FICC. FICC proposes to update the definition of “Report” by stating such output would be available in any format or medium prescribed by FICC, and by removing the parentheticals which contain some descriptions of outdated formats. Specifically, FICC would revise the definition of “Report” to state that it means any document, record, or other output prepared by FICC and made available

to a Member in a format or medium prescribed by FICC, that provides information to such Member with regard to the services provided by, or the operations of, FICC.

Similarly, FICC proposes to update GSD Rule 11, Section 10 to remove the examples of the types of formats and mediums that a Report may be provided in, as some of these examples are outdated. The current provision in GSD Rule 11, Section 10 states that a Netting Member is obligated to accept Reports from FICC in any format and in any medium usable by such Member, including, but not limited to, print copy, magnetic tape, and CPU-to-CPU (either real-time or otherwise) media. FICC proposes to revise this description to be more general by stating that a Netting Member is obligated to accept Reports from FICC in at least one of the formats or mediums prescribed by FICC that is usable by the Member.

In addition, FICC proposes to remove the defined term “CPU” from GSD Rule 1.

Proposed Changes to Remove References to FICC Facilities and Offices

GSD Rule 31 describes distribution facilities that can be established by FICC. Specifically, GSD Rule 31 states that if deemed necessary, FICC will establish distribution facilities from time to time to be used by Members for the distribution of papers, documents and other materials incidental to the ordinary course of business. It also states that FICC assumes no responsibility for the form or control of any papers, documents or other material (other than items prepared by it) placed in boxes in its distribution facilities assigned to each Member or handled by FICC and that FICC does not assume any responsibility for any improper or unauthorized removal from such boxes or from FICC’s facilities of any such papers, documents or other materials. It also states that each Member must send an authorized representative to FICC’s distribution facilities to pick up material made available by FICC and that FICC’s distribution facilities will remain open on Business Days during the hours specified by FICC and that FICC will admit authorized persons holding valid passes at other hours.

Because GSD Rule 31 is outdated as there are no such distribution facilities, FICC proposes to delete GSD Rule 31 and replace the description to state that this Rule is reserved for future use, as well as revise the title to “Reserved.”

FICC also proposes to remove Article V, Rule 13 of the EPN Rules. FICC would delete the current description and revise the title of this Rule to state “Reserved for Future Use.” This Rule currently states that reports will be available to, and business with FICC shall be transacted by, EPN Users at FICC’s offices in New York, New York and also at such other locations as FICC from time to time may designate. It also states that each EPN User shall make arrangement satisfactory to FICC for receipt of reports and the transaction of other business with FICC at one or more of such locations. FICC is proposing to remove this description because it is outdated as reports and the transaction of other business with FICC by EPN Users occur through various electronic means, such as machine-readable output, rather than in a physical location.

Proposed Changes to GSD Rule 11, Section 5 to Reflect Current Practice

GSD Rule 11, Section 5 states that a single Deliver Obligation may be bound by FICC to more than one Receive Obligation, and vice versa. FICC proposes to remove this description

because it is inaccurate and is not supported by the current system. Specifically, because FICC must maintain a matched book of obligations, there cannot be a single Deliver Obligation that is bound to more than one Receive Obligation and vice versa. The current system only supports a single Deliver Obligation being bound to one Receive Obligation.

Proposed Changes to Revise Provisions Regarding Network Fees

Beginning in 2003, FICC periodically informed Members of the need to migrate their telecommunications connectivity from the Securities Industry Automation Corporation (“SIAC”)’s legacy-based Broker and Access networks to DTCC’s⁴ Securely Managed and Reliable Technology (“SMART”) system or SIAC’s Secure Financial Transaction Infrastructure (“SFTI”) networks. The SMART system is DTCC’s centralized, end-to-end managed communications infrastructure, which provides connectivity support for all post-trade clearance and settlement processing. A related fee was implemented because while most FICC Members complied with the stated migration requirements, several Members continued to access FICC through legacy networks, which was imposing significant unnecessary costs on FICC for continued support of these systems.⁵ Today, there are no longer any such legacy network connections, and therefore FICC is proposing to remove this fee from the Rules.

Specifically, in (a) Section III of the Fee Structure in the GSD Rules, (b) the Schedule of Charges in the EPN Rules, (c) the Schedule of Charges Broker Account Group in the MBSD Rules, and (d) the Schedule of Charges Dealer Account Group in the MBSD Rules, FICC would delete the fee for failure to migrate from legacy networks to SMART and/or SFTI. The Rules currently state that the entire cost of supporting the legacy network connections will be allocated among remaining users pro rata. FICC would also make a related change to revise the title of Section III of the Fee Structure in the GSD Rules to state that it is reserved.

In addition, in Section X of the Fee Structure in the GSD Rules, FICC would clarify that FICC will charge network fees related to SMART connectivity. Similarly, in (a) the Schedule of Charges in the EPN Rules, (b) the Schedule of Charges Broker Account Group in the MBSD Rules, and (c) the Schedule of Charges Dealer Account Group in the MBSD Rules, FICC would revise the title of the “Communication Fees” section to “Administrative Fees” and add a description stating that FICC will charge network fees related to SMART connectivity. Fees related to SMART connectivity are currently charged to Members if Members select SMART network as their means of connectivity to FICC. FICC believes it would enhance clarity to specifically describe this administrative fee that is currently charged to Members in the Rules and, as such, FICC does not believe this proposed clarification would impact the rights and obligations of Members.

⁴ The Depository Trust & Clearing Corporation (“DTCC”) is FICC’s parent company.

⁵ Securities Exchange Act Release No. 52655 (October 24, 2005), 70 FR 62154 (October 28, 2005) (SR-FICC-2005-15) (“SMART Filing”).

Proposed Changes to Revise Description of Substitution of New Securities Collateral

FICC proposes to clarify the description regarding substitution of New Securities Collateral in GSD Rule 18, Section 3(f) to reflect current practice. FICC would add that upon receipt of a request for such substitution where the information regarding the New Securities Collateral has not been provided to FICC, a Generic CUSIP Number would be applied to the substitution until the information regarding the New Securities Collateral has been provided. FICC also proposes to clarify the second sentence of GSD Rule 18, Section 3(f) by revising it to state that until such time as FICC has been notified of the substitution of the New Securities Collateral to be substituted, FICC shall base margining with respect to the New Securities Collateral on the applicable Generic CUSIP Number using the methodology that is used for securities whose volatility is less amenable to statistical analysis set forth in Section 1b of GSD Rule 4. FICC believes these proposed changes would enhance clarity as they describe current practice. Specifically, if a Member elects to substitute existing securities collateral but does not know at the time of the notification to FICC what the New Securities Collateral is, the Member is allowed to enter the notification in the system, with the existing securities collateral, and FICC will use a Generic CUSIP Number as placeholder for the New Securities Collateral. It is the expectation that the Member will then (on same Business Day and within established timeframes) update the notification with the specific CUSIP Number and other substitution-related details.

GSD Rule 18, Section 3(f) currently states that upon receipt of a request for such substitution and until information regarding New Securities Collateral is provided to FICC for purposes of calculating the Required Fund Deposit of the Repo Party, FICC shall assign to the transaction a Contract Value which is 150 percent of the Contract Value of the original securities collateral. FICC implemented this as one of the measures to address the risk presented to it by the failure of a party to submit in a timely manner information regarding replacement collateral to FICC.⁶ In the 2005 Filing, FICC increased the clearing fund calculation of the repo dealer and allowed margining with respect to replacement collateral based on applicable Generic CUSIP Numbers only, and FICC assigned a value of 150 percent of the contract value of the original securities collateral to a repo transaction where FICC has not received information regarding the replacement collateral.⁷ The application of the 150 percent for clearing fund purposes applied to both the receive/deliver and repo volatility components of the clearing fund calculation. FICC also applied the highest applicable margin factor in its Rules in connection with the repo transaction.⁸ In 2006, FICC replaced the current clearing fund methodology used at GSD, which used haircuts and offsets, with a yield-driven value-at-risk (“VaR”) methodology.⁹ The 2006

⁶ Securities Exchange Act Release No. 53534 (March 21, 2006), 71 FR 15781 (March 29, 2006) (SR-FICC-2005-18) (“2005 Filing”).

⁷ Id.

⁸ Id.

⁹ Securities Exchange Act Release No. 55217 (January 31, 2007), 72 FR 5774 (February 7, 2007) (SR-FICC-2006-16) (“2006 Filing”).

Filing states that this VaR methodology will necessitate a change to FICC’s risk management consequences of the late allocation of repo substitution collateral because offset classes and margin rates will no longer be present in the revised GSD Rules.¹⁰ The 2006 Filing also states that FICC will base margining for such Generic CUSIP Number on the same calculation as that used for securities whose volatility is less amenable to statistical analysis.¹¹ In 2007, FICC added language to GSD Rule 18 (the rule that covers repo collateral substitution) to refer to the margining approach that was described in the narrative of the 2006 Filing, so that Members reviewing the repo substitution rule (GSD Rule 18) will have a point of reference.¹² As such, FICC should have removed the language stating that “[u]pon receipt of a request for such substitution and until information regarding the New Securities Collateral is provided to FICC for purposes of calculating the Required Fund Deposit of the Repo Party, FICC shall assign to the transaction a Contract Value which is 150 percent of the Contract Value of the original securities collateral” in the 2006 Filing, which implemented the VaR methodology. FICC is proposing to remove the first sentence of GSD Rule 18, Section 3(f) because this sentence should have been removed in the 2006 Filing and does not reflect current practice.

Proposed Changes Regarding Requirements Applicable to Certain Repo Brokers with Segregated Repo Accounts

GSD Rule 19, Section 2 describes the responsibilities of Repo Brokers¹³ and the conditions that have to be met in order for a Repo Broker to submit to FICC data on a Brokered Repo Transaction. Currently, it states that a Repo Broker may submit to FICC data on a Brokered Repo Transaction only upon written agreement, and compliance, with certain conditions. FICC proposes to revise “may” to “shall” to enhance accuracy and consistency as well as reflect current practice because Repo Brokers must submit this data to FICC, and Repo Brokers are doing this today. Furthermore, this proposed change would enhance accuracy and consistency because GSD Rule 3, Section 8(e) states that an Inter-Dealer Broker Netting Member shall limit its business to acting exclusively as a Broker and conduct all of its business in Repo Transactions with Netting Members. FICC does not believe this proposed change would impact the rights and obligations of Members because GSD Rule 3, Section 8(e) states that an Inter-Dealer Broker Netting Member shall conduct all of its business in Repo Transactions with Netting Members, and this proposed change would align GSD Rule 19, Section 2 with this provision.

GSD Rule 19, Section 2 lists the following conditions that have to be met in order for a Repo Broker to submit to FICC data on a Brokered Repo Transaction: (a) Repo Broker has established a separate account, with a separate Fedwire address, at a clearing bank that will be

¹⁰ Id.

¹¹ Id.

¹² Securities Exchange Act Release No. 55616 (April 11, 2007), 72 FR 19561 (April 18, 2007) (SR-FICC-2007-03).

¹³ The term “Repo Broker” is defined in GSD Rule 1, supra note 1.

used exclusively for the settlement by the parties to the transaction of the Start Leg, and (b) the Repo Broker has granted the necessary permissions to allow this account to be subject to review by FICC. FICC proposes to add language that was inadvertently omitted. Specifically, FICC would add language stating that these requirements will not apply to Repo Brokers with Segregated Repo Accounts that elect to settle their Same-Day Settling Trades with FICC. In 2021, FICC began to settle the Start Leg of Same-Day Settling Trades.¹⁴ Prior to this, the Start Leg of Same-Day Settling Trades was settled outside of FICC, and a separate account was needed for the settlement of the Start Leg. Therefore, if a Repo Broker has opted to settle Same-Day Settling Trades, then such Repo Broker would no longer need to maintain a separate settlement account for the Start Leg of the Same-Day Settling Trade because FICC settles the Start Leg and End Leg. As such, FICC believes that this proposed change to correct an inadvertent omission would not have any impact on the rights and obligations of Members.

Proposed Changes to Update Description of Trade Date Information

Currently, GSD Rule 10, Section 5 states that if the data on a trade do not compare because information submitted regarding trade date does not match, FICC may, in its discretion, compare the trade based on a presumption that the earlier trade date submitted is the correct trade date. FICC would correct this provision to clarify that FICC does not have discretion.

Specifically, FICC would state that if the data on a trade do not compare because information submitted regarding the trade date does not match, FICC shall compare the trade based on a presumption that the earlier trade date submitted is the correct trade date, because FICC does not have discretion as the system is not coded in a way to provide FICC with such discretion. FICC would also remove the second sentence in the first paragraph in GSD Rule 10, Section 5 that describes what occurs when exercising this discretion.

In addition, in GSD Rule 10, Section 5, FICC would clarify that notwithstanding the first paragraph in this section, if the First Member submits a side of a buy/sell transaction to FICC, and the Second Member as a contra-party submits more than one side of a buy/sell transaction with similar trade data to FICC where the trade date does not match, FICC will compare the side of the buy/sell transaction submitted by the First Member with a side of a buy/sell transaction submitted by the Second Member where the trade date on the Second Member's buy/sell transaction is closest in date range to the trade date submitted by the First Member. This proposed change would enhance accuracy with respect to how a side of a buy/sell transaction is compared when the contra-party submits multiple sides of a buy/sell transaction and the trade dates do not match.

FICC would also add that the enhanced comparison process referenced in GSD Rule 10, Section 5 does not apply to Repo Transactions when this process is performed at the end of the day. Currently, GSD Rule 10, Section 5 states that this section does not apply to Repo

¹⁴ Securities Exchange Act Release No. 90948 (January 19, 2021), 86 FR 7159 (January 26, 2021) (SR-FICC-2020-015).

Transactions. FICC believes this proposed change would enhance clarity with respect to the current process.

Proposed Changes to Regarding FICC's Authority to Act on Behalf of a GCF-Authorized Inter-Dealer Broker

FICC proposes to remove Section 6 from GSD Rule 20. Currently, this section states that if, as the result of a data submission error, a GCF-Authorized Inter-Dealer Broker has a GCF Net Settlement Position, FICC will have the authority to borrow cash and/or securities and/or enter into repurchase transactions for cash or securities with a Netting Member or Clearing Agent Bank to fulfill the obligations of such GCF-Authorized Inter-Dealer Broker attendant to the incurring of such Position. This section also states that if FICC takes such action, such GCF-Authorized Inter-Dealer Broker will be liable to it for any costs incurred. FICC proposes to delete Section 6 of GSD Rule 20 because it is outdated and the system no longer allows for FICC to act on the GCF-Authorized Inter-Dealer's behalf if the GCF-Authorized Inter-Dealer incurs a Position.

Proposed Changes to GSD Rule 11, Section 5 to Reflect Current Practice

Currently, GSD Rule 11, Section 5 states that a single Deliver Obligation may be bound by FICC to more than one Receive Obligation, and vice versa. FICC proposes to remove this sentence from GSD Rule 11, Section 5 because it does not reflect the current netting system. Currently, all Deliver Obligations and Receive Obligations must be equal and opposite out of the net.

4. *Correct References to Incorrect Fees*

Section I.C of the Fee Structure of the GSD Rules states that the charge to a Member for the entry of a request by such Member to modify or cancel a side of a GCF Repo Transaction or a CCIT Transaction is \$0.05 per 50 million of par value. This fee is incorrect and the system does not contain this fee. As such, FICC proposes to remove this fee from Section I.C of the Fee Structure.

Section X of the Fee Structure of the GSD Rules states that on any Business Day, a Repo Broker will be assessed an administrative fee of \$50 for each instance where FICC determines to finance a Debit Forward Mark Adjustment Payment in excess of the Cap, as set forth in Section 4 of GSD Rule 19. It also states that this administrative fee will be in addition to any costs incurred by FICC in arranging the financing for which the Repo Broker maintains responsibility and must reimburse FICC pursuant to that section. FICC proposes to remove this administrative fee and the related descriptions because FICC believes it would be too administratively burdensome to charge this small administrative fee.

5. *Include Eligibility Requirements for Settling Same-Day Settling Trades*

GSD Rule 12, Section 11(ii) describes the requirements that a Same-Day Settling Trade would have to meet to be eligible for settlement with FICC. Currently, the requirements are as follows: (a) the Same-Day Settling Trade is a Compared Trade; (b) the data on the Same-Day

Settling Trade are listed on a Report that has been made available to Netting Members; (c) (i) the End Leg of the Same-Day Settling Trade means the eligibility requirements for netting in GSD Rule 11 or (ii) the Repo Transaction is an As-Of Trade and its End Leg settles on the current Business Day or thereafter; and (d) the underlying securities are Eligible Netting Securities. FICC proposes to add a requirement regarding submission size requirements to the current list of requirements described above. Specifically, FICC would add that regarding the form and manner in which Same-Day Settling Trades are submitted to FICC, the Same-Day Settling Trade must be submitted in equal and identical size and shapes between Netting Members. FICC would also add that for avoidance of doubt, “identical size and shapes” means that each counterparty must submit trade data reflecting equal par amounts and number of sides. FICC currently requires that Same-Day Settling Trades are submitted in equal and identical size and shapes between Netting Members. As such, FICC believes that this proposed change to expressly describe what must be submitted in terms of the form and manner in which Same-Day Settling Trades are submitted to FICC would enhance clarity with respect to the requirements for eligibility for settlement for Same-Day Settling Trades. Furthermore, this proposed change describes how Members currently process transactions. As such, because this proposed change reflects current practice, FICC does not believe that this proposed change will impact Members.

In addition, GSD Rule 12, Section 11(ii) states that notwithstanding the above, FICC may, in its sole discretion, exclude any Same-Day Settling Trade or Same-Day Settling Trades from the Comparison System, by Netting Member or by Eligible Netting Security. FICC would add that this includes cancelling any Same-Day Settling Trade that does not meet the eligibility requirements set forth in GSD Rule 12.

6. Correct Schedule of Timeframes

FICC proposes to make certain corrections to the Schedule of Timeframes in the GSD Rules, including adding two timeframes and revising a current timeframe. Specifically, FICC proposes to add a 7:00 a.m. timeframe and a 7:05 a.m. timeframe. FICC also proposes to revise the 10:30 p.m. to 2:00 a.m. timeframe in the Schedule of Timeframes in the GSD Rules.

The 7:00 a.m. timeframe in the Schedule of Timeframes would be described as the timeframe by which FICC begins processing trade data for the current Business Day. This would align with the Schedule of GCF Repo Timeframes, which currently lists a 7:00 a.m. timeframe, and is described as the timeframe when FICC begins accepting data on GCF Repo Transactions. As such, FICC believes it would enhance clarity and consistency to have both schedules describe the time by which FICC begins processing trade data. FICC believes these proposed changes would help enhance Members’ understanding of when FICC begins processing trade data and reflects current practice. As such, FICC does not believe this proposed change would have an impact on the rights and obligations of Members.

Additionally, FICC proposes to add a 7:05 a.m. timeframe, which would be described as the time by which FICC’s margining output is made available to Netting Members.

FICC would also update the reference to margining output that is in the current 10:30 p.m. to 2:00 a.m. timeframe. Currently, the description of this timeframe states this is the time during which FICC’s comparison, netting, settlement and margining output is made available to

Members. FICC would revise the description to state this is the time by which FICC's comparison, netting, and settlement output is made available to Members. FICC does not believe these proposed changes would impact the rights and obligations of Members because these proposed changes to the Schedule of Timeframes reflect current practice and, therefore, would enhance accuracy and clarity.

In addition, FICC would revise the current 10:30 p.m. to 2:00 a.m. timeframe to only state 2:00 a.m. to be consistent with the other timeframes in the Schedule of Timeframes, which are not listed as ranges. FICC believes this proposed change would enhance consistency, and thereby enhance accuracy, and as such, would not impact the rights and obligations of Members.

FICC would also remove the phrase "for Netting Members" in the 4:30 p.m. timeframe to be consistent with the 10:00 a.m. timeframe. Both these timeframes describe when funds-only settlement debits and credits are executed via the Federal Reserve's National Settlement Service. FICC does not believe this proposed change to enhance consistency and clarity would impact the rights and obligations of Members.

7. Correct Schedule of GCF Repo Timeframes

FICC also proposes to make certain corrections to the Schedule of GCF Repo Timeframes in the GSD Rules. Specifically, FICC would revise the 7:00 a.m. timeframe, and remove the 10:00 a.m., 10:30 a.m., and 1:00 p.m. timeframes because the 10:00 a.m., 10:30 a.m. and 1:00 p.m. timeframes are outdated.

Currently, the 7:00 a.m. timeframe states that FICC begins to accept from GCF Authorized Inter-Dealer Brokers data on GCF Repo Transactions, and GCF Authorized Inter-Dealer Brokers must submit data on a GCF Repo Transaction that they are a party to within five minutes of executions of such transaction. FICC would revise this 7:00 a.m. timeframe to state that Netting Members must begin affirming or cancelling GCF Repo Transactions upon receipt of data on such GCF Repo Transactions from FICC.

Additionally, FICC proposes to remove the 10:00 a.m. 10:30 a.m. and 1:00 p.m. timeframes. The 10:00 a.m. timeframe states that this is the time Netting Members must begin affirming or disaffirming GCF Repo Transactions within one half hour of receipt of data on such transactions from FICC. The 10:30 a.m. timeframe currently states that this is the deadline for dealer affirmation or disaffirmation of all GCF Repo Transactions that they are a party to that are executed prior to 10 a.m. The 1:00 p.m. timeframe currently states that for GCF Repo Transactions executed after 1:00 p.m., Netting Members must affirm or disaffirm GCF Repo Transactions within ten minutes of their receipt of data on such transactions from FICC.

FICC believes these proposed changes to remove outdated timeframes and clarify the 7:00 a.m. timeframe described above would enhance consistency and accuracy, and thereby make it clear that Members must begin affirming or cancelling their trades when the system opens at 7:00 a.m. FICC does not believe these proposed changes would impact the rights and obligations of Members because these proposed changes would more accurately describe current practice.

8. Correct References From “Disaffirm” to “Cancel”

FICC proposes to revise the references from disaffirm to cancel in GSD Rule 6C, Section 12. This section describes the affirmation, cancellation and modification requirements for Data on GCF Repo Transactions.

FICC would also revise the references from “disaffirmation” to “cancellation” in the 3:00 p.m. timeframe in the Schedule of GCF Repo Timeframes in the GSD Rules to be consistent with the proposed changes to the 7:00 a.m. timeframe described above. The 3:00 p.m. timeframe currently states this is the cutoff for GCF Repo Transaction data submission from GCF Authorized Inter-Dealer Brokers to FICC including dealer trade affirmation or disaffirmation – all unaffirmed trades automatically affirmed by FICC.

9. Correct Description of Acknowledgement and Refusal Messages

FICC proposes to make certain corrections to GSD Rule 13, Section 5(h) to enhance accuracy. Currently, GSD Rule 13, Section 5(h) states that a Funds-Only Settling Bank that cannot send an acknowledgment or refusal message to FICC due to an operational issue may telephone its instructions to the Settlement Agent. FICC proposes to revise GSD Rule 13, Section 5(h) to correct that a Funds-Only Settling Bank that cannot send an acknowledgment or refusal message to the Settlement Agent due to an operational issue may instruct the Settlement Agent to act on its behalf. FICC believes these proposed changes would clarify that the acknowledgment or refusal message is sent to the Settlement Agent (rather than FICC) and that replacing “telephone its instructions to” with “instruct” would clarify that the Funds-Only Settling Bank may telephone its instructions or provide its instructions in another way.

10. Correct Definition of “Repo Start Date”

FICC proposes to correct the definition of Repo Start Date in GSD Rule 1 to state that it means the settlement date for the Start Leg of a Repo Transaction. The current definition states that it means the settlement date for the start date of a Repo Transaction.

11. Make Corrections to Certain GSD Schedules

In the (i) Schedule of Required and Accepted Data Submission Items for a Substitution and (ii) Schedule of Required and Accepted Data Submission Items for New Securities Collateral in the GSD Rules, FICC proposes to add “or Generic CUSIP Number” to Item 1 in each schedule, which was inadvertently omitted. Currently, Item 1 in each schedule only lists Specific CUSIP Number for the Existing Securities Collateral or New Securities Collateral, as applicable. However, FICC must receive either the Specific CUSIP Number or Generic CUSIP Number for the Existing Securities Collateral or New Securities Collateral, as applicable, in order to process a substitution of Existing Securities Collateral or New Securities Collateral, as applicable.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions in the GSD Rules, FICC proposes to correct the reference from “Trade Reference Number” to “Broker Reference Number” to enhance accuracy. Currently, Broker Reference Number in this schedule is described as the GCF-Authorized Inter-Dealer Broker’s unique

reference number for the GCF Repo Transaction. As such, FICC believes it would enhance accuracy and clarity to refer to this item as the Broker Reference Number rather than the Trade Reference Number.

B. Clarifications

FICC is proposing to make a number of clarifications to the Rules, as described in greater detail below. FICC believes that each of these proposed changes would improve the clarity of the Rules, for the reasons described below, and does not believe that any of the proposed clarifications would impact the rights and obligations of Members.

1. Clarify Calculation of the Funds-Only Settlement Amount

In GSD Rule 13, Section 2, FICC proposes to make certain clarifications to the calculation of the Funds-Only Settlement Amounts to describe the current calculation of the Funds-Only Settlement Amounts more accurately. For GSD, funds-only settlement occurs twice on a Business Day, at 10:00 a.m. and 4:30 p.m., and therefore, the Funds-Only Settlement Amount is calculated twice on a Business Day. Specifically, the intraday Funds-Only Settlement Amount is calculated and then collected or paid intraday on the same Business Day. The Funds-Only Settlement Amount that is collected or paid at the start of day on a Business Day is calculated at the end of the previous Business Day. For example, the Funds-Only Settlement Amount that is collected or paid at 10:00 a.m. on March 2, 2023 is calculated at the end of day on March 1, 2023. In addition, these two Funds-Only Settlement Amounts are calculated using different components, as further described below.

Currently, GSD Rule 13, Section 2 states that the Funds-Only Settlement Amount of each Netting Member shall be determined by calculating the net total, for a particular Business Day of the following and then lists the components that are part of the calculation of this amount. FICC proposes to revise the reference from “for a particular Business Day” to “for a particular cycle, if applicable,” to enhance clarity and accuracy. For GSD, as described above, currently, funds-only settlement occurs twice on a Business Day and therefore, there are two cycles during the Business Day during which the Funds-Only Settlement Amount is calculated. As such, FICC believes it is more precise and accurate to refer to a particular cycle in the description of the calculation of the Funds-Only Settlement Amount and as this proposed change would reflect the current calculation of the Funds-Only Settlement Amounts, FICC does not believe this proposed change would impact the rights or obligations of Members.

In addition, in GSD Rule 13, Section 2, FICC proposes to add “the return of the previous cycle’s Net Forward Mark Adjustment Payment” as a component in the calculation of the Funds-Only Settlement Amount of each Netting Member, and this would be added as subsection (d). The Net Forward Mark Adjustment Payment is currently listed as a component of the Funds-Only Settlement Amount, but FICC believes it would enhance clarity to also list the return of the previous cycle’s Net Forward Mark Adjustment Payment in the description of the calculation of the Funds-Only Settlement Amount.¹⁵ FICC believes this proposed change would be a more

¹⁵ “Net Forward Mark Adjustment Payment” is defined in GSD Rule 1, supra note 1.

accurate description of the current process. During each cycle, FICC calculates a new Net Forward Mark Adjustment Payment and so, also returns the previous cycle's Net Forward Mark Adjustment Payment. As described above, funds-only settlement occurs twice a day at GSD, so the cycle at 10:00 a.m. may include the return of the previous cycle's Net Forward Mark Adjustment Payment (the previous cycle would be the cycle that occurred at 4:30 p.m. the previous Business Day). FICC believes these proposed changes enhances clarity by more accurately describing the current process and therefore, would not impact the rights or obligations of Members.

Similarly, in GSD Rule 13, Section 2, FICC proposes to revise the first sentence of the third paragraph to refer to a particular cycle rather than Business Day and to add the phrase "if applicable." In addition, FICC proposes to clarify the components of the Funds-Only Settlement Amount that are currently calculated and collected or paid intraday by replacing the current description with a list of the specific components, which are the Net Forward Mark Adjustment Payment, the return of the previous cycle's Net Forward Mark Adjustment Payment and the Miscellaneous Adjustment Amount. The current description states that FICC will determine an intraday Funds-Only Settlement Amount by calculating a net total, for a particular Business Day, of certain of the amounts specified in Section 1 of GSD Rule 13 as FICC shall announce to Members from time to time. The revised description would state that FICC will determine an intraday Funds-Only Settlement Amount by calculating a net total, for a particular cycle, if applicable, of the following: (a) the Net Forward Mark Adjustment Payment, (b) the return of the previous cycle's Net Forward Mark Adjustment Payment, and (c) Miscellaneous Adjustment Amount. FICC believes these proposed changes to this paragraph in GSD Rule 13, Section 12 would enhance clarity with respect to the intraday Funds-Only Settlement Amount. Because this proposed change would reflect the current calculation of the Funds-Only Settlement Amount that is calculated and collected or paid intraday, FICC does not believe this proposed change would impact the rights or obligations of Members.

FICC would also clarify that certain components of the Funds-Only Settlement Amount are only applicable to the end of the day cycle, and some are only applicable to the intraday cycle. FICC would clarify that the components of the Funds-Only Settlement Amount in the second paragraph of GSD Rule 13, Section 2, are calculated at the end of the day and then collected or paid start of day, as applicable, on the following Business Day, are the amounts listed in (a) through (p) of this paragraph. Similarly, with respect to the third paragraph of GSD Rule 13, Section 2, FICC would clarify that the components of the Funds-Only Settlement Amount that are calculated and collected or paid intraday, as applicable, are the amounts listed in (a) through (c) of this paragraph. Because these proposed changes would reflect the current calculation of the Funds-Only Settlement Amounts, FICC does not believe these proposed changes would impact the rights or obligations of Members.

2. Clarify Definition of “Account”

Proposed Changes to Clarify Account, Broker Account, and Dealer Account, and Netting Member Account

FICC proposes to make certain clarifications to the definition of “Account” in GSD Rule 1, as further described below. FICC believes the proposed changes described below would clarify the various types of Accounts that currently exist at FICC.

The current definition of “Account” in GSD Rule 1 means any account maintained by FICC on behalf of a Netting Member. FICC proposes to revise the definition of “Account” to state that it means any account maintained by a Member. FICC believes these proposed changes to the definition of “Account” would enhance consistency, and thereby also enhance clarity. Specifically, these proposed changes would revise the definition of “Account” to be more consistent with the definitions for other types of Accounts, such as a Broker Account and a Sponsoring Member Omnibus Account.

As such, because FICC is proposing to revise the definition of “Account” to mean any account maintained by the Member, as described above, FICC would also add a definition for “Netting Member Account” in GSD Rule 1 to specifically describe an account maintained by FICC on behalf of a Netting Member. FICC proposes to add that Netting Member Account would mean an Account maintained by a Netting Member that contains the activity of the Netting Member that is submitted to FICC. FICC would also add that a Netting Member may elect to establish one or more Netting Member Accounts.

In addition, the current definition of “Account” in GSD Rule 1 includes definitions for “Broker Account” and “Dealer Account” and also describes that with respect to an applicable Cross-Margining Agreement, “Account” may include a Market Professional Cross-Margining Account. FICC proposes to move the definitions of “Broker Account” and “Dealer Account” from the definition of “Account” so that each of these terms are listed separately and in alphabetical order in GSD Rule 1. “Broker Account” would mean an Account maintained by an Inter-Dealer Broker Netting Member or a Segregated Repo Account of a Non-IDB Repo Broker. “Dealer Account” would mean an Account maintained by a Netting Member that is not a Broker Account. FICC believes that separately listing the defined terms “Broker Account” and “Dealer Account” in GSD Rule 1 rather than within another defined term in GSD Rule 1 would enhance readability and clarity.

FICC believes the above-described proposed changes in the GSD Rules would enhance clarity with respect to the various types of Accounts that currently exist. Because these are clarifications of the descriptions of the current types of Accounts, FICC does not believe that the above-described proposed changes would impact the rights and obligations of Members.

Proposed Changes to Capitalize References to account, accounts, and account(s)

FICC would capitalize the references to account, accounts, and account(s), as applicable, in the GSD Rules, including, for example, (1) in the definitions of “Market Professional Cross-Margining Account”, “MLA Excess Amount,” and “Segregated Repo Account” in GSD Rule 1; (2) GSD Rule 13, Section 5(d); (3) GSD Rule 3, Sections 11(a), (c), (e), (f); (4) GSD Rule 3A,

Sections 10(b) and 11; (5) GSD Rule 19, Section 4; and (6) Sections V and VII of the Fee Structure of the GSD Rules.

FICC believes it would enhance clarity and consistency to use the defined term “Account” by capitalizing the current references, as described above. Because these are clarifications of the descriptions of the current types of Accounts, FICC does not believe that the above-described proposed changes would impact the rights and obligations of Members.

Proposed Changes to Revise References to Netting Member Account

Because FICC would add a definition for “Netting Member Account,” FICC proposes to make the following changes:

- In GSD Rule 3, Sections 11(b) and (d), FICC proposes to revise “netting accounts” to “Netting Member Accounts.”
- In GSD Rule 3A, Sections 2(h), 10(b), 11 and 12, FICC proposes to revise “Netting System accounts” to “Netting Member Accounts.”
- In GSD Rule 3A, Section 18, FICC proposes to revise “Netting System Account(s)” to “Netting Member Account(s).”
- In GSD Rule 3A, Section 6(c), FICC proposes to revise “netting account” to “Netting Member Account.”

FICC believes revising these references to the new defined term “Netting Member Account” would enhance clarity and consistency with respect to the current references in the GSD Rules that describe this type of account. As such, FICC does not believe that the above-described proposed changes would impact the rights and obligations of Members.

FICC also proposes to revise the reference from “participant account” to “Account” in GSD Rule 19, Section 2.

3. Clarify Definition of “Transactions”

FICC proposes to clarify the definition of Transactions in GSD Rule 1 by revising a reference from Direct Transactions to Bilateral Transactions. FICC would also remove the defined term “Direct Transactions” from GSD Rule 1. Currently, “Transactions” means Brokered Transactions and Direct Transactions. In addition, “Direct Transactions” means any transaction, including a Repo Transaction, calling for the delivery of an Eligible Netting Security or the posting of cash or an Eligible Netting Security as collateral, the data on which has been submitted to FICC by Members, that is not a Brokered Transaction.

FICC would add a definition for Bilateral Transactions in GSD Rule 1 to enhance clarity. Bilateral Transactions would mean any transaction, including a Repo Transaction, the data on which has been submitted to FICC by two Members, and is not a Brokered Transaction.

FICC believes the above-described proposed changes to replace the term “Direct Transactions” to the more descriptive term “Bilateral Transactions” and to simply the definition of “Bilateral Transactions” would enhance clarity. Furthermore, FICC does not believe the above-described proposed changes would impact the rights and obligations of Members because these are the current types of Transactions that are submitted to FICC.

4. Add References to CCIT Transactions

In the second to last sentence of the definition of End Leg in GSD Rule 1, FICC proposes to revise the reference from transaction to GCF Repo Transaction or CCIT Transaction, as applicable. In addition, in the definition of GCF Transaction Adjustment Payment, FICC proposes to revise the reference from transactions to GCF Repo Transactions and CCIT Transactions, as applicable.

FICC believes replacing the word “transaction” with the defined terms in the above-described definitions would enhance clarity by providing consistency and specificity with respect to the transactions that are being referenced in these definitions. Furthermore, these definitions currently include a reference to GCF Repo Transactions and CCIT Transactions. As such, FICC does not believe that these proposed changes to enhance clarity would impact the rights and obligations of the Members.

5. Revise GSD Rule 18, Sections 2 and 3 to Enhance Clarity

In GSD Rule 18, Section 2, FICC proposes to clarify that each Netting Member that has requested to add the repo netting service operated by FICC must submit to FICC, or to either another Registered Clearing Agency or Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and netting, data on all of its Repo Transactions. Currently, GSD Rule 18, Section 2 states that each Netting Member that has requested of FICC that it provide its Netting System services for such Member’s Repo Transaction data submissions must submit to FICC, or to either another Registered Clearing Agency or Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and netting, data on all of its Repo Transactions. FICC believes this proposed change would enhance clarity and accuracy because it is when Netting Members request to add the repo netting service operated by FICC that they are required to submit to FICC or another Registered Clearing Agency or Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and netting, the data on all of its Repo Transactions. Furthermore, the repo netting service operated by FICC and the Netting System services for such Member’s Repo Transaction data submissions are different ways of describing the same service provided by FICC. As such, FICC does not believe that these proposed clarifications would impact the rights and obligations of Members.

In addition, in GSD Rule 18, Section 2, the last sentence of the first paragraph and the sixth paragraph both describe collateral substitutions pertaining to Repo Transactions and are duplicative. Specifically, both sentences state that all collateral substitutions pertaining to Repo Transactions must be performed through FICC, and the requisite collateral substitution requests must be submitted to FICC in accordance with the requirements, procedures and timeframes established by FICC from time to time. As such, FICC proposes to remove this description from

GSD Rule 18, Section 2 and add this description to GSD Rule 18, Section 3 because GSD Rule 18, Section 3 contains provisions related to collateral substitutions. FICC believes these proposed changes would enhance clarity and would not impact the rights and obligations of Members.

6. Clarify Descriptions of Novation

Proposed Changes to Revise Defined Term “Novation” to Include Uses of “Novate”

In GSD Rule 1, FICC proposes to revise the defined term “Novation” to “Novation or Novate” and to add that the term “Novate” shall have a corollary meaning. Novation is currently defined as the termination of deliver, receive, and related payment obligations between Netting Members and the replacement of such obligations with identical obligations to and from FICC, pursuant to Section 8 of GSD Rule 5. FICC believes this proposed change to add Novate to the current definition of Novation and specify that “Novate” has a corollary meaning would enhance clarity as Novation and Novate are both currently used in the GSD Rules to describe the termination of deliver, receive, and related payment obligations between Netting Members and the replacement of such obligations with identical obligations to and from FICC. As such, FICC believes this added specificity would enhance clarity and would not impact the rights and obligations of Members.

FICC also proposes to capitalize the references to novate and novated in GSD Rule 3A, Sections 2(i), 7(a), 7(b), 14(c), 16(b) and 18(e); GSD Rule 3B, Section 14(b); GSD Rule 5, Section 8(a), 8(b), and 8(d); GSD Rule 11, Section 6; GSD Rule 12, Section 11(iii); GSD Rule 14, Section 3; GSD Rule 20, Section 5; and GSD Rule 21A. FICC believes these proposed changes to use the defined terms by capitalizing the current references to novate and novated in the above-referenced GSD Rules would enhance clarity and would not impact the rights and obligations of Members.

FICC also proposes to revise the definition of Novation in GSD Rule 1 to include CCIT Members (or Joint Accounts), which was inadvertently omitted. Specifically, FICC proposes to revise this definition to state that Novation means the termination of deliver, receive, and related payment obligations between Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, and the replacement of such obligations with identical obligations to and from FICC, pursuant to Section 8 of GSD Rule 5. Currently, GSD Rule 5, Section 8(a) states that Novation consists of the termination of the deliver, receive and related payment obligations between the Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, with respect to the Compared Trade and their replacement with identical obligations to and from FICC in accordance with the GSD Rules. As such, FICC believes this proposed change to the definition of Novation would enhance clarity by correcting an inadvertent omission in the definition of Novation and would not impact the rights and obligations of Members.

Proposed Changes to Replace References to guaranty, guarantee, and Guaranty of settlement with Novation or Novate

FICC also proposes to remove references to guaranty, guarantee, and Guaranty of settlement and/or replace such references with Novation or Novate. FICC believes it would

enhance clarity and consistency to describe this process in the GSD Rules using the defined term Novation or Novate.¹⁶ Furthermore, FICC believes it would enhance clarity to remove duplicative descriptions.

Specifically, FICC proposes to remove GSD Rule 11B (Guaranty of Settlement). GSD Rule 11B, Section (a) currently describes requirements that must be satisfied for FICC to guarantee the settlement of that trade. Specifically, GSD Rule 11B, Section (a) states that FICC will guarantee the settlement of a trade the data on which were submitted for Bilateral Comparison, Demand Comparison, or Locked-in Comparison at the time the comparison of such trade occurs pursuant to GSD Rules 6A, 6B, or 6C, respectively, as long as the trade meets the requirements of Section 2 of GSD Rule 11 and was entered into good faith. FICC is proposing to delete this Section (a) of GSD Rule 11B to enhance clarity and consistency because FICC believes this description is duplicative in the GSD Rules. Furthermore, FICC believes it would enhance clarity to consistently use the one defined term Novation. Currently, GSD Rule 5, Section 8(a) states that each Compared Trade that meets the requirements of Section 2 of GSD Rule 11 and was entered into good faith shall be novated to FICC and FICC shall guarantee the settlement of each Compared Trade at the time at which comparison of such Compared Trade occurs pursuant to GSD Rules 6A, 6B, or 6C.¹⁷ GSD Rule 5, Section 8(a) currently also states that such Novation shall consist of the termination of the deliver, receive and related payment obligations between the Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, with respect to the Compared Trade (including, if such Compared Trade is a Repo Transaction, any Right of Substitution established by the parties) and their replacement with identical obligations to and from FICC in accordance with these Rules.

GSD Rule 11B, Section (b) describes the guaranty referred to in Section (a). Specifically, GSD Rule 11B, Section (b) states that this guaranty means FICC's obligation to include the trade in calculating a Net Settlement Position and to novate the deliver, receive, and payment obligations that were created by the trade pursuant to the GSD Rules. It also states that FICC's guaranty of settlement of an individual trade applies only to the settlement of the trade as it exists as part of a Net Settlement Position. FICC is proposing to remove GSD Rule 11B, Section (b) to enhance clarity and consistency. FICC believes this section is duplicative and that by using the defined terms Novation or Novate instead of Guaranty would enhance clarity and consistency.¹⁸ Novation is currently a defined term in GSD Rule 1 and means the termination of deliver, receive, and related payment obligations between Netting Members and the replacement of such obligations with identical obligations to and from FICC pursuant to Section 8 of Rule 5. In addition, GSD Rule 11 describes the Netting System and the establishment of Net Settlement Positions. Specifically, GSD Rule 11, Section 1 states that the Netting System is a system for aggregating and matching offsetting obligations from trades submitted by or on behalf of Netting

¹⁶ FICC is proposing to revise the definition of Novation to add Novate, as described above.

¹⁷ FICC is also proposing to remove the references to guaranty in GSD Rule 5, Section 8, as described further below.

¹⁸ FICC is also proposing to clarify the definition of "Novation" to include "Novate", as further described above.

Members in Eligible Netting Securities. GSD Rule 11, Section 3 describes the obligation to submit trades to FICC for comparison and netting. GSD Rule 11, Section 4 states that on each Business Day, for each Eligible Netting Security with a separate CUSIP number, with certain exceptions, FICC will establish a Net Settlement Position or Fail Net Settlement Position, as applicable.

GSD Rule 11B, Section (c) describes the circumstances when FICC's guaranty described in GSD Rule 11B, Sections (a) and (b) are no longer in effect. GSD Rule 11B, Section (c) states that the guaranty referred to in subsections (a) and (b) above shall no longer be in effect if the trade becomes uncomparated, is cancelled, or settles pursuant to the Rules. FICC is proposing to remove GSD Rule 11B, Section (c) to enhance clarity and consistency by using the terms Novation or Novate instead of Guaranty and FICC believes this section is duplicative. GSD Rule 5, Section 8(c) and (d) also describes what occurs when a trade becomes uncomparated or is cancelled pursuant to the GSD Rules.¹⁹

GSD Rule 11B, Section (d) describes the requirements that must be satisfied for FICC to guarantee the settlement of Same-Day Settling Trades. FICC is proposing to remove GSD Rule 11B, Section (d) to enhance clarity and consistency as FICC believes this section is duplicative. GSD Rule 5, Section 8(b) currently states that each Same-Day Settling Trade that becomes a Compared Trade and was entered into good faith will be novated to FICC. In addition, the eligibility for settlement of Same-Day Settling Trades is currently described in GSD Rule 12, Section 11(ii).

As described above, FICC believes removing GSD Rule 11B would enhance clarity and consistency as this rule describes FICC's guaranty of settlement and is duplicative, as described above. As such, FICC does not believe the proposed change to remove GSD Rule 11B would impact the rights and obligations of Members.

GSD Rule 3A, Section 2(i) currently states that any Sponsored Member Trades which have received FICC's guaranty of settlement and been novated to FICC shall continue to be processed and guaranteed by FICC. FICC proposes to revise GSD Rule 3A, Section 2(i) and Rule 3A, Section 16 to state any Sponsored Member Trades which have been Novated by FICC shall continue to be processed by FICC.

In addition, GSD Rule 3A, Section 7(a)(iv) states that FICC's guaranty of settlement shall apply to Sponsored Member Trades and such trades shall be novated in the same manner in which trades of Netting Members are novated and settlement is guaranteed pursuant to Section 8 of GSD Rule 5. FICC proposes to revise GSD Rule 3A, Section 7(a)(iv) to state that Sponsored Member Trades shall be Novated in the same manner in which trades of Netting Members are Novated pursuant to Section 8 of GSD Rule 5. FICC would also revise the title of GSD Rule 3A, Section 7 from "The Netting System, Novation and Guaranty of Settlement" to "The Netting System and Novation." GSD Rule 3A, Section 14(c) currently states that any Sponsored

¹⁹ FICC is also proposing to clarify the description of what occurs if a trade becomes uncomparated or is cancelled in GSD Rule 5, Section 8(c) pursuant to the GSD Rules, as further described below.

Member Trades which have received FICC's guaranty of settlement and been novated to FICC shall continue to be processed and guaranteed by FICC. FICC proposes to revise GSD Rule 3A, Section 14(c) to state any Sponsored Member Trades which have been Novated by FICC shall continue to be processed by FICC.

FICC also proposes to remove GSD Rule 3B, Section 12, which states that GSD Rule 11B (Guaranty of Settlement) shall apply to CCIT Transactions that are Compared Trades. FICC also proposes to revise GSD Rule 3B, Section 14(b) to remove the phrase "guaranteed and." As such, GSD Rule 3B, Section 14(b) would state that once FICC has ceased to act for a Netting Member with whom a CCIT Member traded pursuant to these GSD Rules, if any portions of such trades, as Novated pursuant to these GSD Rules, remain outstanding, then, if FICC determines, in its sole discretion, that the procedures below are necessary to address certain of FICC's liquidity needs, FICC may initiate transactions under the CCIT MRA as provided below.

FICC also proposes to remove the phrase "and guarantee the settlement of" from GSD Rule 21A(v).

In addition, FICC proposes to revise GSD Rule 5, Section 8. FICC would remove the phrase "and Guaranty" from the title of this section. FICC also proposes to remove the phrase "and the Corporation shall guarantee the settlement of each such Compared Trade" from GSD Rule 5, Sections 8(a) and 8(b).

Furthermore, FICC proposes to clarify GSD Rule 5, Section 8(b) by adding a proviso that was inadvertently omitted, so that it would state that each Same-Day Settling Trade that becomes a Compared Trade and was entered into in good faith shall be Novated to FICC at the time at which the comparison of such trade occurs pursuant to GSD Rules 6A or 6B, as applicable, provided the trade meets the requirements of Section 11(ii) of GSD Rule 12.

FICC would also revise GSD Rule 11, Section 14 to enhance clarity. Currently, GSD Rule 11, Section 14 states that FICC shall not guaranty fails charge proceeds in the event of a default (i.e., if the defaulting Member does not pay its fails charge, Members due to receive fails charge proceeds will have those proceeds reduced pro-rata by the defaulting Member's unpaid amount). FICC proposes to state that FICC shall not be under any obligation to pay fails charge proceeds in the event of a default (i.e., if the Defaulting Member does not pay its fails charge, Members due to receive fails charge proceeds will have those proceeds reduced pro-rata by the Defaulting Member's unpaid amount) to enhance clarity and accuracy.

7. Clarify Uncompared or Cancelled Trades

FICC proposes to clarify the descriptions of what occurs to trades that become uncompared or are cancelled in the GSD Rules.

GSD Rule 5, Section 8(c) currently states that if a trade becomes uncompared or is cancelled pursuant to these GSD Rules, the Novation and FICC's guaranty of settlement of such transaction shall be reversed, cancelling the deliver, receive, and related payment obligations between FICC and the applicable Netting Members, and, as applicable, CCIT Member (or Joint Account), created by such Novation. FICC proposes to revise this description in GSD Rule 5,

Section 8(c) to remove the description stating that Novation and guaranty of settlement will be reversed if a trade becomes uncomparared or cancelled pursuant to the GSD Rules. Specifically, FICC proposes to revise GSD Rule 5, Section 8(c) to state that if a trade becomes uncomparared or is cancelled pursuant to these GSD Rules, the deliver, receive, and related payment obligations between FICC and the Netting Members and, as applicable, CCIT Member (or Joint Account), created by the Novation of such trade shall be terminated and cancelled, and no amounts shall be owing between FICC and the Netting Members or CCIT Member (or Joint Account) on account of such trade. FICC believes the proposed changes would enhance accuracy as to what occurs if a trade becomes uncomparared or is cancelled pursuant to the GSD Rules, and thereby also enhance clarity. FICC is proposing changes to the description in the GSD Rules and is not proposing changes to what occurs if a trade becomes uncomparared or cancelled pursuant to the GSD Rules and as such, FICC does not believe that these proposed changes to GSD Rule 5, Section 8(c) would impact the rights and obligations of Members.

Similarly, FICC proposes to revise GSD Rule 12, Section 11(iii) to describe what occurs if a novated Same-Day Settling Trade becomes uncomparared or is cancelled to be consistent with the above-described proposed changes in GSD Rule 5, Section 8(c) to the description of what occurs if a trade becomes uncomparared or is cancelled pursuant to the GSD Rules. GSD Rule 12, Section 11(iii) currently states that if a novated Same-Day Settling Trade becomes uncomparared or is cancelled pursuant to these GSD Rules, the Novation and FICC's guaranty of settlement of such transaction shall no longer apply, cancelling the deliver, receive, and related payment obligations between FICC and the applicable Netting Members, created by such Novation. FICC proposes to revise GSD Rule 12, Section 11(iii) to state that if a Novated Same-Day Settling Trade becomes uncomparared and is cancelled pursuant to these GSD Rules, the deliver, receive, and related payment obligations between FICC and the Netting Members created by the Novation of such trade shall be terminated and cancelled, and no amounts shall be owing between FICC and the Netting Members on account of such trade. FICC believes having consistent descriptions of what occurs if a trade or Same-Day Settling Trade becomes uncomparared or cancelled pursuant to the GSD Rules would enhance clarity. FICC is proposing clarifications to the description in the GSD Rules and is not proposing changes to what occurs if a Same-Day Settling Trade becomes uncomparared or cancelled pursuant to the GSD Rules and as such, FICC does not believe that these proposed changes to GSD Rule 12, Section 11(iii) would impact the rights and obligations of Members.

8. Clarify Timing and Cumulative Effect of Presumptions

Current GSD Rule 10, Section 6 (which would be revised to Section 7 because FICC is proposing to add a new Section 6, as described below) states that notwithstanding anything to the contrary in this Rule, more than one presumption of a match of data may be used by FICC to generate a comparison of a trade. FICC would revise the first paragraph in this section to state that notwithstanding anything contrary in this Rule, FICC may apply more than one presumption of a match of data to generate a comparison of a trade. FICC believes this proposed change would enhance readability, and thereby enhance clarity and would not impact the rights and obligations of Members.

The second paragraph of this section of GSD Rule 10 states that FICC will provide Members with prior notice setting forth, with regard to each enhanced comparison process,

whether it will be performed in Real Time or at end of day. FICC proposes to remove this description and replace it with more specific language that describes which enhanced matching processes occur in Real Time and which occur at the end of day. FICC proposes to add a description stating that FICC would perform the enhanced comparison processes regarding the presumed match of data set forth in Sections 1, 2, 5 and 6 of GSD Rule 10 in Real Time, and that FICC would also perform the enhanced comparison processes regarding the presumed match of data set forth in Sections 1, 2, 3, 4, 5 and 6 of GSD Rule 10 at end of day, with the exception that, at end of day, Sections 4 and 5 would not apply to Repo Transactions. FICC believes these proposed changes that this additional specificity in the GSD Rules as to which enhanced matching processes occur at what times would enhance clarity and would not impact the rights and obligations of Members.

9. Clarify Substitutions of Collateral

In GSD Rule 20, Section 4, FICC proposes to clarify the descriptions relating to substitutions of collateral, which both state that all requests for substitutions must be made by the substitution deadline established by FICC and announced by to Members by Important Notice from time to time. FICC proposes to remove the last sentence from the first paragraph and the last sentence from the second paragraph, which each contains this description. FICC would add a new paragraph to GSD Rule 20, Section 4, which states that for the avoidance of doubt, Dealers will be able to substitute any previously described collateral during the day and until such time as their new Collateral Allocation Obligations for that day are fully satisfied and finalized with the GCF Clearing Agent Bank. FICC believes that these proposed changes would remove duplicative language and as such, would not impact the rights and obligations of Members.

10. Clarify Right of Substitution

Currently, GSD Rule 11, Section 6 states that notwithstanding anything to the contrary in the above paragraph, if a Right of Substitution was established by the parties to a Repo Transaction, such Right of Substitution shall continue, and be recognized by FICC, after the netting of obligations pursuant to the above paragraph. FICC proposes to revise GSD Rule 11, Section 6 to state that notwithstanding anything to the contrary in the above paragraph, a Right of Substitution applicable to a Repo Transaction that constitutes all or part of a Net Settlement Position shall be recognized by FICC pursuant to these Rules. Parties to a Repo Transaction may agree to a Right of Substitution in their bilateral agreements. However, because FICC is not a party to such agreements, and therefore does not have a view into what was agreed to in these bilateral agreements, FICC proposes to revise GSD Rule 11, Section 6 to clarify that FICC recognizes a Right of Substitution applicable to a Repo Transaction that constitutes all or part of a Net Settlement Position (rather than a Right of Substitution established by the parties to a Repo Transaction, which is how it is currently described in the GSD Rules), and such Right of Substitution would be recognized pursuant to the GSD Rules (rather than that the Right of Substitution was established by the parties to a Repo Transaction). FICC believes these proposed changes to the description of the Right of Substitution with respect to Repo Transactions that constitute all or part of a Net Settlement Position would enhance accuracy, and thereby enhance clarity and FICC is not proposing changes to the Right of Substitution. As such, FICC does not believe this proposed change would impact the rights and obligations of Members.

Furthermore, currently, GSD Rule 5, Section 8(e) states that if a Right of Substitution was established by the parties to a Repo Transaction, such Right of Substitution shall continue and be recognized by FICC after Novation. As such, FICC proposes to remove GSD Rule 5, Section 8(e) because the Right of Substitution would be described in GSD Rule 11, Section 6, as described above. FICC does not believe that this proposed change would impact the rights and obligations of Members.

In addition, FICC proposes to revise GSD Rule 14, Section 3. Currently, GSD Rule 14, Section 3 states that notwithstanding another to the contrary in the above paragraph, if a Right of Substitution was established by the parties to a Repo Transaction, such Right of Substitution shall continue, and be recognized by FICC, after the netting of obligations pursuant to the above paragraph. FICC would also revise GSD Rule 14, Section 3 to state that notwithstanding anything to the contrary in the above paragraph, a Right of Substitution applicable to a Repo Transaction that constitutes all or part of a Forward Net Settlement Position shall be recognized by FICC pursuant to these Rules. FICC would revise the description in GSD Rule 14, Section 3 to be consistent with the above-described proposed changes to GSD Rule 11, Section 6. FICC believes having consistent descriptions of the Right of Substitution applicable to Repo Transactions that constitute all or part of a Net Settlement Position (as described above) or Forward Net Settlement Position would enhance clarity. FICC is proposing clarifications to the description in the GSD Rules to enhance accuracy and clarity and is not proposing changes to the Right of Substitution and as such, FICC does not believe that these proposed changes to GSD Rule 14, Section 3 would impact the rights and obligations of Members.

FICC also proposes to clarify GSD Rule 18, Section 3(f), which currently states that FICC will have no obligation to ensure the acceptability to the Reverse Repo Party of any New Securities Collateral transferred pursuant to this section. FICC proposes to clarify this sentence by adding that FICC also will not record, authenticate or monitor the number of collateral substitutions performed in accordance with the Right of Substitution. FICC believes this additional detail would enhance clarity and describes what currently happens. As such, FICC does not believe that this proposed change to GSD Rule 18, Section 3(f) would impact the rights and obligations of Members.

11. Clarify Affiliated Members

FICC proposes to revise the description relating to Affiliated Members in GSD Rule 10, Section 3 to enhance clarity and readability.

GSD Rule 10, Section 3 describes a situation in which a Member submits data on one side of a trade against an incorrect counterparty that would have been compared had it been submitted against the correct counterparty, and these two counterparties are Affiliates and Members of GSD. A Member submits data against the identifying numbers of its counterparty. For example, assume Member 2 and Member 3 are Affiliates and both are Members of GSD. Also, assume that Member 1 submitted data on a side of trade against Member 2 (the incorrect counterparty to the trade) and Member 3 submitted against Member 1. These trades would not compare because the counterparties do not match. Member 1 should have submitted the trade against Member 3 (the correct counterparty to the trade). However, if Member 2 and Member 3 have notified FICC that they are Affiliates and that they each wish to be presumed to be the

correct contraparty to the side of the trade, then FICC has the discretion to compare the trade based on Member 1's correct contraparty being Member 3.

Currently, GSD Rule 10, Section 3 states that if data on a side of a trade submitted by a Member (hereinafter, the "First Member") against another Member (hereinafter, the "Non-Contraparty Affiliated Member") do not compare as submitted, but would compare if matched against data submitted by a third member that is an Affiliate of the Non-Contraparty Affiliated Member (hereinafter, the "Contraparty Affiliated Member"), FICC may, in its discretion, if it has received notice from the Non-Contraparty Affiliated Member and the Contraparty Affiliated Member, in a form and manner satisfactory to FICC (which notice may vary on a product-by-product basis), stating that they are Affiliates and that each wishes to be presumed to be the correct counterparty to a side of a trade submitted with an indication that the other is the contraparty, if this would allow the data on the trade to match, compare the trade based on the first Member's correct contraparty being the Contraparty Affiliated Member.

FICC proposes to remove the current description in GSD Rule 10, Section 3 and replace it with a clearer description. FICC would state that Members that are Affiliates may submit written authorization to FICC stating that each Affiliate wishes to be presumed to be the correct contra-party to a side of a trade, if this presumption would allow the data on a trade that has differing contra member identifying numbers to match. Such written authorization must be in a form and manner satisfactory to FICC and may vary on a product-by-product basis. If a trade between two contra-parties (hereinafter, the "First Member" and "Second Member") submitted to FICC does not match because the First Member submitted the contra member identifying number of the Second Member's Affiliate instead of the Second Member, FICC shall compare the trade based on the Second Member's trade submission as if the First Member submitted the contra member identifying number of the Second Member and FICC has received the written authorization referred to in this paragraph from the Second Member and the Second Member's Affiliate.

As described above, to enhance clarity, FICC proposing to revise the current description in GSD Rule 10, Section 3 of what occurs when a Member submits data on one side of a trade against an incorrect contraparty that would have been compared had it been submitted against the correct contraparty, and these two counterparties are Affiliates and Members of GSD; FICC is not proposing changes to the process. As such, FICC does not believe these proposed changes would impact the rights and obligations of Members.

12. Clarify Pricing Rate

Currently, GSD Rule 3B, Section 14(a)(xii) states that the Pricing Rate (as defined in the CCIT MRA) in respect of each Transaction shall be the rate published on FICC's website at the time FICC initiates such Transaction, corresponding to: (A) U.S. Treasury < 30-year maturity (CUSIP: 371487AE9) if the Purchased Securities under such Transaction are U.S. Treasury bills, notes or bonds, (B) Non-Mortgage Backed U.S. Agency Securities (CUSIP: 371487AH2) if the Purchased Securities under such Transaction are non-mortgage-backed U.S. agency securities or (C) Fannie Mae, Freddie Mac, and UMBS Fixed Rate MBS (CUSIP: 371487AL3) if the Purchased Securities under such Transaction are mortgage-backed securities, or if the relevant foregoing rate is unavailable, a rate that FICC reasonably determines approximates the

average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction.

FICC proposes to revise GSD Rule 3B, Section 14(a)(xii) to remove the specific references to the General CUSIP Numbers and the related descriptions listed in subsections (A), (B), and (C). Specifically, FICC proposes to revise this section to state that the Pricing Rate (as defined in the CCIT MRA) in respect of each Transaction shall be the rate that FICC reasonably determines approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction. There may be changes in the market that may affect the rates that correspond to the specific Generic CUSIP Numbers that are currently listed in the GSD Rules. As such, these proposed changes would provide FICC with more flexibility to respond more quickly to changes in the market without a rule filing and better enable FICC to use rates that are current and reflect the market while at the same time, ensuring that the GSD Rules remain accurate. FICC does not believe this proposed change would impact the rights and obligations of Members because the GSD Rules currently provide that if the rates are unavailable, then the Pricing Rate will be a rate that FICC reasonably determines approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction. As such, the GSD Rules currently enable FICC to select rates that approximate the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction.

13. Clarify References to Treasury Department Regulations

GSD Rule 6C, Section 8 states that in its sole discretion, FICC may decline to accept from a Locked-In Trade Source data on the Locked-In Trades of a particular Member or Members, including Netting-Eligible Auction Purchases (subject to terms and conditions agreed to by FICC and the Treasury Department regarding Netting-Eligible Auction Purchases).

GSD Rule 6C, Section 11 states that FICC has the authority, in order to correct or avoid an error, to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase (subject to terms and conditions agreed to by FICC and the Treasury Department regarding Auction Purchases). This section also states that in the event a security auctioned in a Treasury Department auction is not issued, FICC will have the authority to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase involving that security (subject to terms and conditions agreed to by FICC and the Treasury Department regarding Auction Purchases).

FICC proposes to clarify the above-described references in GSD Rule 6C, Sections 8 and 11 from the terms and conditions agreed to by FICC and the Treasury Department regarding Netting-Eligible Auction Purchases or Auction Purchases (as applicable) to the applicable Treasury Department regulations regarding Netting-Eligible Auction Purchases. FICC would revise these references because FICC believes it is more accurate to state that the applicable Treasury Department regulations govern the Netting-Eligible Auction Purchases rather than describing it as the terms and conditions agreed to by FICC and the Treasury Department. FICC and the Treasury Department do not have a separate agreement with terms and conditions regarding Auction Purchases. As such, FICC believes these proposed changes to reference the applicable Treasury Department regulations regarding Netting-Eligible Auction Purchases instead of the terms and conditions agreed to by FICC and the Treasury Department regarding

Auction Purchases would enhance accuracy, and thereby enhance clarity. FICC does not believe that these proposed clarifications would impact the rights and obligations of Members.

14. Clarify References to Federal Reserve Banks Operating Circulars

FICC proposes to revise the Interpretive Guidance with Respect to Settlement Finality in the GSD Rules and MBSD Rules to allow this guidance to remain accurate, current and aligned with any future revisions to the Federal Reserve Banks Operating Circulars (“Operating Circulars”).

Currently, the Interpretive Guidance with Respect to Settlement Finality in the GSD Rules and MBSD Rules (i) reference specific sections in the Operating Circulars, (ii) refer to specific dates of certain Operating Circulars, and (iii) include direct quotations from the Operating Circulars, including specific text and defined terms.

FICC proposes to revise this guidance to be more general by removing specific section references to the Operating Circulars and replacing those references with more general descriptions of the subjects covered in such sections of the Operating Circulars in the event the specific section references change when the Operating Circulars are updated or revised. FICC would also remove references to specific dates of the Operating Circulars and replace them with references to the Operating Circulars “as promulgated from time to time by the FRB.”

In addition, FICC proposes to remove specific quotations of text and defined terms. FICC would replace the direct quotations of defined terms with cross-references to the relevant Operating Circulars. FICC also proposes to remove the dates at the end of the Interpretive Guidance with Respect to Settlement Finality in the GSD Rules and MBSD Rules.

FICC believes that these proposed changes would enhance accuracy by allowing the GSD Rules and MBSD Rules to remain accurate, current and aligned following any revisions to the Operating Circulars, and thereby enhance clarity. FICC does not believe these proposed clarifications would impact the rights and obligations of Members.

15. Clarify Uses of Terms “Written Notice” and “Notice”

FICC proposes to clarify that “written notice” in the definition of GCF-Authorized Inter-Dealer Broker in GSD Rule 1 and “notice” in GSD Rule 3B, Section 6 both refer to Important Notices, which are posted to the DTCC website. FICC believes revising this reference from written notice and notice to the issuance of an Important Notice would enhance clarity because the proposed changes provide additional specificity. FICC does not believe that this proposed clarification would impact the rights and obligations of Members.

16. Clarify Definition of Settlement Agent

FICC would clarify the definition of Settlement Agent in GSD Rule 1 and MBSD Rule 1 by adding a parenthetical stating “and as referenced in the Federal Reserve Banks Operating Circular 12.” As such, because the parenthetical would be added to the definition of “Settlement Agent” in the GSD Rules and MBSD Rules, FICC also proposes to remove from GSD Rule 13, Section 5(g) and MBSD Rule 11, Section 9(g), the parenthetical stating “as that term is used in

the relevant FRB's Operating Circular 12 and in these Rules" that currently follows the references to Settlement Agent.

FICC believes it would enhance clarity to add the parenthetical to the definition of Settlement Agent and this proposed change would not impact the rights and obligations of Members.

17. Clarify Money Tolerances

Currently, the GSD Rules contain a Schedule of Money Tolerances, which lists the Money Tolerances that have been established by FICC.²⁰ FICC proposes to add a new Section 6 to GSD Rule 10, titled "Money Tolerances." FICC would state in this new section that if the data of a Required Match Data item on a trade do not compare because the dollar amount(s) submitted by two Members differs, FICC will compare the trade if the difference in the Required Match Data item is within the tolerance specifications set by FICC in the Schedule of Money Tolerances.

FICC believes adding this section in GSD Rule 10 that cross-references the current Schedule of Money Tolerances would enhance clarity with respect to the current practice regarding the comparison of a trade where there are differences in the dollar amount(s) submitted by two Members. As such, FICC does not believe this proposed clarification would impact the rights and obligations of Members.

18. Clarify GSD Rule 11, Section 12

In GSD Rule 11, Section 12, FICC proposes to delete the sentence stating that Netting Members shall inform FICC promptly after the occurrence of any event specified earlier in that Section 12 and revise the first sentence to state that each Netting Member shall be obligated to inform FICC promptly if any referenced events were to occur. FICC believes this proposed change would enhance clarity with respect to Netting Members' requirement to promptly notify FICC in these circumstances by moving the description of that requirement to the beginning of the section rather than at the end. As such, FICC does not believe this proposed clarification would impact the rights and obligations of Members.

19. Clarify GSD Rule 5, Section 6

Currently GSD Rule 5, Section 6 states that, except as otherwise provided in GSD Rule 10, any confirmations, comparison or other documentary evidence of any such Compared Trade, other than the comparison generated by FICC shall not affect the existence or terms and conditions of such a valid, binding and enforceable contract in respect of such Compared Trade.

FICC proposes to clarify GSD Rule 5, Section 6 by removing the phrase "[e]xcept as otherwise provided in Rule 10," and instead restating the referenced language in GSD Rule 5, Section 6. Specifically, FICC proposes to add to GSD Rule 5, Section 6 that, notwithstanding the previous sentence, the comparison by FICC of a trade involving unmatched commission

²⁰ The term "Money Tolerance" is defined in GSD Rule 1, supra note 1.

amounts pursuant to the GSD Rules, while evidencing a valid, binding and enforceable contract between the parties to the trade to the same degree as if the commission amounts matched shall not constitute a final, binding determination by FICC as to the correct commission amount owing on such trade. The Broker that submitted data on such trade shall have an ongoing obligation to the Dealer that submitted data on such trade to respond promptly to such Dealer's commission difference inquiries, and to act in good faith to promptly resolve any such alleged differences.

FICC believes this proposed change would enhance readability, and thereby enhance clarity and would not impact the rights and obligations of Members.

20. Clarify Indemnification Provisions

FICC proposes to clarify the indemnification provisions in connection with an FFI Member failing to be FATCA Compliant in the GSD Rules and the MBSD Rules. These indemnification provisions are described in the provisions relating to the membership application and the provisions relating to the ongoing membership requirements in the GSD Rules and MBSD Rules. GSD Rule 3 describes the ongoing membership requirements. Specifically, current GSD Rule 3, Section 9(iii) states that an FFI Member agrees to indemnify FICC, its affiliates, and each of their respective shareholders, directors, officers, employees, agents and advisors (each, an "Indemnified Person") for any loss, liability or expense sustained by the Indemnified Party as a result of such FFI Member failing to be FATCA Compliant.

GSD Rule 2A, MBSD Rule 2A and GSD Rule 3B, Section 3 describe the membership application requirements. GSD Rule 2A, Section 2(a)(v) and MBSD Rule 2A, Section 1 currently state that in addition, as part of its membership application, each applicant that shall be an FFI Member must agree that it shall indemnify FICC for any loss, liability or expense sustained by FICC as a result of its failing to be FATCA Compliant. Similarly, GSD Rule 3B, Section 3(c)(i) states that in addition, as part of its membership application, such applicant must agree that it shall indemnify FICC for any loss, liability or expense sustained by FICC as a result of the applicant failing to be FATCA Compliant.

The indemnification in connection with an FFI Member failing to be FATCA Compliant is also described in the ongoing membership requirements in the GSD Rules and the MBSD Rules. Specifically, MBSD Rule 3, Section 8(iii) currently states that an FFI Member will indemnify FICC for any loss, liability or expense sustained by FICC as a result of such FFI Member failing to be FATCA Compliant. In addition, GSD Rule 3B, Section 5(j)(iii) currently states that a CCIT Member that is an FFI Member shall indemnify FICC for any loss, liability or expense sustained by FICC as a result of such CCIT Member failing to be FATCA Compliant.

In order to enhance consistency, and thereby enhance clarity, FICC proposes to revise the indemnification provisions in connection with an FFI Member failing to be FATCA Compliant described in GSD Rule 2A, Section 2(a)(v), MBSD Rule 2A, Section 1, GSD Rule 3B, Section 3(c)(i), MBSD Rule 3, Section 8(iii), and GSD Rule 3B, Section 5(j)(iii) to align with the current indemnification provision in connection with an FFI Member failing to be FATCA Compliant described in current GSD Rule 3, Section 9(iii). Specifically, FICC proposes to revise GSD Rule 2A, Section 2(a)(v) and MBSD Rule 2A, Section 1 to state that in addition, as part of its membership application, each applicant that shall be an FFI Member agrees to indemnify each

Indemnified Person for any loss, liability or expense sustained by the Indemnified Person as a result of its failing to be FATCA Compliant.

Similarly, FICC proposes to revise the indemnification provision in connection with an FFI Member failing to be FATCA Compliant in MBSD Rule 3, Section 8(iii) to align with the current indemnification provision in connection with an FFI Member failing to be FATCA Compliant described in current GSD Rule 3, Section 9(iii). Specifically, FICC also proposes to revise MBSD Rule 3, Section 8(iii) to state that an FFI Member agrees to indemnify FICC, its affiliates, and each of their respective shareholders, directors, officers, employees, agents and advisors (each, an “Indemnified Person”) for any loss, liability or expense sustained by the Indemnified Person as a result of such FFI Member failing to be FATCA Compliant. FICC also proposes to revise GSD Rule 3B, Section 5(j)(iii) to state that a CCIT Member that is an FFI Member shall indemnify each Indemnified Person for any loss, liability or expense sustained by the Indemnified Person as a result of such CCIT Member failing to be FATCA Compliant.

Furthermore, FICC proposes to add Indemnified Person as a new defined term to MBSD Rule 1 as a conforming change. Indemnified Person would have the meaning given to that term in Section 8 of MBSD Rule 3. This proposed change would also be consistent with the GSD Rules, which also lists Indemnified Person as a defined term in GSD Rule 1.

FICC believes that the above-described proposed changes would enhance clarity by having consistent indemnification provisions in connection with an FFI Member failing to be FATCA Compliant in the MBSD Rules and GSD Rules, and the above-described proposed changes would align the indemnification described in GSD Rule 2A, Section 2(a)(v), MBSD Rule 2A, Section 1, GSD Rule 3B, Section 3(c)(i), MBSD Rule 3, Section 8(iii), and GSD Rule 3B, Section 5(j)(iii) with the current indemnification described in GSD Rule 3, Section 9(iii). FICC also believes it would enhance clarity to list Indemnified Person as a new defined term in MBSD Rule 1 and would be consistent with the GSD Rules, as described above. FICC does not believe these proposed changes to the indemnification provisions for FFI Members failing to be FATCA Compliant in the GSD Rules and MBSD Rules described above would have an impact on the rights and obligations of Members because these indemnification provisions describe the costs of non-compliance and FICC’s position has always been that the costs of non-compliance would be imposed on the FFI Members that fail to be FATCA Compliant.²¹ FICC also does not believe that the related proposed change to add Indemnified Person as a new defined term in MBSD Rule 1 would impact the rights and obligations of Members because it is a conforming change.

21. Clarify Timeframes and the Schedule of Timeframes

In GSD Rule 5, Section 5, FICC proposes to revise the reference from time schedules to timeframes to enhance consistency, and thereby clarity.

²¹ Securities Exchange Act Release No. 69740 (June 12, 2013), 78 FR 36608 (June 18, 2013) (SR-FICC-2013-04).

In addition, currently, GSD Rule 11, Section 4 states that all Net Settlement Positions will be reported, by CUSIP Number, by FICC in a Report issued and made available during the morning of each Business Day to each Netting Member. FICC proposes to revise this sentence to refer to the Schedule of Timeframes and to remove the phrase “during the morning of each Business Day.”

Similarly, GSD Rule 14, Section 2 states that each Forward Net Settlement Position of a Netting Member will be reported, by CUSIP Number, by FICC in a Report issued and made available during the morning of each Business Day during the Forward Period applicable to such Position to such Member. FICC proposes to remove the phrase “and made available during the morning of” and instead, replace it with the phrase “by the time stated in the Schedule of Timeframes for.”

FICC believes these proposed changes would enhance clarity by removing more general references to time and directing members to refer to the Schedule of Timeframes, which contains specific timeframes. FICC does not believe that these proposed clarifications would impact the rights and obligations of Members because the Schedule of Timeframes currently sets forth specific timeframes.

22. Clarify References to the Fine Schedule

In GSD Rule 3B, Section 5(f), FICC proposes to clarify that Members should refer to the Fine Schedule in the GSD Rules for the dollar amount of the fine by deleting the reference to \$1,000 and adding that the fine is pursuant to the applicable Fine Schedule in the GSD Rules. FICC believes this proposed change would enhance clarity by removing a duplicative reference to the amount of the fine and directing Members to refer to applicable Fine Schedule, which currently lists the amount of the fines. FICC does not believe that this proposed clarification would impact the rights and obligations of Members because this proposed change does not change the amount of the fines.

23. Other Clarifications to Schedules in the GSD Rules

Proposed Changes to Titles of Certain Schedules

FICC proposes to clarify the following titles of certain schedules in the GSD Rules and make related changes, as described below.

First, FICC proposes to revise the title from “Schedule of Required and Accepted Data Submission Items for a Substitution” to “Schedule of Required and Accepted Data Submission Items for a Substitution of Existing Securities Collateral.” This schedule sets forth the data items that are required to be received by FICC for FICC to process a substitution of Existing Securities Collateral. Furthermore, FICC would make a conforming change to revise the reference to this schedule in GSD Rule 18, Section 3 from “Schedule of Required and Accepted Data Submission Items for a Substitution” to “Schedule of Required and Accepted Data Submission Items for a Substitution of Existing Securities Collateral.” FICC believes adding “of Existing Collateral” to the end of the title “Schedule of Required and Accepted Data Submission Items for a Substitution” would enhance clarity by adding more specificity to the title. Furthermore, FICC believes that making conforming changes to the current references to this schedule in the GSD

Rules would enhance consistency and therefore, also enhance clarity. FICC does not believe these proposed clarifications would impact the rights and obligations of Members.

Second, FICC would also revise the title of another schedule from “Schedule of Required and Accepted Data Submission Items for New Securities Collateral” to “Schedule of Required and Accepted Data Submission Items for a Substitution for New Securities Collateral.” FICC believes that adding “for a Substitution” in the current title “Schedule of Required and Accepted Data Submission Items for New Securities Collateral” would enhance clarity by adding more specificity to the title. FICC does not believe this proposed clarification would impact the rights and obligations of Members.

Proposed Changes to Descriptions in Certain Schedules

FICC also proposes to clarify the following descriptions in certain schedules in the GSD Rules.

In the Schedule of Required Match Data, FICC proposes to change Contra Member identifying information to Contra Member identifying number to enhance accuracy, and thereby enhance clarity. FICC believes it is more accurate to describe this data item using the word “number” rather than “information.”

In the Schedule of Required Data Submission Items, FICC proposes to add a description for Trade Date, stating that the date on which the trade was executed must be submitted in this field. FICC believes this additional detail regarding the meaning of Trade date would enhance clarity by adding more specificity.

In the Schedule of Required and Accepted Data Submission Items for New Securities Collateral, FICC proposes to clarify the first paragraph by revising “it” to “the Corporation.” FICC believes this proposed change would add more specificity, and thereby enhance clarity.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC proposes to remove (i) Role – Reserved for future use and (ii) Transaction – Reserved for future use.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC also proposes to revise the descriptions from (i) Participant number of the GCF Counterparty from whom the Broker is reversing in securities, and (ii) Participant number of the GCF Counterparty to whom the Broker is repoing out securities to (i) Member identifying number of the GCF Counterparty from whom the Broker is reversing in securities and (ii) Member identifying number of the GCF Counterparty to whom the Broker is repoing out securities, respectively. FICC believes it is more accurate to use “Member” rather than “Participant” in these descriptions.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC also proposes to revise (i) Participant ID to Member ID and (ii) Participant Name to Member Name.

In the Schedule of Money Tolerances, FICC proposes to clarify the current description of the settlement amount in Item 2 by revising it to state that it is \$40 per \$1 million for buy-sell transactions (in connection with FICC's presumption of a match of data pursuant to GSD Rule 10). FICC is proposing to clarify this sentence to specifically state that it applies to buy-sell transactions rather than stating what it does not apply to (i.e., it does not apply to Repo Transactions). Furthermore, this proposed clarification aligns the wording in this Item 2 with the description in Item 1 of the Schedule of Money Tolerances, which describes the settlement amount for repo transactions and the settlement amount for buy-sell transactions. FICC would also move the parenthetical describing that this is in connection with FICC's presumption of match data pursuant to GSD Rule 10 to the end of the sentence. These proposed changes would not be a change from FICC's current process and are only clarifications, so FICC does not believe this would impact the rights and obligations of Members.

24. Remove List of Designated Locked-In Trade Sources

FICC proposes to remove the list of Designated Locked-In Trade Sources in the GSD Rules, which currently lists (i) Federal Reserve Banks, as fiscal agents of the United States; (ii) GCF-Authorized Inter-Dealer Brokers (for GCF Repo Transactions); and (iii) The Treasury Department. "Locked-In Trade Source" is currently defined in GSD Rule 1 as a source of data on Locked-In Trades that FICC has so designated, subject to such terms and conditions as to which the Locked-In Trade Source and FICC may agree. As such, FICC believes that the list of Designated Locked-In Trade Sources can be listed in a separate document rather than the GSD Rules. This would provide FICC with more flexibility to update the list of designated Locked-In Trade Sources from time to time without a rule filing. FICC does not believe this proposed change would impact the rights and obligations of Members because the list of Designated Locked-In Trade Sources would still be listed in a separate document and available to Members.

25. Clarify Rules Through Uses of Defined Terms

Proposed Changes to Replace "Position" and "position" with Defined Terms

FICC proposes to clarify certain references to "Position" and "position" in the GSD Rules by replacing these references with the specific defined term, as further described below. "Position" and "position" are currently used in certain descriptions in the GSD Rules as a shorthand for the defined term. However, FICC believes it would be more accurate to use the defined term in these descriptions and is proposing to replace these references with the defined term. For example, the current definition of Collateral Mark in GSD Rule 1 states that the term "Collateral Mark" means, as regards a Forward Net Settlement Position, the sum of all Collateral Marks on each of the Forward Trades that compose such Position. FICC would revise this reference from "Position" to "Forward Net Settlement Position." FICC believes these proposed changes to use the full defined term instead of a shorthand version would add more specificity, and thereby would enhance clarity. FICC does not believe these proposed changes to add more specificity would impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes in the GSD Rules:

- In the definition of Collateral Mark in GSD Rule 1, FICC would revise Position to Forward Net Settlement Position.
- In the definition of Credit Transaction Adjustment Payment in GSD Rule 1, FICC would revise the first reference to Position to Net Long Position and the second reference to Net Short Position.
- In the definition of Debit Transaction Adjustment Payment in GSD Rule 1, FICC would revise the first reference to Position to Net Long Position and the second reference to Net Short Position.
- In the definition of Financing Mark in GSD Rule 1, FICC would revise position to Forward Net Settlement Position.
- In the definition of Forward Mark Adjustment Payment in GSD Rule 1, FICC would revise Position to Forward Net Settlement Position.
- In the definition of Forward Net Settlement Position in GSD Rule 1, FICC would revise Positions to Forward Net Settlement Positions.
- In the definition of Forward Period in GSD Rule 1, FICC would revise Positions to Forward Net Settlement Positions.
- In the definition of GCF Forward Starting Interest Rate Mark in GSD Rule 1, FICC would revise position to Forward Net Settlement Position.
- In the definition of GCF Interest Rate Mark in GSD Rule 1, FICC would revise position to GCF Net Settlement Position.
- In the definition of Interest Rate Mark in GSD Rule 1, FICC would revise position to Forward Net Settlement Position.
- In the definition of Maturity Value in GSD Rule 1, FICC would revise Position to Net Settlement Position.
- In the definition of Net Long Position in GSD Rule 1, FICC would revise Position to Net Long Position.
- In the definition of Net Short Position in GSD Rule 1, FICC would revise Position to Net Short Position.
- In the definition of Redemption Adjustment Payment in GSD Rule 1, FICC would revise position to Net Settlement Position.
- In the definition of Redemption Value in GSD Rule 1, FICC would revise position to Net Settlement Position.

- In the definition of System Value in GSD Rule 1, FICC would revise Position to Net Settlement Position.
- In GSD Rule 11, Section 6, FICC would revise Positions to Net Settlement Positions.
- In the second paragraph of GSD Rule 11, Section 8, FICC would revise Position to Net Long Position.
- In GSD Rule 12, Section 5, FICC would revise Positions to Net Long Positions.
- In GSD Rule 12, Section 7, FICC would revise Position to Net Long Position.
- In GSD Rule 13, Section 1(h), FICC would revise position to Net Settlement Position.
- In GSD Rule 14, Section 2, FICC would revise Position to Forward Net Settlement Position, and Positions to Forward Net Settlement Positions.
- In the first paragraph of GSD Rule 14, Section 3, FICC would revise Position to Forward Net Settlement Position, and Positions to Forward Net Settlement Positions.
- In the first paragraph of GSD Rule 20, Section 3, FICC would revise the first reference to Position to GCF Net Funds Borrower Position and would revise the second reference to Position to GCF Net Funds Lender Position.
- In the second paragraph of GSD Rule 20, Section 3, FICC would revise Position to GCF Net Funds Borrower Position.
- In GSD Rule 20, Section 5, FICC would revise Positions to GCF Net Settlement Positions.
- In GSD Rule 22A, Section 2(b), FICC would revise Positions to Final Net Settlement Positions.

Proposed Changes to Replace “Repo Transaction” with Defined Term

FICC also proposes to clarify certain references from “Repo Transaction” in the GSD Rules by replacing these references with the specific defined term, “GCF Repo Transaction,” as further described below. “Repo Transaction” is currently used in the definitions of GCF Forward Starting Interest Rate Mark and GCF Interest Rate Mark. Because these two definitions are with respect to the marks for GCF Repo Transactions only, FICC believes it would enhance accuracy to revise the references in these definitions from “Repo Transactions” to “GCF Repo Transactions.” FICC does not believe these proposed changes would impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes:

- In the definition of GCF Forward Starting Interest Rate Mark in GSD Rule 1, FICC proposes to revise the references from Repo Transaction to GCF Repo Transaction, and from Repo Transaction's to GCF Repo Transaction's.
- In the definition of GCF Interest Rate Mark in GSD Rule 1, FICC proposes to revise the references from Repo Transaction to GCF Repo Transaction, and from Repo Transaction's to GCF Repo Transaction's.

Proposed Changes to Replace "Transaction" with Defined Terms

FICC also proposes to clarify certain references to "Transaction" in the GSD Rules by replacing these references with the specific defined term, as further described below. For example, current GSD Rule 6C, Section 2 states that with regard to GCF Repo Transactions, FICC shall not accept data from a GCF-Authorized Inter-Dealer Broker regarding any such Transaction unless FICC previously has received authorization to do so from each of the two GCF Counterparties to the GCF-Authorized Inter-Dealer Broker on such Transaction. FICC is proposing to revise GSD Rule 6C, Section 2 to state that with regard to GCF Repo Transactions, FICC shall not accept data from a GCF-Authorized Inter-Dealer Broker regarding any such GCF Repo Transaction unless FICC previously has received authorization to do so from each of the two GCF Counterparties to the GCF-Authorized Inter-Dealer Broker on such GCF Repo Transaction. FICC believes that these proposed changes would add enhance clarity by adding more specificity and would not impact the rights and obligations of Members.

Specifically, FICC is proposing to make the following changes:

- In the definition of Market Value in GSD Rule 1, FICC would revise Transaction to GCF Repo Transaction.
- In the definition of Redemption Adjustment Payment in GSD Rule 1, FICC would revise Transaction to Repo Transaction.
- In the second sentence of the definition of Start Leg in GSD Rule 1, FICC would revise Transaction to GCF Repo Transaction.
- In GSD Rule 13, Section 1(h), FICC would revise Transaction to Repo Transaction.
- In GSD Rule 6C, Sections 2, 5, and 12, FICC would revise Transaction to GCF Repo Transaction.
- In GSD Rule 6C, Section 12, FICC would revise Repo Transaction to GCF Repo Transaction, and Repo Transactions to GCF Repo Transactions.
- In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC would revise Transaction to GCF Repo Transaction in the first paragraph.

- In the (i) Schedule of Required and Accepted Data Submission Items for New Securities Collateral and (ii) Schedule of Required and Accepted Data Submission Items for a Substitution, FICC would revise the references from Transaction to Repo Transaction.

Proposed Changes to Replace “Obligation” and “obligation” with Defined Terms

FICC also proposes to clarify certain references to “Obligation” and “obligation” in the GSD Rules by replacing these references with the specific defined term, as further described below. For example, currently, Maturity Value in GSD Rule 1 means, as regards a Net Settlement Position, Deliver Obligation, the Redemption Value of the Eligible Netting Securities that comprise such Position or Obligation. FICC would revise this definition to state that, as regards a Net Settlement Position, Deliver Obligation, the Redemption Value of the Eligible Netting Securities that comprise such Net Settlement Position or Deliver Obligation. FICC believes that these proposed changes would add enhance clarity by adding more specificity and would not impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes:

- In the definition of Maturity Value in GSD Rule 1, FICC would revise Obligation to Deliver Obligation.
- In the definition of Redemption Value in GSD Rule 1, FICC would revise the reference from obligation to Deliver Obligation.
- In the definition of System Value in GSD Rule 1, FICC would revise the reference from Obligation to Deliver Obligation and Receive Obligation.
- In GSD Rule 11, Section 6, FICC would revise the reference from Obligations to Deliver Obligations.
- In GSD Rule 20, Section 3, FICC would revise the references from Obligation to Collateral Allocation Obligation, and Obligations to Collateral Allocation Obligations.
- In GSD Rule 20, Section 5, FICC would revise Obligations to Collateral Allocation Obligations.
- In GSD Rule 22A, Section 2(b), FICC would revise outstanding deliver and receive obligations to outstanding Deliver Obligations and Receive Obligations.

Proposed Changes to Replace Certain References related Collateral, Allocations of Collateral and Entitlements with Respect to Collateral with Specific Defined Terms

FICC also proposes to clarify certain references related to Collateral Allocation Obligations with the specific defined term, as further described below. FICC believes these proposed changes would enhance accuracy by adding more specificity and would not impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes:

- In GSD Rule 20, Section 3, FICC proposes to revise the reference from allocation to Collateral Allocation Obligation.
- In the definition of System Value in GSD Rule 1, FICC proposes to revise the reference from Collateral to Existing Securities Collateral and New Securities Collateral.
- In GSD Rule 20, Section 5, FICC would revise Entitlements to Collateral Allocation Entitlements.

26. Other Clarifications

FICC proposes to make certain other clarifications to enhance accuracy and clarity, as further described below.

In GSD Rule 3B, Section 13(b), FICC would revise the references from “components” to “payments and marks” when referring to the items that comprise the Funds-Only Settlement Amount that are listed in GSD Rule 13, Section 1 to enhance accuracy and clarity. Currently, GSD Rule 3B, Section 13(b) states that the following components of Section 1 of GSD Rule 13 will apply to Netting Members with respect to CCIT Transactions (such components will apply as they apply to GCF Repo Transactions except as noted below). FICC would revise GSD Rule 3B, Section 13(b) to state that the following payments and marks of Section 1 of GSD Rule 13 will apply to Netting Members with respect to CCIT Transactions (such payments and marks will apply as they apply to GCF Repo Transactions except as noted below). FICC believes it would enhance accuracy to describe these as payments and marks because the Funds-Only Settlement Amount is comprised of items such as the Credit Transaction Adjustment Payment and the Credit Fail Mark Adjustment Payment. These proposed changes to GSD Rule 3B would not change the substance of this rule and as such, FICC does not believe that these proposed changes would impact the rights and obligations of Members.

In GSD Rule 3B, Section 11(a)(iv), FICC would clarify the phrase “GCF Repo Service Generic CUSIP Number” by revising it to state “Generic CUSIP Number approved for the GCF Repo Service.” Because GCF Service Generic CUSIP Number is not a defined term, FICC believes this proposed change to use the defined terms “Generic CUSIP Number” and “GCF Repo Service” would enhance clarity and accuracy. This proposed change would not change the substance of this rule and as such, FICC does not believe that this proposed change would impact the rights and obligations of Members.

In GSD Rule 5, Section 1, FICC would remove “comparison requested” and make conforming changes to remove the parentheses in Item 3 of this section. FICC would also clarify in Item 3 that a comparison is requested with regard to an advisory. As such, GSD Rule 5, Section 1 would state that as trade data are submitted to FICC, FICC will generate output indicating that such trade data: (1) is compared, (2) is uncomparing, (3) comparison is requested with regard to an advisory and/or (4) has been deleted from the Comparison System. FICC is proposing to make this Item 3 more descriptive of the process that occurs when Member 1

submits a trade against Member 2. Specifically, when Member 1 submits a trade against Member 2, Member 2 sees an advisory. As such, this proposed change is a clarification and would not change the substance of the Rule and therefore, FICC does not believe that this proposed change would impact the rights and obligations of Members.

In GSD Rule 11, Section 14, FICC would revise “Government Securities Division’s services” to “Corporation’s services.” This proposed change to use the defined term for Fixed Income Clearing Corporation, the owner of the Government Securities Division would not change the substance of this rule and as such, FICC does not believe that this proposed change would impact the rights and obligations of Members.

In GSD Rule 29, Section (f), FICC is proposing to revise the references from “the Securities Industry and Financial Markets Association” and “The Securities Industry and Financial Markets Association” to “SIFMA” to reflect the proposed defined term. This proposed change to use the proposed defined term for the Securities Industry and Financial Markets Association would not change the substance of this rule and as such, FICC does not believe that this proposed change would impact the rights and obligations of Members.

C. Technical Changes

FICC is also proposing to make technical changes to the Rules, which include correcting typographical errors, grammar, and making conforming changes, as set forth in Exhibit 5 to this filing.

Examples of correcting typographical errors: FICC would add a hyphen between “one time” in Sections I.G and I.H of the Fee Structure of the GSD Rules, and after the word “the” in the definition of “Off-the Market Transaction” in GSD Rule 1. FICC would add a hyphen after the word “Funds” in the references to “Funds Only Settlement Amount” in the third paragraph of GSD Rule 13, Section 2. FICC would remove the dashes in the Schedule of Timeframes in the GSD Rules to be consistent with the other schedules. FICC would remove a comma between the words “for” and “New Securities Collateral” in GSD Rule 18, Section 3(c). FICC would revise the section reference in GSD Rule 18, Section 3(c) from Section 4 to Section 3 to correct a typographical error. FICC would revise the numbering in GSD Rule 3B from Sections 2(d) and 2(e) to Sections 2(b) and 2(c), respectively.

Examples of grammatical changes: FICC would revise “insure” to “ensure” in GSD Rule 40, Section 3, MBSD Rule 5, Section 4, and MBSD Rule 31, Section 3. FICC would remove the comma that appears between “Collateral” and “Forward-Starting Repos” in the title of GSD Rule 18, Section 4. FICC would add a comma after the word hereinafter in the second paragraph of GSD Rule 3, Section 13, and add a period at the end of GSD Rule 3 Section 11(d). FICC would revise deadline to deadlines in GSD Rule 18, Section 3(d), and add “or banks” and “bank or” in the second paragraph of GSD Rule 12, Section 2 to clarify that there may be one or more clearing banks. FICC would add the word “their” before the first reference to “Brokered Repo Transaction” in GSD Rule 19, Section 3.

Examples of conforming changes: As described above, in GSD Rule 13, Section 2, FICC is proposing to add a component as new subsection (d). As such, FICC would renumber the

current subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (o) to (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), and (p), respectively. FICC would add “hereinafter, the” or “hereinafter,” as applicable, before certain defined terms in GSD Rule 3, Sections 7 and 13; GSD Rule 3A, Section 18; GSD Rule 3B, Sections 5, 6, 9, 14; GSD Rule 4, Sections 2, 2a, 7, 7a, 7b; GSD Rule 11, Section 14; GSD Rule 18, Section 2; GSD Rule 20, Sections 3 and 3b; GSD Rule 37, Section 2; and Section XIV of the Fee Structure in the GSD Rules. FICC would replace the parentheses with quotation marks around the letter P in Item 6 of the Schedule of Required Data Submission Items in the GSD Rules to be consistent with the formatting of the other items listed in Item 6. In the Schedule of Money Tolerances in the GSD Rules, FICC would revise “buy-sell” to “buy/sell.”

(b) Statutory Basis

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 (“Act”) requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.²²

The proposed changes to correct and clarify the Rules and to make technical changes to the Rules are designed to make the Rules accurate and clearer to Members. When Members better understand their rights and obligations as set forth in the Rules, such Members are more likely to act in accordance with the Rules, which FICC believes would promote the prompt and accurate clearance and settlement of securities transactions. As such, FICC believes the proposed changes would be consistent with Section 17A(b)(3)(F) of the Act.²³

4. Self-Regulatory Organization’s Statement on Burden on Competition

FICC does not believe the proposed rule changes to correct and clarify the Rules and to make technical changes to the Rules, as described above, would impact competition. The proposed rule changes are designed to make the Rules accurate and clearer to Members. These proposed changes would not affect FICC’s operations or the rights and obligations Members. As such, FICC believes the proposed rule changes would not have any impact on competition.

5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

FICC has not received nor solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Securities and Exchange Commission (“Commission”) does not edit personal identifying information from

²² 15 U.S.C. 78q-1(b)(3)(F).

²³ Id.

comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777. FICC reserves the right to not respond to any comments received.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) The proposed rule change is to become effective pursuant to paragraph (A) of Section 19(b)(3) of the Act.²⁴

(b) The proposed rule change (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. As noted above, the proposed changes are designed to improve the transparency of the Rules by making clarifications, corrections, and technical changes. Therefore, these proposed changes would not significantly affect the protection of investors or the public interest, nor would these changes impose any significant burden on competition, for the reasons also described above.

FICC has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.²⁵ FICC believes that it would be appropriate for the proposed changes to become operative on a shorter timeframe in order to allow it to maintain clear and accurate internal procedures and avoid any errors in carrying out the important responsibilities described therein. Because the proposed changes to the Rules are primarily clarifications, corrections and technical changes, FICC does not believe that allowing

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(6)(iii).

these proposed changes to become operative on a shorter timeframe would have any impact on the protection of investors or be inconsistent with the public interest. Therefore, FICC respectfully requests that the Commission waive the 30-day operative delay so that it may modify the Rules without delay.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule should be approved or disapproved.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

Exhibit 1 – Not applicable.

Exhibit 1A – Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-FICC-2023-009)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the GSD Rules, MBSD Rules, and EPN Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on July __, 2023, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”), the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules”) and the FICC MBSD EPN Rules (“EPN Rules,” and together with the GSD Rules and the MBSD Rules, the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

“Rules”)⁵ in order to make certain corrections, clarifications, and technical changes to the Rules, each as described in more detail below.

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FICC is proposing to make certain corrections, clarifications, and technical changes to the Rules, each as described in more detail below.

A. Corrections

1. Correct Uses of Defined Terms

Proposed Changes to Reflect Existing Defined Terms

FICC is proposing to correct the following references to reflect the existing defined terms:

- In GSD Rule 6C, Section 12, FICC proposes to revise “GCF Inter-Dealer Broker” to “GCF-Authorized Inter-Dealer Broker.”

⁵ Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the GSD Rules, MBSD Rules and EPN Rules, as applicable, available at <https://www.dtcc.com/legal/rules-and-procedures>.

- In GSD Rule 11, Section 14, FICC proposes to revise references from “defaulting Member” to “Defaulting Member.”
- In GSD Rule 12, Section 4, FICC proposes to revise “Actual Settlement Day” to “Actual Settlement Date.”
- In GSD Rule 12, Section 4 and GSD Rule 14, Section 3, FICC proposes to revise “Scheduled Settlement Day” to “Scheduled Settlement Date.”
- In GSD Rule 18, Section 3, FICC proposes to revise the reference from “Generic CUSIP” to “Generic CUSIP Number.”
- In the Schedule of Timeframes in the GSD Rules, FICC proposes to revise “long position” to “Net Long Position” in the description of the 9:15 a.m. timeframe.
- In the definition of Current Haircut in GSD Rule 1, FICC proposes to revise “Close Leg” to “End Leg.”
- In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC proposes to revise “Close Leg” to “End Leg.”

In addition, in Section IV.B.4 of the Fee Structure of the GSD Rules, FICC is proposing to remove specific references to “The Bank of New York Mellon” and/or “BNY,” and to replace them with references to either “the Corporation’s Clearing Agent Bank” or “the Corporation’s GCF Clearing Agent Bank,” as applicable. FICC is proposing this change to use the defined terms rather than the specific name and/or acronym of the current Clearing Agent Bank and GCF Clearing Agent Bank if there are other Clearing Agent Banks or GCF Clearing Agent Banks in the future.

In the section entitled Late Fee Related to GCF Repo Transactions in Section IX of the Fee Structure of the GSD Rules, FICC is also proposing to correct the reference from “GCF Repo Clearing Agent Bank” to “GCF Clearing Agent Bank” to reflect the existing defined term.

FICC also proposes to revise a reference from “members” to “Netting Members” in the description of the 9:15 a.m. timeframe in the Schedule of Timeframes in the GSD Rules to reflect the existing defined term.

FICC is also proposing to capitalize the following words to reflect the existing defined terms in the GSD Rules: (i) “security” in GSD Rule 22A; (ii) “members” in the description of the 8:00 p.m. timeframe in the Schedule of Timeframes; (iii) “mark” in the last sentence of the definition of “Net Fail Mark Adjustment Payment” in GSD Rule 1; (iv) “collateral allocation obligations” in GSD Rule 20, Section 5; (v) “transactions” in the Schedule of Required Match Data; and (vi) “repo transactions” in the Schedule of Money Tolerances.

FICC is also proposing to make the following terms lowercase because they are not defined terms in the GSD Rules: (i) “Obligations” in GSD Rule 16; and (ii) “Positions” in GSD Rule 17, Section 4.

Proposed Changes to Correct References to Titles of Certain Schedules and Rules

In GSD Rule 6C, Section 5, FICC is proposing to revise the reference from Schedule of Data Items for GCF Repo Transactions to Schedule of Required and Other Data Submission Items for GCF Repo Transactions. In addition, in GSD Rule 3B, Section 13(d), FICC proposes to revise the reference from invoicing process to Bills Rendered.

Proposed Changes to Correct References to Terms Not Defined

In GSD Rule 1, FICC would remove the defined term “Non-Conversion Participating Member” because this defined term is not used in the GSD Rules.

In addition, FICC proposes to revise the term “Conversion Participating Member” to “Member” in GSD Rule 9, Section 2 because Conversion Participating Member is not a type of member and is also not defined in the GSD Rules.

Proposed Changes to Replace References with Correct Defined Terms

In GSD Rule 13, Section 1, FICC proposes to correct the reference from Positions to transactions because Credit Forward Mark Adjustment Payments are associated with transactions and not Positions.

Current GSD Rule 12, Section 8 states that if FICC deems it appropriate, in its sole discretion, in order to obtain financing necessary for the provision of the securities settlement services contemplated by the GSD Rules, including, without limitation, fail financing of securities Positions arising out of the delivery by Netting Members to FICC of Eligible Netting Securities, FICC may create security interests in Eligible Netting Securities in favor of any entity it deems necessary or desirable to obtain and maintain financing and/or enter into repurchase transactions involving Eligible Netting Securities with any Netting Member or Clearing Agent Bank. FICC proposes to correct the reference from “securities Positions” to “an outstanding Receive Obligation or Receive Obligations” in current GSD Rule 12, Section 8 to enhance accuracy, and thereby enhance clarity.

Proposed Changes Related to CCIT Transactions

The “CCIT Service” or the “Centrally Cleared Institutional Triparty Service” is the service offered by FICC to clear institutional triparty repurchase agreement transactions.⁶ A CCIT Transaction is a transaction that is processed by FICC in the CCIT

⁶ GSD Rule 1, supra note 5.

Service. Because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service, a CCIT Transaction must be: (i) in a Generic CUSIP Number approved for the GCF Repo Service and (ii) between a CCIT Member and a Netting Member who participates in the GCF Repo Service where the CCIT Member is the cash lender in the transaction.⁷

In GSD Rule 1, FICC proposes to correct the definition of Start Leg to include references to CCIT Transactions as these references were inadvertently omitted. Specifically, in the first sentence of the definition of Start Leg, FICC would clarify that it is as regards a Repo Transaction other than a GCF Repo Transaction or a CCIT Transaction as applicable. In addition, in the second sentence of the definition, FICC would clarify that it is as regards a GCF Repo Transaction or a CCIT Transaction as applicable. FICC is proposing to add these references to CCIT Transactions because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service, and these provisions currently reference GCF Repo Transactions.

In GSD Rule 1, FICC also proposes to correct the definition of Generic CUSIP Number to include CCIT Transactions in the second sentence. Currently, the sentence states that FICC shall use separate Generic CUSIP Numbers for General Collateral Repo Transactions, GCF Repo Transactions and Sponsored GC Trades. FICC proposes to revise this second sentence to state that FICC shall use separate Generic CUSIP Numbers for General Collateral Repo Transactions, GCF Repo Transactions, CCIT Transactions and Sponsored GC Trades. FICC is proposing this change because one of the requirements for a CCIT Transaction is that it must be in a Generic CUSIP Number

⁷

Id.

approved for the GCF Repo Service because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service.

FICC would also clarify the Schedule of Required Match Data in the GSD Rules by adding that this schedule does not apply to CCIT Transactions in addition to Netting-Eligible Auction Purchases and GCF Repo Transactions. Currently, the Schedule of Required Match Data states that this schedule does not apply to Netting-Eligible Auction Purchases and GCF Repo Transactions. Because the CCIT Service leverages the infrastructure and processes of the GCF Repo Service, FICC proposes to clarify that this Schedule of Required Match Data in the GSD Rules also does not apply to CCIT Transactions.

Similarly, in the Schedule of Required and Accepted Data Submission Items for New Securities Collateral and in the Schedule of Required and Accepted Data Submission Items for a Substitution, FICC would clarify that these schedules also do not apply to CCIT Transactions.

2. Remove “Foreign Affiliates” and “Foreign Affiliate Trade”

Currently, GSD Rule 3, Section 2 states that on an annual basis, Netting Members must report information on their Foreign Affiliate Trades to FICC, and this reporting will be submitted to FICC containing the information, in the format and within the timeframes specified by guidelines issued by FICC from time to time. It also states that this reporting requirement does not apply Foreign Affiliate Trades of a Foreign Affiliate that has executed less than an average of 30 Foreign Affiliate Trades per business day per month within the prior twelve-month period. FICC is proposing to remove this annual reporting requirement for Foreign Affiliate Trades. Given that non-U.S. firms may apply for

membership with GSD and no longer need to submit trading activity to FICC for clearing through their U.S. affiliates, the information provided in this reporting, which is time consuming for participants to complete, is no longer useful to FICC from a risk management perspective. Therefore, FICC does not believe that it should continue to require this reporting and is proposing to remove it from the GSD Rules.

In addition, FICC proposes to remove the defined terms “Foreign Affiliate” and “Foreign Affiliate Trade” in GSD Rule 1.

3. Correct Outdated Provisions and Reflect Current Practice

Proposed Changes to Remove Fail Net Settlement Position, Fail Net Short Position and Fail Net Long Position

FICC is proposing to remove references to Fail Net Settlement Position, Fail Net Short Position, and Fail Net Long Position because fails are no longer separately netted, and therefore these defined terms are outdated. Specifically, FICC would remove the defined terms “Fail Net Settlement Position,” “Fail Net Short Position,” and “Fail Net Long Position” from GSD Rule 1.

As such, FICC also proposes to revise the definition of “Fail Deliver Obligation” in GSD Rule 1, which currently states that it means a Deliver Obligation with respect to a Fail Net Short Position; FICC would revise this definition to state that a Fail Deliver Obligation means a Deliver Obligation that does not settle on its original Scheduled Settlement Date. Similarly, FICC would revise the definition of “Fail Receive Obligation” in GSD Rule 1, which currently states that it means a Receive Obligation with respect to a Fail Net Long Position; FICC would revise this definition to state that a Fail Receive Obligation means a Receive Obligation that does not settle on its original Scheduled Settlement Date.

FICC would also revise the definitions of Coupon Adjustment Payment, Credit Coupon Adjustment Payment and Debit Coupon Adjustment Payment in GSD Rule 1 by replacing the phrases “or a Fail Net Settlement Position” and “or a fail Net Settlement Position” with “Fail Deliver Obligation or Fail Receive Obligation.” FICC would also revise the definition of Net Unsettled Positions to remove the phrase “and Fail Net Settlement Positions.”

In GSD Rule 3A, FICC would (i) remove the reference to “Fail Net Settlement Position” in Section 8; (ii) remove the references to Fail Net Settlement Position and replace them with references to Fail Deliver Obligation and Fail Receive Obligation in Section 7(a)(iii); and (iii) remove the references to Fail Net Settlement Positions because this defined term would be deleted from GSD Rule 1, in Section 18(b).

In GSD Rule 22A, Section 2(b), FICC proposes to remove the reference to Fail Net Settlement Positions as well as replace the phrase “those that arise from Fail Net Settlement Positions” with “Fail Deliver Obligations and Fail Receive Obligations.”

The Fail Mark Adjustment Payment is the mark-to-market on failing obligations. It is calculated as the difference between the last Settlement Value of the obligation that failed to settle and the new Settlement Value of such obligation. For example, if on April 4, there is an obligation to receive, which has a Settlement Value of \$10 (this Settlement Value is based on the price in the system at the end of the day on April 3), and this obligation to receive failed to settle on April 4, then, at the end of the day on April 4, a new Settlement Value for this obligation will be generated based on the price in the system at the end of the day on April 4. In this example, the new Settlement Value that is generated for this obligation at the end of the day on April 4 is \$11 and the Fail Mark

Adjustment Payment is \$1 for this obligation. The Fail Mark Adjustment Payment is the difference between the Settlement Value of the obligation based on the price from the end of day (in this example, on April 3) and the new Settlement Value based on the price from the end of day (in this example, on April 4).

FICC is not proposing any changes to how the Fail Mark Adjustment Payment is currently calculated. Rather, FICC is proposing to clarify the definition of “Fail Mark Adjustment Payment” in GSD Rule 1 by removing the phrase “that constitutes a Fail Net Settlement Position” and making other conforming changes because, as described above, fails are no longer separately netted, and therefore this defined term is outdated.

Currently, Fail Mark Adjustment Payment means the absolute value of the dollar difference between the Settlement Value of a Fail Deliver Obligation or a Fail Receive Obligation that constitutes all or part of a Fail Net Settlement Position on the current Business Day and the previous Settlement Value of such Fail Deliver Obligation or Fail Receive Obligation on the immediately previous Business Day. FICC would revise this definition to state that Fail Mark Adjustment Payment would mean the absolute value of the dollar difference between the current Settlement Value of a Fail Deliver Obligation or a Fail Receive Obligation on the current Business Day, and the previous Settlement Value of such Deliver Obligation or Receive Obligation.

In GSD Rule 11, Section 1, FICC also proposes to remove the references to Fail Net Settlement Positions because, as described above, this defined term would be deleted from GSD Rule 1.

Similarly, in GSD Rule 11, Sections 4 and 5, FICC proposes to remove the phrase “or Fail Net Settlement Position, as applicable,” in the first sentence of each section. In

addition, in GSD Rule 11, Section 4, FICC proposes to remove the phrase “, including Fail Net Settlement Positions,” in the last sentence, and in GSD Rule 11, Section 5, FICC proposes to remove the phrase “or Fail Net Settlement Position” in the third sentence.

In GSD Rule 11, Section 4, FICC would also add references to Fail Deliver Obligations and Fail Receive Obligations in the first sentence to enhance clarity. The first sentence would state that on each Business Day, for each Eligible Netting Security with a separate CUSIP number, except as otherwise provided in GSD Rule 14 with respect to Forward Trades that comprise one or more Forward Net Settlement Positions, FICC will establish a Net Settlement Position for trades, and Fail Deliver Obligations and Fail Receive Obligations of a Netting Member that have not previously been settled, by comparing the aggregate par value of each Long Transaction and/or Fail Receive Obligation in an Eligible Netting Security by the Netting Member (hereinafter, the “Long Total”) and each Short Transaction and/or Fail Deliver Obligation in an Eligible Netting Security by the Netting Member (hereinafter, the “Short Total”).

Current GSD Rule 11, Section 8 states that on each Business Day, from their Scheduled Date, Fail Net Settlement Positions shall, pursuant to GSD Rule 13, be marked to market, taking into account accrued interest, until the Actual Settlement Date for such Positions. Notwithstanding the above, FICC, in its sole discretion in order to promote an orderly settlement process, may elect to not mark to market, pursuant to GSD Rule 13, a Fail Net Long Position where the Eligible Netting Securities that comprise such Position have been appropriately delivered to FICC pursuant to the GSD Rules and FICC has not re-delivered such Eligible Netting Securities, and as a result, has held them overnight,

Fail Deliver Obligations and Fail Receive Obligations shall be netted with any other Receive Obligations and Deliver Obligations.

In GSD Rule 11, Section 8, FICC would (i) revise the reference from Fail Net Settlement Positions to Fail Deliver Obligations and Fail Receive Obligations in the title of the section, (ii) revise the reference from Fail Net Settlement Positions to Fail Deliver Obligations and Fail Receive Obligations, as applicable, in the first sentence, (iii) revise the reference from Fail Net Long Position to Fail Receive Obligation in the second sentence, (iv) as a conforming change, in the first sentence, revise Positions to Fail Deliver Obligations and Fail Receive Obligations, and (v) as a conforming change, in the second sentence, revise Position to Fail Receive Obligation.

In GSD Rule 12, Section 1, FICC would revise the phrase “a Fail Net Settlement Position” to “either a Fail Deliver Obligation or Fail Receive Obligation, as the context requires.” In GSD Rule 12, Section 4, FICC would revise the title of the section and the references in the section from “Fail Net Settlement Positions” to “Fail Deliver Obligations and Fail Receive Obligations” and from “Fail Net Settlement Position” to “Fail Deliver Obligation and Fail Receive Obligation.” In GSD Rule 12, Section 5, FICC would revise Fail Net Settlement Position to Fail Deliver Obligation.

In GSD Rule 12, Section 1, FICC would also (i) correct the reference from “Netting Member’s Fail Deliver Obligations and Fail Receive Obligations” to “Netting Member’s outstanding Deliver Obligations and outstanding Receive Obligations,” and (ii) correct the reference from “applicable Fail Deliver Obligations and Fail Receive Obligations” to “applicable Deliver Obligations and Receive Obligations.”

In GSD Rule 13, Section 1(a), FICC would remove the phrase “either a Fail Net Settlement Position or.”

In GSD Rule 13, Section 1(f), FICC would (i) revise Fail Net Settlement Position to Fail Deliver Obligation and Fail Receive Obligation, (ii) revise the reference from Fail Net Short Position to Fail Deliver Obligation, and (iii) revise the reference from Fail Net Long Position to Fail Receive Obligation. As such, GSD Rule 13, Section 1(f) would state that with regard to every Fail Deliver Obligation and Fail Receive Obligation on a coupon payment date for the Eligible Netting Securities that comprise such Fail Deliver Obligation and Fail Receive Obligation: (1) if the Member has a Fail Deliver Obligation, it will pay to FICC a Debit Coupon Adjustment Payment, and (2) if the Member has a Fail Receive Obligation, it will collect from FICC a Credit Coupon Adjustment Payment.

In GSD Rule 13, Section 1(b), FICC would revise the word “every” to “certain” so it would state that with regard to certain Deliver Obligations and Receive Obligations, either pay to FICC a Debit Delivery Differential Adjustment Payment or collect from FICC a Credit Delivery Differential Adjustment Payment. This proposed change would enhance accuracy and reflect current practice because this payment only applies to certain obligations and not every obligation. This proposed change would not impact the rights and obligations of Members.

Proposed Changes to Remove References to Open Net Long Position and Open Net Short Position

Although Open Net Long Position and Open Net Short Position are capitalized in the GSD Rules, these terms are not defined in the GSD Rules. As such, FICC proposes to replace the references to Open Net Long Positions and Open Net Short Position or

Positions in GSD Rule 11, Section 13, and make other related changes, as further described below.

Specifically, in GSD Rule 11, Section 13, FICC would revise the reference from “an Open Net Long Position” to “a Fail Receive Obligation” and make a conforming change to revise “Allocated Net Long Position” (which is currently defined in the same section) to “Allocated Fail Receive Obligation.” Similarly, FICC would revise the reference from “an Open Net Short Position or Positions” to “a Fail Deliver Obligation or Fail Deliver Obligations” and make a conforming change to revise “Allocated Net Short Position” to “Allocated Fail Deliver Obligation.”

Proposed Changes to Remove Submission Size Alternatives

Currently, GSD Rule 5, Section 4 states that FICC shall establish procedures governing the manner in which FICC shall compare Full-Sized Trades to trades submitted in pieces and the order in which such comparison shall occur, and that FICC will inform Members of these procedures by notice prior to their implementation. FICC is proposing to remove this description regarding procedures governing the comparison of Full-Sized Trades to trades submitted in pieces because currently Full-Sized Trades can only be submitted as executed. FICC no longer intends to implement a process to compare Full-Sized Trades to trades submitted in pieces. Therefore, procedures governing the comparison of Full-Sized Trades to trades submitted in pieces would no longer be applicable.

Proposed Changes to Remove Reference to an Additional Fee

GSD Rule 18, Section 2 currently states that if FICC determines that a Netting Member has, without good cause, violated its obligations pursuant to this section, such

Netting Member may be, among other things, subject to an additional fee. FICC proposes to remove the reference to an additional fee because this reference is outdated and FICC does not charge an additional fee.

Proposed Changes to Update the Definition of “Report”

Currently, the definition of “Report” in GSD Rule 1 means any document, record, or other output prepared by FICC and made available to a Member in any format (including, but not limited to, machine-readable and print image formats) or medium (including, but not limited to, print copy, magnetic tape, and CPU-to-CPU interface formats) that provides information to such Member with regard to the services provided by, or the operations of, FICC. FICC proposes to update the definition of “Report” by stating such output would be available in any format or medium prescribed by FICC, and by removing the parentheticals which contain some descriptions of outdated formats. Specifically, FICC would revise the definition of “Report” to state that it means any document, record, or other output prepared by FICC and made available to a Member in a format or medium prescribed by FICC, that provides information to such Member with regard to the services provided by, or the operations of, FICC.

Similarly, FICC proposes to update GSD Rule 11, Section 10 to remove the examples of the types of formats and mediums that a Report may be provided in, as some of these examples are outdated. The current provision in GSD Rule 11, Section 10 states that a Netting Member is obligated to accept Reports from FICC in any format and in any medium usable by such Member, including, but not limited to, print copy, magnetic tape, and CPU-to-CPU (either real-time or otherwise) media. FICC proposes to revise this description to be more general by stating that a Netting Member is obligated to accept

Reports from FICC in at least one of the formats or mediums prescribed by FICC that is usable by the Member.

In addition, FICC proposes to remove the defined term “CPU” from GSD Rule 1.

Proposed Changes to Remove References to FICC Facilities and Offices

GSD Rule 31 describes distribution facilities that can be established by FICC. Specifically, GSD Rule 31 states that if deemed necessary, FICC will establish distribution facilities from time to time to be used by Members for the distribution of papers, documents and other materials incidental to the ordinary course of business. It also states that FICC assumes no responsibility for the form or control of any papers, documents or other material (other than items prepared by it) placed in boxes in its distribution facilities assigned to each Member or handled by FICC and that FICC does not assume any responsibility for any improper or unauthorized removal from such boxes or from FICC’s facilities of any such papers, documents or other materials. It also states that each Member must send an authorized representative to FICC’s distribution facilities to pick up material made available by FICC and that FICC’s distribution facilities will remain open on Business Days during the hours specified by FICC and that FICC will admit authorized persons holding valid passes at other hours.

Because GSD Rule 31 is outdated as there are no such distribution facilities, FICC proposes to delete GSD Rule 31 and replace the description to state that this Rule is reserved for future use, as well as revise the title to “Reserved.”

FICC also proposes to remove Article V, Rule 13 of the EPN Rules. FICC would delete the current description and revise the title of this Rule to state “Reserved for Future Use.” This Rule currently states that reports will be available to, and business with FICC

shall be transacted by, EPN Users at FICC's offices in New York, New York and also at such other locations as FICC from time to time may designate. It also states that each EPN User shall make arrangement satisfactory to FICC for receipt of reports and the transaction of other business with FICC at one or more of such locations. FICC is proposing to remove this description because it is outdated as reports and the transaction of other business with FICC by EPN Users occur through various electronic means, such as machine-readable output, rather than in a physical location.

Proposed Changes to GSD Rule 11, Section 5 to Reflect Current Practice

GSD Rule 11, Section 5 states that a single Deliver Obligation may be bound by FICC to more than one Receive Obligation, and vice versa. FICC proposes to remove this description because it is inaccurate and is not supported by the current system. Specifically, because FICC must maintain a matched book of obligations, there cannot be a single Deliver Obligation that is bound to more than one Receive Obligation and vice versa. The current system only supports a single Deliver Obligation being bound to one Receive Obligation.

Proposed Changes to Revise Provisions Regarding Network Fees

Beginning in 2003, FICC periodically informed Members of the need to migrate their telecommunications connectivity from the Securities Industry Automation Corporation ("SIAC")'s legacy-based Broker and Access networks to DTCC's⁸ Securely Managed and Reliable Technology ("SMART") system or SIAC's Secure Financial Transaction Infrastructure ("SFTI") networks. The SMART system is DTCC's

⁸ The Depository Trust & Clearing Corporation ("DTCC") is FICC's parent company.

centralized, end-to-end managed communications infrastructure, which provides connectivity support for all post-trade clearance and settlement processing. A related fee was implemented because while most FICC Members complied with the stated migration requirements, several Members continued to access FICC through legacy networks, which was imposing significant unnecessary costs on FICC for continued support of these systems.⁹ Today, there are no longer any such legacy network connections, and therefore FICC is proposing to remove this fee from the Rules.

Specifically, in (a) Section III of the Fee Structure in the GSD Rules, (b) the Schedule of Charges in the EPN Rules, (c) the Schedule of Charges Broker Account Group in the MBSD Rules, and (d) the Schedule of Charges Dealer Account Group in the MBSD Rules, FICC would delete the fee for failure to migrate from legacy networks to SMART and/or SFTI. The Rules currently state that the entire cost of supporting the legacy network connections will be allocated among remaining users pro rata. FICC would also make a related change to revise the title of Section III of the Fee Structure in the GSD Rules to state that it is reserved.

In addition, in Section X of the Fee Structure in the GSD Rules, FICC would clarify that FICC will charge network fees related to SMART connectivity. Similarly, in (a) the Schedule of Charges in the EPN Rules, (b) the Schedule of Charges Broker Account Group in the MBSD Rules, and (c) the Schedule of Charges Dealer Account Group in the MBSD Rules, FICC would revise the title of the “Communication Fees” section to “Administrative Fees” and add a description stating that FICC will charge

⁹ Securities Exchange Act Release No. 52655 (October 24, 2005), 70 FR 62154 (October 28, 2005) (SR-FICC-2005-15) (“SMART Filing”).

network fees related to SMART connectivity. Fees related to SMART connectivity are currently charged to Members if Members select SMART network as their means of connectivity to FICC. FICC believes it would enhance clarity to specifically describe this administrative fee that is currently charged to Members in the Rules and, as such, FICC does not believe this proposed clarification would impact the rights and obligations of Members.

Proposed Changes to Revise Description of Substitution of New Securities Collateral

FICC proposes to clarify the description regarding substitution of New Securities Collateral in GSD Rule 18, Section 3(f) to reflect current practice. FICC would add that upon receipt of a request for such substitution where the information regarding the New Securities Collateral has not been provided to FICC, a Generic CUSIP Number would be applied to the substitution until the information regarding the New Securities Collateral has been provided. FICC also proposes to clarify the second sentence of GSD Rule 18, Section 3(f) by revising it to state that until such time as FICC has been notified of the substitution of the New Securities Collateral to be substituted, FICC shall base margining with respect to the New Securities Collateral on the applicable Generic CUSIP Number using the methodology that is used for securities whose volatility is less amenable to statistical analysis set forth in Section 1b of GSD Rule 4. FICC believes these proposed changes would enhance clarity as they describe current practice. Specifically, if a Member elects to substitute existing securities collateral but does not know at the time of the notification to FICC what the New Securities Collateral is, the Member is allowed to enter the notification in the system, with the existing securities collateral, and FICC will use a Generic CUSIP Number as placeholder for the New Securities Collateral. It is the

expectation that the Member will then (on same Business Day and within established timeframes) update the notification with the specific CUSIP Number and other substitution-related details.

GSD Rule 18, Section 3(f) currently states that upon receipt of a request for such substitution and until information regarding New Securities Collateral is provided to FICC for purposes of calculating the Required Fund Deposit of the Repo Party, FICC shall assign to the transaction a Contract Value which is 150 percent of the Contract Value of the original securities collateral. FICC implemented this as one of the measures to address the risk presented to it by the failure of a party to submit in a timely manner information regarding replacement collateral to FICC.¹⁰ In the 2005 Filing, FICC increased the clearing fund calculation of the repo dealer and allowed margining with respect to replacement collateral based on applicable Generic CUSIP Numbers only, and FICC assigned a value of 150 percent of the contract value of the original securities collateral to a repo transaction where FICC has not received information regarding the replacement collateral.¹¹ The application of the 150 percent for clearing fund purposes applied to both the receive/deliver and repo volatility components of the clearing fund calculation. FICC also applied the highest applicable margin factor in its Rules in connection with the repo transaction.¹² In 2006, FICC replaced the current clearing fund methodology used at GSD, which used haircuts and offsets, with a yield-driven value-at-

¹⁰ Securities Exchange Act Release No. 53534 (March 21, 2006), 71 FR 15781 (March 29, 2006) (SR-FICC-2005-18) (“2005 Filing”).

¹¹ Id.

¹² Id.

risk (“VaR”) methodology.¹³ The 2006 Filing states that this VaR methodology will necessitate a change to FICC’s risk management consequences of the late allocation of repo substitution collateral because offset classes and margin rates will no longer be present in the revised GSD Rules.¹⁴ The 2006 Filing also states that FICC will base margining for such Generic CUSIP Number on the same calculation as that used for securities whose volatility is less amenable to statistical analysis.¹⁵ In 2007, FICC added language to GSD Rule 18 (the rule that covers repo collateral substitution) to refer to the margining approach that was described in the narrative of the 2006 Filing, so that Members reviewing the repo substitution rule (GSD Rule 18) will have a point of reference.¹⁶ As such, FICC should have removed the language stating that “[u]pon receipt of a request for such substitution and until information regarding the New Securities Collateral is provided to FICC for purposes of calculating the Required Fund Deposit of the Repo Party, FICC shall assign to the transaction a Contract Value which is 150 percent of the Contract Value of the original securities collateral” in the 2006 Filing, which implemented the VaR methodology. FICC is proposing to remove the first sentence of GSD Rule 18, Section 3(f) because this sentence should have been removed in the 2006 Filing and does not reflect current practice.

¹³ Securities Exchange Act Release No. 55217 (January 31, 2007), 72 FR 5774 (February 7, 2007) (SR-FICC-2006-16) (“2006 Filing”).

¹⁴ Id.

¹⁵ Id.

¹⁶ Securities Exchange Act Release No. 55616 (April 11, 2007), 72 FR 19561 (April 18, 2007) (SR-FICC-2007-03).

Proposed Changes Regarding Requirements Applicable to Certain Repo Brokers with Segregated Repo Accounts

GSD Rule 19, Section 2 describes the responsibilities of Repo Brokers¹⁷ and the conditions that have to be met in order for a Repo Broker to submit to FICC data on a Brokered Repo Transaction. Currently, it states that a Repo Broker may submit to FICC data on a Brokered Repo Transaction only upon written agreement, and compliance, with certain conditions. FICC proposes to revise “may” to “shall” to enhance accuracy and consistency as well as reflect current practice because Repo Brokers must submit this data to FICC, and Repo Brokers are doing this today. Furthermore, this proposed change would enhance accuracy and consistency because GSD Rule 3, Section 8(e) states that an Inter-Dealer Broker Netting Member shall limit its business to acting exclusively as a Broker and conduct all of its business in Repo Transactions with Netting Members. FICC does not believe this proposed change would impact the rights and obligations of Members because GSD Rule 3, Section 8(e) states that an Inter-Dealer Broker Netting Member shall conduct all of its business in Repo Transactions with Netting Members, and this proposed change would align GSD Rule 19, Section 2 with this provision.

GSD Rule 19, Section 2 lists the following conditions that have to be met in order for a Repo Broker to submit to FICC data on a Brokered Repo Transaction: (a) Repo Broker has established a separate account, with a separate Fedwire address, at a clearing bank that will be used exclusively for the settlement by the parties to the transaction of the Start Leg, and (b) the Repo Broker has granted the necessary permissions to allow this account to be subject to review by FICC. FICC proposes to add language that was

¹⁷ The term “Repo Broker” is defined in GSD Rule 1, supra note 5.

inadvertently omitted. Specifically, FICC would add language stating that these requirements will not apply to Repo Brokers with Segregated Repo Accounts that elect to settle their Same-Day Settling Trades with FICC. In 2021, FICC began to settle the Start Leg of Same-Day Settling Trades.¹⁸ Prior to this, the Start Leg of Same-Day Settling Trades was settled outside of FICC, and a separate account was needed for the settlement of the Start Leg. Therefore, if a Repo Broker has opted to settle Same-Day Settling Trades, then such Repo Broker would no longer need to maintain a separate settlement account for the Start Leg of the Same-Day Settling Trade because FICC settles the Start Leg and End Leg. As such, FICC believes that this proposed change to correct an inadvertent omission would not have any impact on the rights and obligations of Members.

Proposed Changes to Update Description of Trade Date Information

Currently, GSD Rule 10, Section 5 states that if the data on a trade do not compare because information submitted regarding trade date does not match, FICC may, in its discretion, compare the trade based on a presumption that the earlier trade date submitted is the correct trade date. FICC would correct this provision to clarify that FICC does not have discretion.

Specifically, FICC would state that if the data on a trade do not compare because information submitted regarding the trade date does not match, FICC shall compare the trade based on a presumption that the earlier trade date submitted is the correct trade date, because FICC does not have discretion as the system is not coded in a way to provide

¹⁸ Securities Exchange Act Release No. 90948 (January 19, 2021), 86 FR 7159 (January 26, 2021) (SR-FICC-2020-015).

FICC with such discretion. FICC would also remove the second sentence in the first paragraph in GSD Rule 10, Section 5 that describes what occurs when exercising this discretion.

In addition, in GSD Rule 10, Section 5, FICC would clarify that notwithstanding the first paragraph in this section, if the First Member submits a side of a buy/sell transaction to FICC, and the Second Member as a contra-party submits more than one side of a buy/sell transaction with similar trade data to FICC where the trade date does not match, FICC will compare the side of the buy/sell transaction submitted by the First Member with a side of a buy/sell transaction submitted by the Second Member where the trade date on the Second Member's buy/sell transaction is closest in date range to the trade date submitted by the First Member. This proposed change would enhance accuracy with respect to how a side of a buy/sell transaction is compared when the contra-party submits multiple sides of a buy/sell transaction and the trade dates do not match.

FICC would also add that the enhanced comparison process referenced in GSD Rule 10, Section 5 does not apply to Repo Transactions when this process is performed at the end of the day. Currently, GSD Rule 10, Section 5 states that this section does not apply to Repo Transactions. FICC believes this proposed change would enhance clarity with respect to the current process.

Proposed Changes to Regarding FICC's Authority to Act on Behalf of a GCF-Authorized Inter-Dealer Broker

FICC proposes to remove Section 6 from GSD Rule 20. Currently, this section states that if, as the result of a data submission error, a GCF-Authorized Inter-Dealer Broker has a GCF Net Settlement Position, FICC will have the authority to borrow cash

and/or securities and/or enter into repurchase transactions for cash or securities with a Netting Member or Clearing Agent Bank to fulfill the obligations of such GCF-Authorized Inter-Dealer Broker attendant to the incurring of such Position. This section also states that if FICC takes such action, such GCF-Authorized Inter-Dealer Broker will be liable to it for any costs incurred. FICC proposes to delete Section 6 of GSD Rule 20 because it is outdated and the system no longer allows for FICC to act on the GCF-Authorized Inter-Dealer's behalf if the GCF-Authorized Inter-Dealer incurs a Position.

Proposed Changes to GSD Rule 11, Section 5 to Reflect Current Practice

Currently, GSD Rule 11, Section 5 states that a single Deliver Obligation may be bound by FICC to more than one Receive Obligation, and vice versa. FICC proposes to remove this sentence from GSD Rule 11, Section 5 because it does not reflect the current netting system. Currently, all Deliver Obligations and Receive Obligations must be equal and opposite out of the net.

4. *Correct References to Incorrect Fees*

Section I.C of the Fee Structure of the GSD Rules states that the charge to a Member for the entry of a request by such Member to modify or cancel a side of a GCF Repo Transaction or a CCIT Transaction is \$0.05 per 50 million of par value. This fee is incorrect and the system does not contain this fee. As such, FICC proposes to remove this fee from Section I.C of the Fee Structure.

Section X of the Fee Structure of the GSD Rules states that on any Business Day, a Repo Broker will be assessed an administrative fee of \$50 for each instance where FICC determines to finance a Debit Forward Mark Adjustment Payment in excess of the Cap, as set forth in Section 4 of GSD Rule 19. It also states that this administrative fee

will be in addition to any costs incurred by FICC in arranging the financing for which the Repo Broker maintains responsibility and must reimburse FICC pursuant to that section. FICC proposes to remove this administrative fee and the related descriptions because FICC believes it would be too administratively burdensome to charge this small administrative fee.

5. Include Eligibility Requirements for Settling Same-Day Settling Trades

GSD Rule 12, Section 11(ii) describes the requirements that a Same-Day Settling Trade would have to meet to be eligible for settlement with FICC. Currently, the requirements are as follows: (a) the Same-Day Settling Trade is a Compared Trade; (b) the data on the Same-Day Settling Trade are listed on a Report that has been made available to Netting Members; (c) (i) the End Leg of the Same-Day Settling Trade means the eligibility requirements for netting in GSD Rule 11 or (ii) the Repo Transaction is an As-Of Trade and its End Leg settles on the current Business Day or thereafter; and (d) the underlying securities are Eligible Netting Securities. FICC proposes to add a requirement regarding submission size requirements to the current list of requirements described above. Specifically, FICC would add that regarding the form and manner in which Same-Day Settling Trades are submitted to FICC, the Same-Day Settling Trade must be submitted in equal and identical size and shapes between Netting Members. FICC would also add that for avoidance of doubt, “identical size and shapes” means that each counterparty must submit trade data reflecting equal par amounts and number of sides. FICC currently requires that Same-Day Settling Trades are submitted in equal and identical size and shapes between Netting Members. As such, FICC believes that this proposed change to expressly describe what must be submitted in terms of the form and

manner in which Same-Day Settling Trades are submitted to FICC would enhance clarity with respect to the requirements for eligibility for settlement for Same-Day Settling Trades. Furthermore, this proposed change describes how Members currently process transactions. As such, because this proposed change reflects current practice, FICC does not believe that this proposed change will impact Members.

In addition, GSD Rule 12, Section 11(ii) states that notwithstanding the above, FICC may, in its sole discretion, exclude any Same-Day Settling Trade or Same-Day Settling Trades from the Comparison System, by Netting Member or by Eligible Netting Security. FICC would add that this includes cancelling any Same-Day Settling Trade that does not meet the eligibility requirements set forth in GSD Rule 12.

6. Correct Schedule of Timeframes

FICC proposes to make certain corrections to the Schedule of Timeframes in the GSD Rules, including adding two timeframes and revising a current timeframe. Specifically, FICC proposes to add a 7:00 a.m. timeframe and a 7:05 a.m. timeframe. FICC also proposes to revise the 10:30 p.m. to 2:00 a.m. timeframe in the Schedule of Timeframes in the GSD Rules.

The 7:00 a.m. timeframe in the Schedule of Timeframes would be described as the timeframe by which FICC begins processing trade data for the current Business Day. This would align with the Schedule of GCF Repo Timeframes, which currently lists a 7:00 a.m. timeframe, and is described as the timeframe when FICC begins accepting data on GCF Repo Transactions. As such, FICC believes it would enhance clarity and consistency to have both schedules describe the time by which FICC begins processing trade data. FICC believes these proposed changes would help enhance Members'

understanding of when FICC begins processing trade data and reflects current practice.

As such, FICC does not believe this proposed change would have an impact on the rights and obligations of Members.

Additionally, FICC proposes to add a 7:05 a.m. timeframe, which would be described as the time by which FICC's margining output is made available to Netting Members.

FICC would also update the reference to margining output that is in the current 10:30 p.m. to 2:00 a.m. timeframe. Currently, the description of this timeframe states this is the time during which FICC's comparison, netting, settlement and margining output is made available to Members. FICC would revise the description to state this is the time by which FICC's comparison, netting, and settlement output is made available to Members. FICC does not believe these proposed changes would impact the rights and obligations of Members because these proposed changes to the Schedule of Timeframes reflect current practice and, therefore, would enhance accuracy and clarity.

In addition, FICC would revise the current 10:30 p.m. to 2:00 a.m. timeframe to only state 2:00 a.m. to be consistent with the other timeframes in the Schedule of Timeframes, which are not listed as ranges. FICC believes this proposed change would enhance consistency, and thereby enhance accuracy, and as such, would not impact the rights and obligations of Members.

FICC would also remove the phrase "for Netting Members" in the 4:30 p.m. timeframe to be consistent with the 10:00 a.m. timeframe. Both these timeframes describe when funds-only settlement debits and credits are executed via the Federal

Reserve's National Settlement Service. FICC does not believe this proposed change to enhance consistency and clarity would impact the rights and obligations of Members.

7. Correct Schedule of GCF Repo Timeframes

FICC also proposes to make certain corrections to the Schedule of GCF Repo Timeframes in the GSD Rules. Specifically, FICC would revise the 7:00 a.m. timeframe, and remove the 10:00 a.m., 10:30 a.m., and 1:00 p.m. timeframes because the 10:00 a.m., 10:30 a.m. and 1:00 p.m. timeframes are outdated.

Currently, the 7:00 a.m. timeframe states that FICC begins to accept from GCF Authorized Inter-Dealer Brokers data on GCF Repo Transactions, and GCF Authorized Inter-Dealer Brokers must submit data on a GCF Repo Transaction that they are a party to within five minutes of executions of such transaction. FICC would revise this 7:00 a.m. timeframe to state that Netting Members must begin affirming or cancelling GCF Repo Transactions upon receipt of data on such GCF Repo Transactions from FICC.

Additionally, FICC proposes to remove the 10:00 a.m. 10:30 a.m. and 1:00 p.m. timeframes. The 10:00 a.m. timeframe states that this is the time Netting Members must begin affirming or disaffirming GCF Repo Transactions within one half hour of receipt of data on such transactions from FICC. The 10:30 a.m. timeframe currently states that this is the deadline for dealer affirmation or disaffirmation of all GCF Repo Transactions that they are a party to that are executed prior to 10 a.m. The 1:00 p.m. timeframe currently states that for GCF Repo Transactions executed after 1:00 p.m., Netting Members must affirm or disaffirm GCF Repo Transactions within ten minutes of their receipt of data on such transactions from FICC.

FICC believes these proposed changes to remove outdated timeframes and clarify the 7:00 a.m. timeframe described above would enhance consistency and accuracy, and thereby make it clear that Members must begin affirming or cancelling their trades when the system opens at 7:00 a.m. FICC does not believe these proposed changes would impact the rights and obligations of Members because these proposed changes would more accurately describe current practice.

8. Correct References From “Disaffirm” to “Cancel”

FICC proposes to revise the references from disaffirm to cancel in GSD Rule 6C, Section 12. This section describes the affirmation, cancellation and modification requirements for Data on GCF Repo Transactions.

FICC would also revise the references from “disaffirmation” to “cancellation” in the 3:00 p.m. timeframe in the Schedule of GCF Repo Timeframes in the GSD Rules to be consistent with the proposed changes to the 7:00 a.m. timeframe described above. The 3:00 p.m. timeframe currently states this is the cutoff for GCF Repo Transaction data submission from GCF Authorized Inter-Dealer Brokers to FICC including dealer trade affirmation or disaffirmation – all unaffirmed trades automatically affirmed by FICC.

9. Correct Description of Acknowledgement and Refusal Messages

FICC proposes to make certain corrections to GSD Rule 13, Section 5(h) to enhance accuracy. Currently, GSD Rule 13, Section 5(h) states that a Funds-Only Settling Bank that cannot send an acknowledgment or refusal message to FICC due to an operational issue may telephone its instructions to the Settlement Agent. FICC proposes to revise GSD Rule 13, Section 5(h) to correct that a Funds-Only Settling Bank that cannot send an acknowledgement or refusal message to the Settlement Agent due to an

operational issue may instruct the Settlement Agent to act on its behalf. FICC believes these proposed changes would clarify that the acknowledgement or refusal message is sent to the Settlement Agent (rather than FICC) and that replacing “telephone its instructions to” with “instruct” would clarify that the Funds-Only Settling Bank may telephone its instructions or provide its instructions in another way.

10. Correct Definition of “Repo Start Date”

FICC proposes to correct the definition of Repo Start Date in GSD Rule 1 to state that it means the settlement date for the Start Leg of a Repo Transaction. The current definition states that it means the settlement date for the start date of a Repo Transaction.

11. Make Corrections to Certain GSD Schedules

In the (i) Schedule of Required and Accepted Data Submission Items for a Substitution and (ii) Schedule of Required and Accepted Data Submission Items for New Securities Collateral in the GSD Rules, FICC proposes to add “or Generic CUSIP Number” to Item 1 in each schedule, which was inadvertently omitted. Currently, Item 1 in each schedule only lists Specific CUSIP Number for the Existing Securities Collateral or New Securities Collateral, as applicable. However, FICC must receive either the Specific CUSIP Number or Generic CUSIP Number for the Existing Securities Collateral or New Securities Collateral, as applicable, in order to process a substitution of Existing Securities Collateral or New Securities Collateral, as applicable.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions in the GSD Rules, FICC proposes to correct the reference from “Trade Reference Number” to “Broker Reference Number” to enhance accuracy. Currently, Broker Reference Number in this schedule is described as the GCF-Authorized Inter-

Dealer Broker's unique reference number for the GCF Repo Transaction. As such, FICC believes it would enhance accuracy and clarity to refer to this item as the Broker Reference Number rather than the Trade Reference Number.

B. Clarifications

FICC is proposing to make a number of clarifications to the Rules, as described in greater detail below. FICC believes that each of these proposed changes would improve the clarity of the Rules, for the reasons described below, and does not believe that any of the proposed clarifications would impact the rights and obligations of Members.

1. Clarify Calculation of the Funds-Only Settlement Amount

In GSD Rule 13, Section 2, FICC proposes to make certain clarifications to the calculation of the Funds-Only Settlement Amounts to describe the current calculation of the Funds-Only Settlement Amounts more accurately. For GSD, funds-only settlement occurs twice on a Business Day, at 10:00 a.m. and 4:30 p.m., and therefore, the Funds-Only Settlement Amount is calculated twice on a Business Day. Specifically, the intraday Funds-Only Settlement Amount is calculated and then collected or paid intraday on the same Business Day. The Funds-Only Settlement Amount that is collected or paid at the start of day on a Business Day is calculated at the end of the previous Business Day. For example, the Funds-Only Settlement Amount that is collected or paid at 10:00 a.m. on March 2, 2023 is calculated at the end of day on March 1, 2023. In addition, these two Funds-Only Settlement Amounts are calculated using different components, as further described below.

Currently, GSD Rule 13, Section 2 states that the Funds-Only Settlement Amount of each Netting Member shall be determined by calculating the net total, for a particular

Business Day of the following and then lists the components that are part of the calculation of this amount. FICC proposes to revise the reference from “for a particular Business Day” to “for a particular cycle, if applicable,” to enhance clarity and accuracy. For GSD, as described above, currently, funds-only settlement occurs twice on a Business Day and therefore, there are two cycles during the Business Day during which the Funds-Only Settlement Amount is calculated. As such, FICC believes it is more precise and accurate to refer to a particular cycle in the description of the calculation of the Funds-Only Settlement Amount and as this proposed change would reflect the current calculation of the Funds-Only Settlement Amounts, FICC does not believe this proposed change would impact the rights or obligations of Members.

In addition, in GSD Rule 13, Section 2, FICC proposes to add “the return of the previous cycle’s Net Forward Mark Adjustment Payment” as a component in the calculation of the Funds-Only Settlement Amount of each Netting Member, and this would be added as subsection (d). The Net Forward Mark Adjustment Payment is currently listed as a component of the Funds-Only Settlement Amount, but FICC believes it would enhance clarity to also list the return of the previous cycle’s Net Forward Mark Adjustment Payment in the description of the calculation of the Funds-Only Settlement Amount.¹⁹ FICC believes this proposed change would be a more accurate description of the current process. During each cycle, FICC calculates a new Net Forward Mark Adjustment Payment and so, also returns the previous cycle’s Net Forward Mark Adjustment Payment. As described above, funds-only settlement occurs twice a day at

¹⁹ “Net Forward Mark Adjustment Payment” is defined in GSD Rule 1, supra note 5.

GSD, so the cycle at 10:00 a.m. may include the return of the previous cycle's Net Forward Mark Adjustment Payment (the previous cycle would be the cycle that occurred at 4:30 p.m. the previous Business Day). FICC believes these proposed changes enhances clarity by more accurately describing the current process and therefore, would not impact the rights or obligations of Members.

Similarly, in GSD Rule 13, Section 2, FICC proposes to revise the first sentence of the third paragraph to refer to a particular cycle rather than Business Day and to add the phrase "if applicable." In addition, FICC proposes to clarify the components of the Funds-Only Settlement Amount that are currently calculated and collected or paid intraday by replacing the current description with a list of the specific components, which are the Net Forward Mark Adjustment Payment, the return of the previous cycle's Net Forward Mark Adjustment Payment and the Miscellaneous Adjustment Amount. The current description states that FICC will determine an intraday Funds-Only Settlement Amount by calculating a net total, for a particular Business Day, of certain of the amounts specified in Section 1 of GSD Rule 13 as FICC shall announce to Members from time to time. The revised description would state that FICC will determine an intraday Funds-Only Settlement Amount by calculating a net total, for a particular cycle, if applicable, of the following: (a) the Net Forward Mark Adjustment Payment, (b) the return of the previous cycle's Net Forward Mark Adjustment Payment, and (c) Miscellaneous Adjustment Amount. FICC believes these proposed changes to this paragraph in GSD Rule 13, Section 12 would enhance clarity with respect to the intraday Funds-Only Settlement Amount. Because this proposed change would reflect the current calculation of the Funds-Only Settlement Amount that is calculated and collected or paid

intraday, FICC does not believe this proposed change would impact the rights or obligations of Members.

FICC would also clarify that certain components of the Funds-Only Settlement Amount are only applicable to the end of the day cycle, and some are only applicable to the intraday cycle. FICC would clarify that the components of the Funds-Only Settlement Amount in the second paragraph of GSD Rule 13, Section 2, are calculated at the end of the day and then collected or paid start of day, as applicable, on the following Business Day, are the amounts listed in (a) through (p) of this paragraph. Similarly, with respect to the third paragraph of GSD Rule 13, Section 2, FICC would clarify that the components of the Funds-Only Settlement Amount that are calculated and collected or paid intraday, as applicable, are the amounts listed in (a) through (c) of this paragraph. Because these proposed changes would reflect the current calculation of the Funds-Only Settlement Amounts, FICC does not believe these proposed changes would impact the rights or obligations of Members.

2. Clarify Definition of “Account”

Proposed Changes to Clarify Account, Broker Account, and Dealer Account, and Netting Member Account

FICC proposes to make certain clarifications to the definition of “Account” in GSD Rule 1, as further described below. FICC believes the proposed changes described below would clarify the various types of Accounts that currently exist at FICC.

The current definition of “Account” in GSD Rule 1 means any account maintained by FICC on behalf of a Netting Member. FICC proposes to revise the definition of “Account” to state that it means any account maintained by a Member. FICC believes these proposed changes to the definition of “Account” would enhance

consistency, and thereby also enhance clarity. Specifically, these proposed changes would revise the definition of “Account” to be more consistent with the definitions for other types of Accounts, such as a Broker Account and a Sponsoring Member Omnibus Account.

As such, because FICC is proposing to revise the definition of “Account” to mean any account maintained by the Member, as described above, FICC would also add a definition for “Netting Member Account” in GSD Rule 1 to specifically describe an account maintained by FICC on behalf of a Netting Member. FICC proposes to add that Netting Member Account would mean an Account maintained by a Netting Member that contains the activity of the Netting Member that is submitted to FICC. FICC would also add that a Netting Member may elect to establish one or more Netting Member Accounts.

In addition, the current definition of “Account” in GSD Rule 1 includes definitions for “Broker Account” and “Dealer Account” and also describes that with respect to an applicable Cross-Margining Agreement, “Account” may include a Market Professional Cross-Margining Account. FICC proposes to move the definitions of “Broker Account” and “Dealer Account” from the definition of “Account” so that each of these terms are listed separately and in alphabetical order in GSD Rule 1. “Broker Account” would mean an Account maintained by an Inter-Dealer Broker Netting Member or a Segregated Repo Account of a Non-IDB Repo Broker. “Dealer Account” would mean an Account maintained by a Netting Member that is not a Broker Account. FICC believes that separately listing the defined terms “Broker Account” and “Dealer Account” in GSD Rule 1 rather than within another defined term in GSD Rule 1 would enhance readability and clarity.

FICC believes the above-described proposed changes in the GSD Rules would enhance clarity with respect to the various types of Accounts that currently exist.

Because these are clarifications of the descriptions of the current types of Accounts, FICC does not believe that the above-described proposed changes would impact the rights and obligations of Members.

Proposed Changes to Capitalize References to account, accounts, and account(s)

FICC would capitalize the references to account, accounts, and account(s), as applicable, in the GSD Rules, including, for example, (1) in the definitions of “Market Professional Cross-Margining Account”, “MLA Excess Amount,” and “Segregated Repo Account” in GSD Rule 1; (2) GSD Rule 13, Section 5(d); (3) GSD Rule 3, Sections 11(a), (c), (e), (f); (4) GSD Rule 3A, Sections 10(b) and 11; (5) GSD Rule 19, Section 4; and (6) Sections V and VII of the Fee Structure of the GSD Rules.

FICC believes it would enhance clarity and consistency to use the defined term “Account” by capitalizing the current references, as described above. Because these are clarifications of the descriptions of the current types of Accounts, FICC does not believe that the above-described proposed changes would impact the rights and obligations of Members.

Proposed Changes to Revise References to Netting Member Account

Because FICC would add a definition for “Netting Member Account,” FICC proposes to make the following changes:

- In GSD Rule 3, Sections 11(b) and (d), FICC proposes to revise “netting accounts” to “Netting Member Accounts.”
- In GSD Rule 3A, Sections 2(h), 10(b), 11 and 12, FICC proposes to revise “Netting System accounts” to “Netting Member Accounts.”

- In GSD Rule 3A, Section 18, FICC proposes to revise “Netting System Account(s)” to “Netting Member Account(s).”
- In GSD Rule 3A, Section 6(c), FICC proposes to revise “netting account” to “Netting Member Account.”

FICC believes revising these references to the new defined term “Netting Member Account” would enhance clarity and consistency with respect to the current references in the GSD Rules that describe this type of account. As such, FICC does not believe that the above-described proposed changes would impact the rights and obligations of Members.

FICC also proposes to revise the reference from “participant account” to “Account” in GSD Rule 19, Section 2.

3. Clarify Definition of “Transactions”

FICC proposes to clarify the definition of Transactions in GSD Rule 1 by revising a reference from Direct Transactions to Bilateral Transactions. FICC would also remove the defined term “Direct Transactions” from GSD Rule 1. Currently, “Transactions” means Brokered Transactions and Direct Transactions. In addition, “Direct Transactions” means any transaction, including a Repo Transaction, calling for the delivery of an Eligible Netting Security or the posting of cash or an Eligible Netting Security as collateral, the data on which has been submitted to FICC by Members, that is not a Brokered Transaction.

FICC would add a definition for Bilateral Transactions in GSD Rule 1 to enhance clarity. Bilateral Transactions would mean any transaction, including a Repo Transaction, the data on which has been submitted to FICC by two Members, and is not a Brokered Transaction.

FICC believes the above-described proposed changes to replace the term “Direct Transactions” to the more descriptive term “Bilateral Transactions” and to simply the definition of “Bilateral Transactions” would enhance clarity. Furthermore, FICC does not believe the above-described proposed changes would impact the rights and obligations of Members because these are the current types of Transactions that are submitted to FICC.

4. Add References to CCIT Transactions

In the second to last sentence of the definition of End Leg in GSD Rule 1, FICC proposes to revise the reference from transaction to GCF Repo Transaction or CCIT Transaction, as applicable. In addition, in the definition of GCF Transaction Adjustment Payment, FICC proposes to revise the reference from transactions to GCF Repo Transactions and CCIT Transactions, as applicable.

FICC believes replacing the word “transaction” with the defined terms in the above-described definitions would enhance clarity by providing consistency and specificity with respect to the transactions that are being referenced in these definitions. Furthermore, these definitions currently include a reference to GCF Repo Transactions and CCIT Transactions. As such, FICC does not believe that these proposed changes to enhance clarity would impact the rights and obligations of the Members.

5. Revise GSD Rule 18, Sections 2 and 3 to Enhance Clarity

In GSD Rule 18, Section 2, FICC proposes to clarify that each Netting Member that has requested to add the repo netting service operated by FICC must submit to FICC, or to either another Registered Clearing Agency or Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and

netting, data on all of its Repo Transactions. Currently, GSD Rule 18, Section 2 states that each Netting Member that has requested of FICC that it provide its Netting System services for such Member's Repo Transaction data submissions must submit to FICC, or to either another Registered Clearing Agency or Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and netting, data on all of its Repo Transactions. FICC believes this proposed change would enhance clarity and accuracy because it is when Netting Members request to add the repo netting service operated by FICC that they are required to submit to FICC or another Registered Clearing Agency or Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and netting, the data on all of its Repo Transactions. Furthermore, the repo netting service operated by FICC and the Netting System services for such Member's Repo Transaction data submissions are different ways of describing the same service provided by FICC. As such, FICC does not believe that these proposed clarifications would impact the rights and obligations of Members.

In addition, in GSD Rule 18, Section 2, the last sentence of the first paragraph and the sixth paragraph both describe collateral substitutions pertaining to Repo Transactions and are duplicative. Specifically, both sentences state that all collateral substitutions pertaining to Repo Transactions must be performed through FICC, and the requisite collateral substitution requests must be submitted to FICC in accordance with the requirements, procedures and timeframes established by FICC from time to time. As such, FICC proposes to remove this description from GSD Rule 18, Section 2 and add this description to GSD Rule 18, Section 3 because GSD Rule 18, Section 3 contains

provisions related to collateral substitutions. FICC believes these proposed changes would enhance clarity and would not impact the rights and obligations of Members.

6. Clarify Descriptions of Novation

Proposed Changes to Revise Defined Term “Novation” to Include Uses of “Novate”

In GSD Rule 1, FICC proposes to revise the defined term “Novation” to “Novation or Novate” and to add that the term “Novate” shall have a corollary meaning. Novation is currently defined as the termination of deliver, receive, and related payment obligations between Netting Members and the replacement of such obligations with identical obligations to and from FICC, pursuant to Section 8 of GSD Rule 5. FICC believes this proposed change to add Novate to the current definition of Novation and specify that “Novate” has a corollary meaning would enhance clarity as Novation and Novate are both currently used in the GSD Rules to describe the termination of deliver, receive, and related payment obligations between Netting Members and the replacement of such obligations with identical obligations to and from FICC. As such, FICC believes this added specificity would enhance clarity and would not impact the rights and obligations of Members.

FICC also proposes to capitalize the references to novate and novated in GSD Rule 3A, Sections 2(i), 7(a), 7(b), 14(c), 16(b) and 18(e); GSD Rule 3B, Section 14(b); GSD Rule 5, Section 8(a), 8(b), and 8(d); GSD Rule 11, Section 6; GSD Rule 12, Section 11(iii); GSD Rule 14, Section 3; GSD Rule 20, Section 5; and GSD Rule 21A. FICC believes these proposed changes to use the defined terms by capitalizing the current references to novate and novated in the above-referenced GSD Rules would enhance clarity and would not impact the rights and obligations of Members.

FICC also proposes to revise the definition of Novation in GSD Rule 1 to include CCIT Members (or Joint Accounts), which was inadvertently omitted. Specifically, FICC proposes to revise this definition to state that Novation means the termination of deliver, receive, and related payment obligations between Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, and the replacement of such obligations with identical obligations to and from FICC, pursuant to Section 8 of GSD Rule 5. Currently, GSD Rule 5, Section 8(a) states that Novation consists of the termination of the deliver, receive and related payment obligations between the Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, with respect to the Compared Trade and their replacement with identical obligations to and from FICC in accordance with the GSD Rules. As such, FICC believes this proposed change to the definition of Novation would enhance clarity by correcting an inadvertent omission in the definition of Novation and would not impact the rights and obligations of Members.

Proposed Changes to Replace References to guaranty, guarantee, and Guaranty of settlement with Novation or Novate

FICC also proposes to remove references to guaranty, guarantee, and Guaranty of settlement and/or replace such references with Novation or Novate. FICC believes it would enhance clarity and consistency to describe this process in the GSD Rules using the defined term Novation or Novate.²⁰ Furthermore, FICC believes it would enhance clarity to remove duplicative descriptions.

²⁰ FICC is proposing to revise the definition of Novation to add Novate, as described above.

Specifically, FICC proposes to remove GSD Rule 11B (Guaranty of Settlement). GSD Rule 11B, Section (a) currently describes requirements that must be satisfied for FICC to guarantee the settlement of that trade. Specifically, GSD Rule 11B, Section (a) states that FICC will guarantee the settlement of a trade the data on which were submitted for Bilateral Comparison, Demand Comparison, or Locked-in Comparison at the time the comparison of such trade occurs pursuant to GSD Rules 6A, 6B, or 6C, respectively, as long as the trade meets the requirements of Section 2 of GSD Rule 11 and was entered into good faith. FICC is proposing to delete this Section (a) of GSD Rule 11B to enhance clarity and consistency because FICC believes this description is duplicative in the GSD Rules. Furthermore, FICC believes it would enhance clarity to consistently use the one defined term Novation. Currently, GSD Rule 5, Section 8(a) states that each Compared Trade that meets the requirements of Section 2 of GSD Rule 11 and was entered into good faith shall be novated to FICC and FICC shall guarantee the settlement of each Compared Trade at the time at which comparison of such Compared Trade occurs pursuant to GSD Rules 6A, 6B, or 6C.²¹ GSD Rule 5, Section 8(a) currently also states that such Novation shall consist of the termination of the deliver, receive and related payment obligations between the Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, with respect to the Compared Trade (including, if such Compared Trade is a Repo Transaction, any Right of Substitution established by the parties) and their replacement with identical obligations to and from FICC in accordance with these Rules.

²¹ FICC is also proposing to remove the references to guaranty in GSD Rule 5, Section 8, as described further below.

GSD Rule 11B, Section (b) describes the guaranty referred to in Section (a). Specifically, GSD Rule 11B, Section (b) states that this guaranty means FICC's obligation to include the trade in calculating a Net Settlement Position and to novate the deliver, receive, and payment obligations that were created by the trade pursuant to the GSD Rules. It also states that FICC's guaranty of settlement of an individual trade applies only to the settlement of the trade as it exists as part of a Net Settlement Position. FICC is proposing to remove GSD Rule 11B, Section (b) to enhance clarity and consistency. FICC believes this section is duplicative and that by using the defined terms Novation or Novate instead of Guaranty would enhance clarity and consistency.²² Novation is currently a defined term in GSD Rule 1 and means the termination of deliver, receive, and related payment obligations between Netting Members and the replacement of such obligations with identical obligations to and from FICC pursuant to Section 8 of Rule 5. In addition, GSD Rule 11 describes the Netting System and the establishment of Net Settlement Positions. Specifically, GSD Rule 11, Section 1 states that the Netting System is a system for aggregating and matching offsetting obligations from trades submitted by or on behalf of Netting Members in Eligible Netting Securities. GSD Rule 11, Section 3 describes the obligation to submit trades to FICC for comparison and netting. GSD Rule 11, Section 4 states that on each Business Day, for each Eligible Netting Security with a separate CUSIP number, with certain exceptions, FICC will establish a Net Settlement Position or Fail Net Settlement Position, as applicable.

²² FICC is also proposing to clarify the definition of "Novation" to include "Novate", as further described above.

GSD Rule 11B, Section (c) describes the circumstances when FICC's guaranty described in GSD Rule 11B, Sections (a) and (b) are no longer in effect. GSD Rule 11B, Section (c) states that the guaranty referred to in subsections (a) and (b) above shall no longer be in effect if the trade becomes uncomparated, is cancelled, or settles pursuant to the Rules. FICC is proposing to remove GSD Rule 11B, Section (c) to enhance clarity and consistency by using the terms Novation or Novate instead of Guaranty and FICC believes this section is duplicative. GSD Rule 5, Section 8(c) and (d) also describes what occurs when a trade becomes uncomparated or is cancelled pursuant to the GSD Rules.²³

GSD Rule 11B, Section (d) describes the requirements that must be satisfied for FICC to guarantee the settlement of Same-Day Settling Trades. FICC is proposing to remove GSD Rule 11B, Section (d) to enhance clarity and consistency as FICC believes this section is duplicative. GSD Rule 5, Section 8(b) currently states that each Same-Day Settling Trade that becomes a Compared Trade and was entered into good faith will be novated to FICC. In addition, the eligibility for settlement of Same-Day Settling Trades is currently described in GSD Rule 12, Section 11(ii).

As described above, FICC believes removing GSD Rule 11B would enhance clarity and consistency as this rule describes FICC's guaranty of settlement and is duplicative, as described above. As such, FICC does not believe the proposed change to remove GSD Rule 11B would impact the rights and obligations of Members.

GSD Rule 3A, Section 2(i) currently states that any Sponsored Member Trades which have received FICC's guaranty of settlement and been novated to FICC shall

²³ FICC is also proposing to clarify the description of what occurs if a trade becomes uncomparated or is cancelled in GSD Rule 5, Section 8(c) pursuant to the GSD Rules, as further described below.

continue to be processed and guaranteed by FICC. FICC proposes to revise GSD Rule 3A, Section 2(i) and Rule 3A, Section 16 to state any Sponsored Member Trades which have been Novated by FICC shall continue to be processed by FICC.

In addition, GSD Rule 3A, Section 7(a)(iv) states that FICC's guaranty of settlement shall apply to Sponsored Member Trades and such trades shall be novated in the same manner in which trades of Netting Members are novated and settlement is guaranteed pursuant to Section 8 of GSD Rule 5. FICC proposes to revise GSD Rule 3A, Section 7(a)(iv) to state that Sponsored Member Trades shall be Novated in the same manner in which trades of Netting Members are Novated pursuant to Section 8 of GSD Rule 5. FICC would also revise the title of GSD Rule 3A, Section 7 from "The Netting System, Novation and Guaranty of Settlement" to "The Netting System and Novation." GSD Rule 3A, Section 14(c) currently states that any Sponsored Member Trades which have received FICC's guaranty of settlement and been novated to FICC shall continue to be processed and guaranteed by FICC. FICC proposes to revise GSD Rule 3A, Section 14(c) to state any Sponsored Member Trades which have been Novated by FICC shall continue to be processed by FICC.

FICC also proposes to remove GSD Rule 3B, Section 12, which states that GSD Rule 11B (Guaranty of Settlement) shall apply to CCIT Transactions that are Compared Trades. FICC also proposes to revise GSD Rule 3B, Section 14(b) to remove the phrase "guaranteed and." As such, GSD Rule 3B, Section 14(b) would state that once FICC has ceased to act for a Netting Member with whom a CCIT Member traded pursuant to these GSD Rules, if any portions of such trades, as Novated pursuant to these GSD Rules, remain outstanding, then, if FICC determines, in its sole discretion, that the procedures

below are necessary to address certain of FICC's liquidity needs, FICC may initiate transactions under the CCIT MRA as provided below.

FICC also proposes to remove the phrase "and guarantee the settlement of" from GSD Rule 21A(v).

In addition, FICC proposes to revise GSD Rule 5, Section 8. FICC would remove the phrase "and Guaranty" from the title of this section. FICC also proposes to remove the phrase "and the Corporation shall guarantee the settlement of each such Compared Trade" from GSD Rule 5, Sections 8(a) and 8(b).

Furthermore, FICC proposes to clarify GSD Rule 5, Section 8(b) by adding a proviso that was inadvertently omitted, so that it would state that each Same-Day Settling Trade that becomes a Compared Trade and was entered into in good faith shall be Novated to FICC at the time at which the comparison of such trade occurs pursuant to GSD Rules 6A or 6B, as applicable, provided the trade meets the requirements of Section 11(ii) of GSD Rule 12.

FICC would also revise GSD Rule 11, Section 14 to enhance clarity. Currently, GSD Rule 11, Section 14 states that FICC shall not guaranty fails charge proceeds in the event of a default (i.e., if the defaulting Member does not pay its fails charge, Members due to receive fails charge proceeds will have those proceeds reduced pro-rata by the defaulting Member's unpaid amount). FICC proposes to state that FICC shall not be under any obligation to pay fails charge proceeds in the event of a default (i.e., if the Defaulting Member does not pay its fails charge, Members due to receive fails charge proceeds will have those proceeds reduced pro-rata by the Defaulting Member's unpaid amount) to enhance clarity and accuracy.

7. Clarify Uncompared or Cancelled Trades

FICC proposes to clarify the descriptions of what occurs to trades that become uncompared or are cancelled in the GSD Rules.

GSD Rule 5, Section 8(c) currently states that if a trade becomes uncompared or is cancelled pursuant to these GSD Rules, the Novation and FICC's guaranty of settlement of such transaction shall be reversed, cancelling the deliver, receive, and related payment obligations between FICC and the applicable Netting Members, and, as applicable, CCIT Member (or Joint Account), created by such Novation. FICC proposes to revise this description in GSD Rule 5, Section 8(c) to remove the description stating that Novation and guaranty of settlement will be reversed if a trade becomes uncompared or cancelled pursuant to the GSD Rules. Specifically, FICC proposes to revise GSD Rule 5, Section 8(c) to state that if a trade becomes uncompared or is cancelled pursuant to these GSD Rules, the deliver, receive, and related payment obligations between FICC and the Netting Members and, as applicable, CCIT Member (or Joint Account), created by the Novation of such trade shall be terminated and cancelled, and no amounts shall be owing between FICC and the Netting Members or CCIT Member (or Joint Account) on account of such trade. FICC believes the proposed changes would enhance accuracy as to what occurs if a trade becomes uncompared or is cancelled pursuant to the GSD Rules, and thereby also enhance clarity. FICC is proposing changes to the description in the GSD Rules and is not proposing changes to what occurs if a trade becomes uncompared or cancelled pursuant to the GSD Rules and as such, FICC does not believe that these proposed changes to GSD Rule 5, Section 8(c) would impact the rights and obligations of Members.

Similarly, FICC proposes to revise GSD Rule 12, Section 11(iii) to describe what occurs if a novated Same-Day Settling Trade becomes uncomparated or is cancelled to be consistent with the above-described proposed changes in GSD Rule 5, Section 8(c) to the description of what occurs if a trade becomes uncomparated or is cancelled pursuant to the GSD Rules. GSD Rule 12, Section 11(iii) currently states that if a novated Same-Day Settling Trade becomes uncomparated or is cancelled pursuant to these GSD Rules, the Novation and FICC's guaranty of settlement of such transaction shall no longer apply, cancelling the deliver, receive, and related payment obligations between FICC and the applicable Netting Members, created by such Novation. FICC proposes to revise GSD Rule 12, Section 11(iii) to state that if a Novated Same-Day Settling Trade becomes uncomparated and is cancelled pursuant to these GSD Rules, the deliver, receive, and related payment obligations between FICC and the Netting Members created by the Novation of such trade shall be terminated and cancelled, and no amounts shall be owing between FICC and the Netting Members on account of such trade. FICC believes having consistent descriptions of what occurs if a trade or Same-Day Settling Trade becomes uncomparated or cancelled pursuant to the GSD Rules would enhance clarity. FICC is proposing clarifications to the description in the GSD Rules and is not proposing changes to what occurs if a Same-Day Settling Trade becomes uncomparated or cancelled pursuant to the GSD Rules and as such, FICC does not believe that these proposed changes to GSD Rule 12, Section 11(iii) would impact the rights and obligations of Members.

8. Clarify Timing and Cumulative Effect of Presumptions

Current GSD Rule 10, Section 6 (which would be revised to Section 7 because FICC is proposing to add a new Section 6, as described below) states that

notwithstanding anything to the contrary in this Rule, more than one presumption of a match of data may be used by FICC to generate a comparison of a trade. FICC would revise the first paragraph in this section to state that notwithstanding anything contrary in this Rule, FICC may apply more than one presumption of a match of data to generate a comparison of a trade. FICC believes this proposed change would enhance readability, and thereby enhance clarity and would not impact the rights and obligations of Members.

The second paragraph of this section of GSD Rule 10 states that FICC will provide Members with prior notice setting forth, with regard to each enhanced comparison process, whether it will be performed in Real Time or at end of day. FICC proposes to remove this description and replace it with more specific language that describes which enhanced matching processes occur in Real Time and which occur at the end of day. FICC proposes to add a description stating that FICC would perform the enhanced comparison processes regarding the presumed match of data set forth in Sections 1, 2, 5 and 6 of GSD Rule 10 in Real Time, and that FICC would also perform the enhanced comparison processes regarding the presumed match of data set forth in Sections 1, 2, 3, 4, 5 and 6 of GSD Rule 10 at end of day, with the exception that, at end of day, Sections 4 and 5 would not apply to Repo Transactions. FICC believes these proposed changes that this additional specificity in the GSD Rules as to which enhanced matching processes occur at what times would enhance clarity and would not impact the rights and obligations of Members.

9. Clarify Substitutions of Collateral

In GSD Rule 20, Section 4, FICC proposes to clarify the descriptions relating to substitutions of collateral, which both state that all requests for substitutions must be

made by the substitution deadline established by FICC and announced by to Members by Important Notice from time to time. FICC proposes to remove the last sentence from the first paragraph and the last sentence from the second paragraph, which each contains this description. FICC would add a new paragraph to GSD Rule 20, Section 4, which states that for the avoidance of doubt, Dealers will be able to substitute any previously described collateral during the day and until such time as their new Collateral Allocation Obligations for that day are fully satisfied and finalized with the GCF Clearing Agent Bank. FICC believes that these proposed changes would remove duplicative language and as such, would not impact the rights and obligations of Members.

10. Clarify Right of Substitution

Currently, GSD Rule 11, Section 6 states that notwithstanding anything to the contrary in the above paragraph, if a Right of Substitution was established by the parties to a Repo Transaction, such Right of Substitution shall continue, and be recognized by FICC, after the netting of obligations pursuant to the above paragraph. FICC proposes to revise GSD Rule 11, Section 6 to state that notwithstanding anything to the contrary in the above paragraph, a Right of Substitution applicable to a Repo Transaction that constitutes all or part of a Net Settlement Position shall be recognized by FICC pursuant to these Rules. Parties to a Repo Transaction may agree to a Right of Substitution in their bilateral agreements. However, because FICC is not a party to such agreements, and therefore does not have a view into what was agreed to in these bilateral agreements, FICC proposes to revise GSD Rule 11, Section 6 to clarify that FICC recognizes a Right of Substitution applicable to a Repo Transaction that constitutes all or part of a Net Settlement Position (rather than a Right of Substitution established by the parties to a

Repo Transaction, which is how it is currently described in the GSD Rules), and such Right of Substitution would be recognized pursuant to the GSD Rules (rather than that the Right of Substitution was established by the parties to a Repo Transaction). FICC believes these proposed changes to the description of the Right of Substitution with respect to Repo Transactions that constitute all or part of a Net Settlement Position would enhance accuracy, and thereby enhance clarity and FICC is not proposing changes to the Right of Substitution. As such, FICC does not believe this proposed change would impact the rights and obligations of Members.

Furthermore, currently, GSD Rule 5, Section 8(e) states that if a Right of Substitution was established by the parties to a Repo Transaction, such Right of Substitution shall continue and be recognized by FICC after Novation. As such, FICC proposes to remove GSD Rule 5, Section 8(e) because the Right of Substitution would be described in GSD Rule 11, Section 6, as described above. FICC does not believe that this proposed change would impact the rights and obligations of Members.

In addition, FICC proposes to revise GSD Rule 14, Section 3. Currently, GSD Rule 14, Section 3 states that notwithstanding anything to the contrary in the above paragraph, if a Right of Substitution was established by the parties to a Repo Transaction, such Right of Substitution shall continue, and be recognized by FICC, after the netting of obligations pursuant to the above paragraph. FICC would also revise GSD Rule 14, Section 3 to state that notwithstanding anything to the contrary in the above paragraph, a Right of Substitution applicable to a Repo Transaction that constitutes all or part of a Forward Net Settlement Position shall be recognized by FICC pursuant to these Rules. FICC would revise the description in GSD Rule 14, Section 3 to be consistent with the

above-described proposed changes to GSD Rule 11, Section 6. FICC believes having consistent descriptions of the Right of Substitution applicable to Repo Transactions that constitute all or part of a Net Settlement Position (as described above) or Forward Net Settlement Position would enhance clarity. FICC is proposing clarifications to the description in the GSD Rules to enhance accuracy and clarity and is not proposing changes to the Right of Substitution and as such, FICC does not believe that these proposed changes to GSD Rule 14, Section 3 would impact the rights and obligations of Members.

FICC also proposes to clarify GSD Rule 18, Section 3(f), which currently states that FICC will have no obligation to ensure the acceptability to the Reverse Repo Party of any New Securities Collateral transferred pursuant to this section. FICC proposes to clarify this sentence by adding that FICC also will not record, authenticate or monitor the number of collateral substitutions performed in accordance with the Right of Substitution. FICC believes this additional detail would enhance clarity and describes what currently happens. As such, FICC does not believe that this proposed change to GSD Rule 18, Section 3(f) would impact the rights and obligations of Members.

11. Clarify Affiliated Members

FICC proposes to revise the description relating to Affiliated Members in GSD Rule 10, Section 3 to enhance clarity and readability.

GSD Rule 10, Section 3 describes a situation in which a Member submits data on one side of a trade against an incorrect counterparty that would have been compared had it been submitted against the correct counterparty, and these two counterparties are Affiliates and Members of GSD. A Member submits data against the identifying numbers of its

contraparty. For example, assume Member 2 and Member 3 are Affiliates and both are Members of GSD. Also, assume that Member 1 submitted data on a side of trade against Member 2 (the incorrect contraparty to the trade) and Member 3 submitted against Member 1. These trades would not compare because the counterparties do not match. Member 1 should have submitted the trade against Member 3 (the correct contraparty to the trade). However, if Member 2 and Member 3 have notified FICC that they are Affiliates and that they each wish to be presumed to be the correct contraparty to the side of the trade, then FICC has the discretion to compare the trade based on Member 1's correct contraparty being Member 3.

Currently, GSD Rule 10, Section 3 states that if data on a side of a trade submitted by a Member (hereinafter, the "First Member") against another Member (hereinafter, the "Non-Contraparty Affiliated Member") do not compare as submitted, but would compare if matched against data submitted by a third member that is an Affiliate of the Non-Contraparty Affiliated Member (hereinafter, the "Contraparty Affiliated Member"), FICC may, in its discretion, if it has received notice from the Non-Contraparty Affiliated Member and the Contraparty Affiliated Member, in a form and manner satisfactory to FICC (which notice may vary on a product-by-product basis), stating that they are Affiliates and that each wishes to be presumed to be the correct counterparty to a side of a trade submitted with an indication that the other is the contraparty, if this would allow the data on the trade to match, compare the trade based on the first Member's correct contraparty being the Contraparty Affiliated Member.

FICC proposes to remove the current description in GSD Rule 10, Section 3 and replace it with a clearer description. FICC would state that Members that are Affiliates

may submit written authorization to FICC stating that each Affiliate wishes to be presumed to be the correct contra-party to a side of a trade, if this presumption would allow the data on a trade that has differing contra member identifying numbers to match. Such written authorization must be in a form and manner satisfactory to FICC and may vary on a product-by-product basis. If a trade between two contra-parties (hereinafter, the “First Member” and “Second Member”) submitted to FICC does not match because the First Member submitted the contra member identifying number of the Second Member’s Affiliate instead of the Second Member, FICC shall compare the trade based on the Second Member’s trade submission as if the First Member submitted the contra member identifying number of the Second Member and FICC has received the written authorization referred to in this paragraph from the Second Member and the Second Member’s Affiliate.

As described above, to enhance clarity, FICC proposing to revise the current description in GSD Rule 10, Section 3 of what occurs when a Member submits data on one side of a trade against an incorrect contraparty that would have been compared had it been submitted against the correct contraparty, and these two contraparties are Affiliates and Members of GSD; FICC is not proposing changes to the process. As such, FICC does not believe these proposed changes would impact the rights and obligations of Members.

12. Clarify Pricing Rate

Currently, GSD Rule 3B, Section 14(a)(xii) states that the Pricing Rate (as defined in the CCIT MRA) in respect of each Transaction shall be the rate published on FICC’s website at the time FICC initiates such Transaction, corresponding to: (A) U.S.

Treasury < 30-year maturity (CUSIP: 371487AE9) if the Purchased Securities under such Transaction are U.S. Treasury bills, notes or bonds, (B) Non-Mortgage Backed U.S. Agency Securities (CUSIP: 371487AH2) if the Purchased Securities under such Transaction are non-mortgage-backed U.S. agency securities or (C) Fannie Mae, Freddie Mac, and UMBS Fixed Rate MBS (CUSIP: 371487AL3) if the Purchased Securities under such Transaction are mortgage-backed securities, or if the relevant foregoing rate is unavailable, a rate that FICC reasonably determines approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction.

FICC proposes to revise GSD Rule 3B, Section 14(a)(xii) to remove the specific references to the General CUSIP Numbers and the related descriptions listed in subsections (A), (B), and (C). Specifically, FICC proposes to revise this section to state that the Pricing Rate (as defined in the CCIT MRA) in respect of each Transaction shall be the rate that FICC reasonably determines approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction. There may be changes in the market that may affect the rates that correspond to the specific Generic CUSIP Numbers that are currently listed in the GSD Rules. As such, these proposed changes would provide FICC with more flexibility to respond more quickly to changes in the market without a rule filing and better enable FICC to use rates that are current and reflect the market while at the same time, ensuring that the GSD Rules remain accurate. FICC does not believe this proposed change would impact the rights and obligations of Members because the GSD Rules currently provide that if the rates are unavailable, then the Pricing Rate will be a rate that FICC reasonably determines

approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction. As such, the GSD Rules currently enable FICC to select rates that approximate the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction.

13. Clarify References to Treasury Department Regulations

GSD Rule 6C, Section 8 states that in its sole discretion, FICC may decline to accept from a Locked-In Trade Source data on the Locked-In Trades of a particular Member or Members, including Netting-Eligible Auction Purchases (subject to terms and conditions agreed to by FICC and the Treasury Department regarding Netting-Eligible Auction Purchases).

GSD Rule 6C, Section 11 states that FICC has the authority, in order to correct or avoid an error, to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase (subject to terms and conditions agreed to by FICC and the Treasury Department regarding Auction Purchases). This section also states that in the event a security auctioned in a Treasury Department auction is not issued, FICC will have the authority to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase involving that security (subject to terms and conditions agreed to by FICC and the Treasury Department regarding Auction Purchases).

FICC proposes to clarify the above-described references in GSD Rule 6C, Sections 8 and 11 from the terms and conditions agreed to by FICC and the Treasury Department regarding Netting-Eligible Auction Purchases or Auction Purchases (as applicable) to the applicable Treasury Department regulations regarding Netting-Eligible Auction Purchases. FICC would revise these references because FICC believes it is more

accurate to state that the applicable Treasury Department regulations govern the Netting-Eligible Auction Purchases rather than describing it as the terms and conditions agreed to by FICC and the Treasury Department. FICC and the Treasury Department do not have a separate agreement with terms and conditions regarding Auction Purchases. As such, FICC believes these proposed changes to reference the applicable Treasury Department regulations regarding Netting-Eligible Auction Purchases instead of the terms and conditions agreed to by FICC and the Treasury Department regarding Auction Purchases would enhance accuracy, and thereby enhance clarity. FICC does not believe that these proposed clarifications would impact the rights and obligations of Members.

14. Clarify References to Federal Reserve Banks Operating Circulars

FICC proposes to revise the Interpretive Guidance with Respect to Settlement Finality in the GSD Rules and MBSD Rules to allow this guidance to remain accurate, current and aligned with any future revisions to the Federal Reserve Banks Operating Circulars (“Operating Circulars”).

Currently, the Interpretive Guidance with Respect to Settlement Finality in the GSD Rules and MBSD Rules (i) reference specific sections in the Operating Circulars, (ii) refer to specific dates of certain Operating Circulars, and (iii) include direct quotations from the Operating Circulars, including specific text and defined terms.

FICC proposes to revise this guidance to be more general by removing specific section references to the Operating Circulars and replacing those references with more general descriptions of the subjects covered in such sections of the Operating Circulars in the event the specific section references change when the Operating Circulars are updated or revised. FICC would also remove references to specific dates of the Operating

Circulars and replace them with references to the Operating Circulars “as promulgated from time to time by the FRB.”

In addition, FICC proposes to remove specific quotations of text and defined terms. FICC would replace the direct quotations of defined terms with cross-references to the relevant Operating Circulars. FICC also proposes to remove the dates at the end of the Interpretative Guidance with Respect to Settlement Finality in the GSD Rules and MBSD Rules.

FICC believes that these proposed changes would enhance accuracy by allowing the GSD Rules and MBSD Rules to remain accurate, current and aligned following any revisions to the Operating Circulars, and thereby enhance clarity. FICC does not believe these proposed clarifications would impact the rights and obligations of Members.

15. Clarify Uses of Terms “Written Notice” and “Notice”

FICC proposes to clarify that “written notice” in the definition of GCF-Authorized Inter-Dealer Broker in GSD Rule 1 and “notice” in GSD Rule 3B, Section 6 both refer to Important Notices, which are posted to the DTCC website. FICC believes revising this reference from written notice and notice to the issuance of an Important Notice would enhance clarity because the proposed changes provide additional specificity. FICC does not believe that this proposed clarification would impact the rights and obligations of Members.

16. Clarify Definition of Settlement Agent

FICC would clarify the definition of Settlement Agent in GSD Rule 1 and MBSD Rule 1 by adding a parenthetical stating “and as referenced in the Federal Reserve Banks Operating Circular 12.” As such, because the parenthetical would be added to the

definition of “Settlement Agent” in the GSD Rules and MBSD Rules, FICC also proposes to remove from GSD Rule 13, Section 5(g) and MBSD Rule 11, Section 9(g), the parenthetical stating “as that term is used in the relevant FRB’s Operating Circular 12 and in these Rules” that currently follows the references to Settlement Agent.

FICC believes it would enhance clarity to add the parenthetical to the definition of Settlement Agent and this proposed change would not impact the rights and obligations of Members.

17. Clarify Money Tolerances

Currently, the GSD Rules contain a Schedule of Money Tolerances, which lists the Money Tolerances that have been established by FICC.²⁴ FICC proposes to add a new Section 6 to GSD Rule 10, titled “Money Tolerances.” FICC would state in this new section that if the data of a Required Match Data item on a trade do not compare because the dollar amount(s) submitted by two Members differs, FICC will compare the trade if the difference in the Required Match Data item is within the tolerance specifications set by FICC in the Schedule of Money Tolerances.

FICC believes adding this section in GSD Rule 10 that cross-references the current Schedule of Money Tolerances would enhance clarity with respect to the current practice regarding the comparison of a trade where there are differences in the dollar amount(s) submitted by two Members. As such, FICC does not believe this proposed clarification would impact the rights and obligations of Members.

²⁴ The term “Money Tolerance” is defined in GSD Rule 1, supra note 5.

18. Clarify GSD Rule 11, Section 12

In GSD Rule 11, Section 12, FICC proposes to delete the sentence stating that Netting Members shall inform FICC promptly after the occurrence of any event specified earlier in that Section 12 and revise the first sentence to state that each Netting Member shall be obligated to inform FICC promptly if any referenced events were to occur. FICC believes this proposed change would enhance clarity with respect to Netting Members' requirement to promptly notify FICC in these circumstances by moving the description of that requirement to the beginning of the section rather than at the end. As such, FICC does not believe this proposed clarification would impact the rights and obligations of Members.

19. Clarify GSD Rule 5, Section 6

Currently GSD Rule 5, Section 6 states that, except as otherwise provided in GSD Rule 10, any confirmations, comparison or other documentary evidence of any such Compared Trade, other than the comparison generated by FICC shall not affect the existence or terms and conditions of such a valid, binding and enforceable contract in respect of such Compared Trade.

FICC proposes to clarify GSD Rule 5, Section 6 by removing the phrase “[e]xcept as otherwise provided in Rule 10,” and instead restating the referenced language in GSD Rule 5, Section 6. Specifically, FICC proposes to add to GSD Rule 5, Section 6 that, notwithstanding the previous sentence, the comparison by FICC of a trade involving unmatched commission amounts pursuant to the GSD Rules, while evidencing a valid, binding and enforceable contract between the parties to the trade to the same degree as if the commission amounts matched shall not constitute a final, binding determination by

FICC as to the correct commission amount owing on such trade. The Broker that submitted data on such trade shall have an ongoing obligation to the Dealer that submitted data on such trade to respond promptly to such Dealer's commission difference inquiries, and to act in good faith to promptly resolve any such alleged differences.

FICC believes this proposed change would enhance readability, and thereby enhance clarity and would not impact the rights and obligations of Members.

20. Clarify Indemnification Provisions

FICC proposes to clarify the indemnification provisions in connection with an FFI Member failing to be FATCA Compliant in the GSD Rules and the MBSD Rules. These indemnification provisions are described in the provisions relating to the membership application and the provisions relating to the ongoing membership requirements in the GSD Rules and MBSD Rules. GSD Rule 3 describes the ongoing membership requirements. Specifically, current GSD Rule 3, Section 9(iii) states that an FFI Member agrees to indemnify FICC, its affiliates, and each of their respective shareholders, directors, officers, employees, agents and advisors (each, an "Indemnified Person") for any loss, liability or expense sustained by the Indemnified Party as a result of such FFI Member failing to be FATCA Compliant.

GSD Rule 2A, MBSD Rule 2A and GSD Rule 3B, Section 3 describe the membership application requirements. GSD Rule 2A, Section 2(a)(v) and MBSD Rule 2A, Section 1 currently state that in addition, as part of its membership application, each applicant that shall be an FFI Member must agree that it shall indemnify FICC for any loss, liability or expense sustained by FICC as a result of its failing to be FATCA Compliant. Similarly, GSD Rule 3B, Section 3(c)(i) states that in addition, as part of its

membership application, such applicant must agree that it shall indemnify FICC for any loss, liability or expense sustained by FICC as a result of the applicant failing to be FATCA Compliant.

The indemnification in connection with an FFI Member failing to be FATCA Compliant is also described in the ongoing membership requirements in the GSD Rules and the MBSD Rules. Specifically, MBSD Rule 3, Section 8(iii) currently states that an FFI Member will indemnify FICC for any loss, liability or expense sustained by FICC as a result of such FFI Member failing to be FATCA Compliant. In addition, GSD Rule 3B, Section 5(j)(iii) currently states that a CCIT Member that is an FFI Member shall indemnify FICC for any loss, liability or expense sustained by FICC as a result of such CCIT Member failing to be FATCA Compliant.

In order to enhance consistency, and thereby enhance clarity, FICC proposes to revise the indemnification provisions in connection with an FFI Member failing to be FATCA Compliant described in GSD Rule 2A, Section 2(a)(v), MBSD Rule 2A, Section 1, GSD Rule 3B, Section 3(c)(i), MBSD Rule 3, Section 8(iii), and GSD Rule 3B, Section 5(j)(iii) to align with the current indemnification provision in connection with an FFI Member failing to be FATCA Compliant described in current GSD Rule 3, Section 9(iii). Specifically, FICC proposes to revise GSD Rule 2A, Section 2(a)(v) and MBSD Rule 2A, Section 1 to state that in addition, as part of its membership application, each applicant that shall be an FFI Member agrees to indemnify each Indemnified Person for any loss, liability or expense sustained by the Indemnified Person as a result of its failing to be FATCA Compliant.

Similarly, FICC proposes to revise the indemnification provision in connection with an FFI Member failing to be FATCA Compliant in MBSD Rule 3, Section 8(iii) to align with the current indemnification provision in connection with an FFI Member failing to be FATCA Compliant described in current GSD Rule 3, Section 9(iii). Specifically, FICC also proposes to revise MBSD Rule 3, Section 8(iii) to state that an FFI Member agrees to indemnify FICC, its affiliates, and each of their respective shareholders, directors, officers, employees, agents and advisors (each, an “Indemnified Person”) for any loss, liability or expense sustained by the Indemnified Person as a result of such FFI Member failing to be FATCA Compliant. FICC also proposes to revise GSD Rule 3B, Section 5(j)(iii) to state that a CCIT Member that is an FFI Member shall indemnify each Indemnified Person for any loss, liability or expense sustained by the Indemnified Person as a result of such CCIT Member failing to be FATCA Compliant.

Furthermore, FICC proposes to add Indemnified Person as a new defined term to MBSD Rule 1 as a conforming change. Indemnified Person would have the meaning given to that term in Section 8 of MBSD Rule 3. This proposed change would also be consistent with the GSD Rules, which also lists Indemnified Person as a defined term in GSD Rule 1.

FICC believes that the above-described proposed changes would enhance clarity by having consistent indemnification provisions in connection with an FFI Member failing to be FATCA Compliant in the MBSD Rules and GSD Rules, and the above-described proposed changes would align the indemnification described in GSD Rule 2A, Section 2(a)(v), MBSD Rule 2A, Section 1, GSD Rule 3B, Section 3(c)(i), MBSD Rule 3, Section 8(iii), and GSD Rule 3B, Section 5(j)(iii) with the current indemnification

described in GSD Rule 3, Section 9(iii). FICC also believes it would enhance clarity to list Indemnified Person as a new defined term in MBSD Rule 1 and would be consistent with the GSD Rules, as described above. FICC does not believe these proposed changes to the indemnification provisions for FFI Members failing to be FATCA Compliant in the GSD Rules and MBSD Rules described above would have an impact on the rights and obligations of Members because these indemnification provisions describe the costs of non-compliance and FICC's position has always been that the costs of non-compliance would be imposed on the FFI Members that fail to be FATCA Compliant.²⁵ FICC also does not believe that the related proposed change to add Indemnified Person as a new defined term in MBSD Rule 1 would impact the rights and obligations of Members because it is a conforming change.

21. Clarify Timeframes and the Schedule of Timeframes

In GSD Rule 5, Section 5, FICC proposes to revise the reference from time schedules to timeframes to enhance consistency, and thereby clarity.

In addition, currently, GSD Rule 11, Section 4 states that all Net Settlement Positions will be reported, by CUSIP Number, by FICC in a Report issued and made available during the morning of each Business Day to each Netting Member. FICC proposes to revise this sentence to refer to the Schedule of Timeframes and to remove the phrase "during the morning of each Business Day."

Similarly, GSD Rule 14, Section 2 states that each Forward Net Settlement Position of a Netting Member will be reported, by CUSIP Number, by FICC in a Report

²⁵ Securities Exchange Act Release No. 69740 (June 12, 2013), 78 FR 36608 (June 18, 2013) (SR-FICC-2013-04).

issued and made available during the morning of each Business Day during the Forward Period applicable to such Position to such Member. FICC proposes to remove the phrase “and made available during the morning of” and instead, replace it with the phrase “by the time stated in the Schedule of Timeframes for.”

FICC believes these proposed changes would enhance clarity by removing more general references to time and directing members to refer to the Schedule of Timeframes, which contains specific timeframes. FICC does not believe that these proposed clarifications would impact the rights and obligations of Members because the Schedule of Timeframes currently sets forth specific timeframes.

22. Clarify References to the Fine Schedule

In GSD Rule 3B, Section 5(f), FICC proposes to clarify that Members should refer to the Fine Schedule in the GSD Rules for the dollar amount of the fine by deleting the reference to \$1,000 and adding that the fine is pursuant to the applicable Fine Schedule in the GSD Rules. FICC believes this proposed change would enhance clarity by removing a duplicative reference to the amount of the fine and directing Members to refer to applicable Fine Schedule, which currently lists the amount of the fines. FICC does not believe that this proposed clarification would impact the rights and obligations of Members because this proposed change does not change the amount of the fines.

23. Other Clarifications to Schedules in the GSD Rules

Proposed Changes to Titles of Certain Schedules

FICC proposes to clarify the following titles of certain schedules in the GSD Rules and make related changes, as described below.

First, FICC proposes to revise the title from “Schedule of Required and Accepted Data Submission Items for a Substitution” to “Schedule of Required and Accepted Data Submission Items for a Substitution of Existing Securities Collateral.” This schedule sets forth the data items that are required to be received by FICC for FICC to process a substitution of Existing Securities Collateral. Furthermore, FICC would make a conforming change to revise the reference to this schedule in GSD Rule 18, Section 3 from “Schedule of Required and Accepted Data Submission Items for a Substitution” to “Schedule of Required and Accepted Data Submission Items for a Substitution of Existing Securities Collateral.” FICC believes adding “of Existing Collateral” to the end of the title “Schedule of Required and Accepted Data Submission Items for a Substitution” would enhance clarity by adding more specificity to the title. Furthermore, FICC believes that making conforming changes to the current references to this schedule in the GSD Rules would enhance consistency and therefore, also enhance clarity. FICC does not believe these proposed clarifications would impact the rights and obligations of Members.

Second, FICC would also revise the title of another schedule from “Schedule of Required and Accepted Data Submission Items for New Securities Collateral” to “Schedule of Required and Accepted Data Submission Items for a Substitution for New Securities Collateral.” FICC believes that adding “for a Substitution” in the current title “Schedule of Required and Accepted Data Submission Items for New Securities Collateral” would enhance clarity by adding more specificity to the title. FICC does not believe this proposed clarification would impact the rights and obligations of Members.

Proposed Changes to Descriptions in Certain Schedules

FICC also proposes to clarify the following descriptions in certain schedules in the GSD Rules.

In the Schedule of Required Match Data, FICC proposes to change Contra Member identifying information to Contra Member identifying number to enhance accuracy, and thereby enhance clarity. FICC believes it is more accurate to describe this data item using the word “number” rather than “information.”

In the Schedule of Required Data Submission Items, FICC proposes to add a description for Trade Date, stating that the date on which the trade was executed must be submitted in this field. FICC believes this additional detail regarding the meaning of Trade date would enhance clarity by adding more specificity.

In the Schedule of Required and Accepted Data Submission Items for New Securities Collateral, FICC proposes to clarify the first paragraph by revising “it” to “the Corporation.” FICC believes this proposed change would add more specificity, and thereby enhance clarity.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC proposes to remove (i) Role – Reserved for future use and (ii) Transaction – Reserved for future use.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC also proposes to revise the descriptions from (i) Participant number of the GCF Counterparty from whom the Broker is reversing in securities, and (ii) Participant number of the GCF Counterparty to whom the Broker is repoing out securities to (i) Member identifying number of the GCF Counterparty from whom the

Broker is reversing in securities and (ii) Member identifying number of the GCF Counterparty to whom the Broker is repoing out securities, respectively. FICC believes it is more accurate to use “Member” rather than “Participant” in these descriptions.

In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC also proposes to revise (i) Participant ID to Member ID and (ii) Participant Name to Member Name.

In the Schedule of Money Tolerances, FICC proposes to clarify the current description of the settlement amount in Item 2 by revising it to state that it is \$40 per \$1 million for buy-sell transactions (in connection with FICC’s presumption of a match of data pursuant to GSD Rule 10). FICC is proposing to clarify this sentence to specifically state that it applies to buy-sell transactions rather than stating what it does not apply to (i.e., it does not apply to Repo Transactions). Furthermore, this proposed clarification aligns the wording in this Item 2 with the description in Item 1 of the Schedule of Money Tolerances, which describes the settlement amount for repo transactions and the settlement amount for buy-sell transactions. FICC would also move the parenthetical describing that this is in connection with FICC’s presumption of match data pursuant to GSD Rule 10 to the end of the sentence. These proposed changes would not be a change from FICC’s current process and are only clarifications, so FICC does not believe this would impact the rights and obligations of Members.

24. Remove List of Designated Locked-In Trade Sources

FICC proposes to remove the list of Designed Locked-In Trade Sources in the GSD Rules, which currently lists (i) Federal Reserve Banks, as fiscal agents of the United States; (ii) GCF-Authorized Inter-Dealer Brokers (for GCF Repo Transactions); and

(iii) The Treasury Department. “Locked-In Trade Source” is currently defined in GSD Rule 1 as a source of data on Locked-In Trades that FICC has so designated, subject to such terms and conditions as to which the Locked-In Trade Source and FICC may agree. As such, FICC believes that the list of Designated Locked-In Trade Sources can be listed in a separate document rather than the GSD Rules. This would provide FICC with more flexibility to update the list of designated Locked-In Trade Sources from time to time without a rule filing. FICC does not believe this proposed change would impact the rights and obligations of Members because the list of Designated Locked-In Trade Sources would still be listed in a separate document and available to Members.

25. Clarify Rules Through Uses of Defined Terms

Proposed Changes to Replace “Position” and “position” with Defined Terms

FICC proposes to clarify certain references to “Position” and “position” in the GSD Rules by replacing these references with the specific defined term, as further described below. “Position” and “position” are currently used in certain descriptions in the GSD Rules as a shorthand for the defined term. However, FICC believes it would be more accurate to use the defined term in these descriptions and is proposing to replace these references with the defined term. For example, the current definition of Collateral Mark in GSD Rule 1 states that the term “Collateral Mark” means, as regards a Forward Net Settlement Position, the sum of all Collateral Marks on each of the Forward Trades that compose such Position. FICC would revise this reference from “Position” to “Forward Net Settlement Position.” FICC believes these proposed changes to use the full defined term instead of a shorthand version would add more specificity, and thereby

would enhance clarity. FICC does not believe these proposed changes to add more specificity would impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes in the GSD Rules:

- In the definition of Collateral Mark in GSD Rule 1, FICC would revise Position to Forward Net Settlement Position.
- In the definition of Credit Transaction Adjustment Payment in GSD Rule 1, FICC would revise the first reference to Position to Net Long Position and the second reference to Net Short Position.
- In the definition of Debit Transaction Adjustment Payment in GSD Rule 1, FICC would revise the first reference to Position to Net Long Position and the second reference to Net Short Position.
- In the definition of Financing Mark in GSD Rule 1, FICC would revise position to Forward Net Settlement Position.
- In the definition of Forward Mark Adjustment Payment in GSD Rule 1, FICC would revise Position to Forward Net Settlement Position.
- In the definition of Forward Net Settlement Position in GSD Rule 1, FICC would revise Positions to Forward Net Settlement Positions.
- In the definition of Forward Period in GSD Rule 1, FICC would revise Positions to Forward Net Settlement Positions.
- In the definition of GCF Forward Starting Interest Rate Mark in GSD Rule 1, FICC would revise position to Forward Net Settlement Position.
- In the definition of GCF Interest Rate Mark in GSD Rule 1, FICC would revise position to GCF Net Settlement Position.
- In the definition of Interest Rate Mark in GSD Rule 1, FICC would revise position to Forward Net Settlement Position.
- In the definition of Maturity Value in GSD Rule 1, FICC would revise Position to Net Settlement Position.
- In the definition of Net Long Position in GSD Rule 1, FICC would revise Position to Net Long Position.
- In the definition of Net Short Position in GSD Rule 1, FICC would revise Position to Net Short Position.

- In the definition of Redemption Adjustment Payment in GSD Rule 1, FICC would revise position to Net Settlement Position.
- In the definition of Redemption Value in GSD Rule 1, FICC would revise position to Net Settlement Position.
- In the definition of System Value in GSD Rule 1, FICC would revise Position to Net Settlement Position.
- In GSD Rule 11, Section 6, FICC would revise Positions to Net Settlement Positions.
- In the second paragraph of GSD Rule 11, Section 8, FICC would revise Position to Net Long Position.
- In GSD Rule 12, Section 5, FICC would revise Positions to Net Long Positions.
- In GSD Rule 12, Section 7, FICC would revise Position to Net Long Position.
- In GSD Rule 13, Section 1(h), FICC would revise position to Net Settlement Position.
- In GSD Rule 14, Section 2, FICC would revise Position to Forward Net Settlement Position, and Positions to Forward Net Settlement Positions.
- In the first paragraph of GSD Rule 14, Section 3, FICC would revise Position to Forward Net Settlement Position, and Positions to Forward Net Settlement Positions.
- In the first paragraph of GSD Rule 20, Section 3, FICC would revise the first reference to Position to GCF Net Funds Borrower Position and would revise the second reference to Position to GCF Net Funds Lender Position.
- In the second paragraph of GSD Rule 20, Section 3, FICC would revise Position to GCF Net Funds Borrower Position.
- In GSD Rule 20, Section 5, FICC would revise Positions to GCF Net Settlement Positions.
- In GSD Rule 22A, Section 2(b), FICC would revise Positions to Final Net Settlement Positions.

Proposed Changes to Replace “Repo Transaction” with Defined Term

FICC also proposes to clarify certain references from “Repo Transaction” in the GSD Rules by replacing these references with the specific defined term, “GCF Repo Transaction,” as further described below. “Repo Transaction” is currently used in the definitions of GCF Forward Starting Interest Rate Mark and GCF Interest Rate Mark. Because these two definitions are with respect to the marks for GCF Repo Transactions only, FICC believes it would enhance accuracy to revise the references in these definitions from “Repo Transactions” to “GCF Repo Transactions.” FICC does not believe these proposed changes would impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes:

- In the definition of GCF Forward Starting Interest Rate Mark in GSD Rule 1, FICC proposes to revise the references from Repo Transaction to GCF Repo Transaction, and from Repo Transaction’s to GCF Repo Transaction’s.
- In the definition of GCF Interest Rate Mark in GSD Rule 1, FICC proposes to revise the references from Repo Transaction to GCF Repo Transaction, and from Repo Transaction’s to GCF Repo Transaction’s.

Proposed Changes to Replace “Transaction” with Defined Terms

FICC also proposes to clarify certain references to “Transaction” in the GSD Rules by replacing these references with the specific defined term, as further described below. For example, current GSD Rule 6C, Section 2 states that with regard to GCF Repo Transactions, FICC shall not accept data from a GCF-Authorized Inter-Dealer Broker regarding any such Transaction unless FICC previously has received authorization to do so from each of the two GCF Counterparties to the GCF-Authorized Inter-Dealer Broker on such Transaction. FICC is proposing to revise GSD Rule 6C, Section 2 to state that with regard to GCF Repo Transactions, FICC shall not accept data from a GCF-Authorized Inter-Dealer Broker regarding any such GCF Repo Transaction

unless FICC previously has received authorization to do so from each of the two GCF Counterparties to the GCF-Authorized Inter-Dealer Broker on such GCF Repo Transaction. FICC believes that these proposed changes would add enhance clarity by adding more specificity and would not impact the rights and obligations of Members.

Specifically, FICC is proposing to make the following changes:

- In the definition of Market Value in GSD Rule 1, FICC would revise Transaction to GCF Repo Transaction.
- In the definition of Redemption Adjustment Payment in GSD Rule 1, FICC would revise Transaction to Repo Transaction.
- In the second sentence of the definition of Start Leg in GSD Rule 1, FICC would revise Transaction to GCF Repo Transaction.
- In GSD Rule 13, Section 1(h), FICC would revise Transaction to Repo Transaction.
- In GSD Rule 6C, Sections 2, 5, and 12, FICC would revise Transaction to GCF Repo Transaction.
- In GSD Rule 6C, Section 12, FICC would revise Repo Transaction to GCF Repo Transaction, and Repo Transactions to GCF Repo Transactions.
- In the Schedule of Required and Other Data Submission Items for GCF Repo Transactions, FICC would revise Transaction to GCF Repo Transaction in the first paragraph.
- In the (i) Schedule of Required and Accepted Data Submission Items for New Securities Collateral and (ii) Schedule of Required and Accepted Data Submission Items for a Substitution, FICC would revise the references from Transaction to Repo Transaction.

Proposed Changes to Replace “Obligation” and “obligation” with Defined Terms

FICC also proposes to clarify certain references to “Obligation” and “obligation” in the GSD Rules by replacing these references with the specific defined term, as further described below. For example, currently, Maturity Value in GSD Rule 1 means, as regards a Net Settlement Position, Deliver Obligation, the Redemption Value of the

Eligible Netting Securities that comprise such Position or Obligation. FICC would revise this definition to state that, as regards a Net Settlement Position, Deliver Obligation, the Redemption Value of the Eligible Netting Securities that comprise such Net Settlement Position or Deliver Obligation. FICC believes that these proposed changes would add enhance clarity by adding more specificity and would not impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes:

- In the definition of Maturity Value in GSD Rule 1, FICC would revise Obligation to Deliver Obligation.
- In the definition of Redemption Value in GSD Rule 1, FICC would revise the reference from obligation to Deliver Obligation.
- In the definition of System Value in GSD Rule 1, FICC would revise the reference from Obligation to Deliver Obligation and Receive Obligation.
- In GSD Rule 11, Section 6, FICC would revise the reference from Obligations to Deliver Obligations.
- In GSD Rule 20, Section 3, FICC would revise the references from Obligation to Collateral Allocation Obligation, and Obligations to Collateral Allocation Obligations.
- In GSD Rule 20, Section 5, FICC would revise Obligations to Collateral Allocation Obligations.
- In GSD Rule 22A, Section 2(b), FICC would revise outstanding deliver and receive obligations to outstanding Deliver Obligations and Receive Obligations.

Proposed Changes to Replace Certain References related Collateral, Allocations of Collateral and Entitlements with Respect to Collateral with Specific Defined Terms

FICC also proposes to clarify certain references related to Collateral Allocation Obligations with the specific defined term, as further described below. FICC believes these proposed changes would enhance accuracy by adding more specificity and would not impact the rights and obligations of Members.

Specifically, FICC proposes to make the following changes:

- In GSD Rule 20, Section 3, FICC proposes to revise the reference from allocation to Collateral Allocation Obligation.
- In the definition of System Value in GSD Rule 1, FICC proposes to revise the reference from Collateral to Existing Securities Collateral and New Securities Collateral.
- In GSD Rule 20, Section 5, FICC would revise Entitlements to Collateral Allocation Entitlements.

26. Other Clarifications

FICC proposes to make certain other clarifications to enhance accuracy and clarity, as further described below.

In GSD Rule 3B, Section 13(b), FICC would revise the references from “components” to “payments and marks” when referring to the items that comprise the Funds-Only Settlement Amount that are listed in GSD Rule 13, Section 1 to enhance accuracy and clarity. Currently, GSD Rule 3B, Section 13(b) states that the following components of Section 1 of GSD Rule 13 will apply to Netting Members with respect to CCIT Transactions (such components will apply as they apply to GCF Repo Transactions except as noted below). FICC would revise GSD Rule 3B, Section 13(b) to state that the following payments and marks of Section 1 of GSD Rule 13 will apply to Netting Members with respect to CCIT Transactions (such payments and marks will apply as they apply to GCF Repo Transactions except as noted below). FICC believes it would enhance accuracy to describe these as payments and marks because the Funds-Only Settlement Amount is comprised of items such as the Credit Transaction Adjustment Payment and the Credit Fail Mark Adjustment Payment. These proposed changes to GSD Rule 3B would not change the substance of this rule and as such, FICC does not believe that these proposed changes would impact the rights and obligations of Members.

In GSD Rule 3B, Section 11(a)(iv), FICC would clarify the phrase “GCF Repo Service Generic CUSIP Number” by revising it to state “Generic CUSIP Number approved for the GCF Repo Service.” Because GCF Service Generic CUSIP Number is not a defined term, FICC believes this proposed change to use the defined terms “Generic CUSIP Number” and “GCF Repo Service” would enhance clarity and accuracy. This proposed change would not not change the substance of this rule and as such, FICC does not believe that this proposed change would impact the rights and obligations of Members.

In GSD Rule 5, Section 1, FICC would remove “comparison requested” and make conforming changes to remove the parentheses in Item 3 of this section. FICC would also clarify in Item 3 that a comparison is requested with regard to an advisory. As such, GSD Rule 5, Section 1 would state that as trade data are submitted to FICC, FICC will generate output indicating that such trade data: (1) is compared, (2) is uncomparing, (3) comparison is requested with regard to an advisory and/or (4) has been deleted from the Comparison System. FICC is proposing to make this Item 3 more descriptive of the process that occurs when Member 1 submits a trade against Member 2. Specifically, when Member 1 submits a trade against Member 2, Member 2 sees an advisory. As such, this proposed change is a clarification and would not change the substance of the Rule and therefore, FICC does not believe that this proposed change would impact the rights and obligations of Members.

In GSD Rule 11, Section 14, FICC would revise “Government Securities Division’s services” to “Corporation’s services.” This proposed change to use the defined term for Fixed Income Clearing Corporation, the owner of the Government

Securities Division would not change the substance of this rule and as such, FICC does not believe that this proposed change would impact the rights and obligations of Members.

In GSD Rule 29, Section (f), FICC is proposing to revise the references from “the Securities Industry and Financial Markets Association” and “The Securities Industry and Financial Markets Association” to “SIFMA” to reflect the proposed defined term. This proposed change to use the proposed defined term for the Securities Industry and Financial Markets Association would not change the substance of this rule and as such, FICC does not believe that this proposed change would impact the rights and obligations of Members.

C. Technical Changes

FICC is also proposing to make technical changes to the Rules, which include correcting typographical errors, grammar, and making conforming changes, as set forth in Exhibit 5 to this filing.

Examples of correcting typographical errors: FICC would add a hyphen between “one time” in Sections I.G and I.H of the Fee Structure of the GSD Rules, and after the word “the” in the definition of “Off-the Market Transaction” in GSD Rule 1. FICC would add a hyphen after the word “Funds” in the references to “Funds Only Settlement Amount” in the third paragraph of GSD Rule 13, Section 2. FICC would remove the dashes in the Schedule of Timeframes in the GSD Rules to be consistent with the other schedules. FICC would remove a comma between the words “for” and “New Securities Collateral” in GSD Rule 18, Section 3(c). FICC would revise the section reference in GSD Rule 18, Section 3(c) from Section 4 to Section 3 to correct a typographical error.

FICC would revise the numbering in GSD Rule 3B from Sections 2(d) and 2(e) to Sections 2(b) and 2(c), respectively.

Examples of grammatical changes: FICC would revise “insure” to “ensure” in GSD Rule 40, Section 3, MBSD Rule 5, Section 4, and MBSD Rule 31, Section 3. FICC would remove the comma that appears between “Collateral” and “Forward-Starting Repos” in the title of GSD Rule 18, Section 4. FICC would add a comma after the word hereinafter in the second paragraph of GSD Rule 3, Section 13, and add a period at the end of GSD Rule 3 Section 11(d). FICC would revise deadline to deadlines in GSD Rule 18, Section 3(d), and add “or banks” and “bank or” in the second paragraph of GSD Rule 12, Section 2 to clarify that there may be one or more clearing banks. FICC would add the word “their” before the first reference to “Brokered Repo Transaction” in GSD Rule 19, Section 3.

Examples of conforming changes: As described above, in GSD Rule 13, Section 2, FICC is proposing to add a component as new subsection (d). As such, FICC would renumber the current subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (o) to (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), (o), and (p), respectively. FICC would add “hereinafter, the” or “hereinafter,” as applicable, before certain defined terms in GSD Rule 3, Sections 7 and 13; GSD Rule 3A, Section 18; GSD Rule 3B, Sections 5, 6, 9, 14; GSD Rule 4, Sections 2, 2a, 7, 7a, 7b; GSD Rule 11, Section 14; GSD Rule 18, Section 2; GSD Rule 20, Sections 3 and 3b; GSD Rule 37, Section 2; and Section XIV of the Fee Structure in the GSD Rules. FICC would replace the parentheses with quotation marks around the letter P in Item 6 of the Schedule of Required Data Submission Items in the GSD Rules to be consistent with the formatting of the other items listed in Item 6. In the

Schedule of Money Tolerances in the GSD Rules, FICC would revise “buy-sell” to “buy/sell.”

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.²⁶

The proposed changes to correct and clarify the Rules and to make technical changes to the Rules are designed to make the Rules accurate and clearer to Members. When Members better understand their rights and obligations as set forth in the Rules, such Members are more likely to act in accordance with the Rules, which FICC believes would promote the prompt and accurate clearance and settlement of securities transactions. As such, FICC believes the proposed changes would be consistent with Section 17A(b)(3)(F) of the Act.²⁷

(B) Clearing Agency’s Statement on Burden on Competition

FICC does not believe the proposed rule changes to correct and clarify the Rules and to make technical changes to the Rules, as described above, would impact competition. The proposed rule changes are designed to make the Rules accurate and clearer to Members. These proposed changes would not affect FICC’s operations or the rights and obligations Members. As such, FICC believes the proposed rule changes would not have any impact on competition.

²⁶ 15 U.S.C. 78q-1(b)(3)(F).

²⁷ Id.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

FICC has not received nor solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777. FICC reserves the right to not respond to any comments received.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and

(iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁸ and Rule 19b-4(f)(6) thereunder.²⁹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2023-009 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-FICC-2023-009. This file number should be included on the subject line if e-mail is used. To help the Commission process

²⁸ 15 U.S.C. 78s(b)(3)(A).

²⁹ 17 CFR 240.19b-4(f)(6).

and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FICC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FICC-2023-009 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Secretary

³⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Bold and underlined text indicates proposed added language

~~Bold and strikethrough text~~ indicates proposed deleted language

**FIXED INCOME CLEARING CORPORATION
GOVERNMENT SECURITIES DIVISION RULEBOOK**

RULE 1 – DEFINITIONS

* * *

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the meanings herein specified.

Account

The term “Account” means any account maintained by ~~the Corporation on behalf of a Netting Member. An Account maintained for an Inter-Dealer Broker Netting Member or a Segregated Repo Account of a Non-IDB Repo Broker is referred to as a “Broker Account”. An Account of a Netting Member that is not a Broker Account is referred to as a “Dealer Account”. With respect to an applicable Cross Margining Agreement, the term “Account” may include a Market Professional Cross Margining Account.~~

* * *

Bilateral Transaction

The term “Bilateral Transaction” means any transaction, including a Repo Transaction, the data on which has been submitted to the Corporation by two Members, and is not a Brokered Transaction.

* * *

Broker Account

The term “Broker Account” means an Account maintained for an Inter-Dealer Broker Netting Member or a Segregated Repo Account of a Non-IDB Repo Broker.

* * *

Collateral Mark

The term “Collateral Mark” means, on a particular Business Day, as regards any Forward Trade other than a Forward-Starting Repo Transaction during its Forward-Starting Period, the absolute value of the difference between the Contract Value of the Forward Trade and the Market Value of the Forward Trade. If the Contract Value is greater than the Market Value, then this difference shall be a positive value for a Member with a Net Short Position, and a negative value for a Member with Net Long Position. If the Market Value is greater than the Contract Value, then this difference shall be a positive value for a Member with a Net Long Position, and a negative value for a Member with a Net Short Position. The Collateral Mark for a Forward-Starting Repo Transaction during its Forward-Starting Period shall be Zero. The term “Collateral Mark” means, as regards a Forward Net Settlement Position, the sum of all of the Collateral Marks on each of the Forward Trades that compose such **Forward Net Settlement** Position. Notwithstanding the above, the term “Collateral Mark” shall not apply to GCF Repo Transactions and CCIT Transactions.

* * *

Coupon Adjustment Payment

The term “Coupon Adjustment Payment” means the coupon payments due and owing on each Eligible Netting Security that comprises ~~either~~ a Coupon-Eligible End Leg, **Fail Deliver Obligation or Fail Receive Obligation** ~~or a Fail Net Settlement Position~~. Notwithstanding the above, the term “Coupon Adjustment Payment” shall not apply to GCF Repo Transactions and CCIT Transactions.

* * *

CPU

~~The term “CPU” means the central processing unit of a computer.~~

* * *

Credit Coupon Adjustment Payment

The term “Credit Coupon Adjustment Payment” means, on a particular Business Day, a Coupon Adjustment Payment that a Netting Member is entitled to collect from the Corporation, involving a Member in a Net Long Position with regard to ~~either~~ a Coupon-Eligible End Leg, **Fail Deliver Obligation or Fail Receive Obligation** ~~or a Fail Net Settlement Position~~.

* * *

Credit Transaction Adjustment Payment

The term “Credit Transaction Adjustment Payment” means, on a particular Business Day as regards a Net Settlement Position, a Transaction Adjustment Payment that a Netting Member is entitled to collect from the Corporation, involving either: (1) a Net Long Position where the aggregate of the Contract Values of the trades that comprise such **Net Long** Position is less than the Aggregate of the Market Values of such trades, or (2) a Net Short Position where the aggregate of the Contract Values of the trades that comprise such **Net Short** Position is greater than the Market Values of such trades.

* * *

Current Haircut

The term “Current Haircut” means, as regards any Sponsored Member Trade, the Market Value of the Sponsored Member Trade, as of the time of the Corporation’s determination of the relevant Funds-Only Settlement Amount, minus the Contract Value of the ~~Close~~**End** Leg of the Sponsored Member Trade.

* * *

Dealer Account

The term “Dealer Account” means an Account maintained by a Netting Member that is not a Broker Account.

* * *

Debit Coupon Adjustment Payment

The term “Debit Coupon Adjustment Payment” means, on a particular Business Day, a Coupon Adjustment Payment that a Netting Member is obligated to make to the Corporation, involving a Member in a Net Short Position with regard to ~~either~~ a Coupon-Eligible End Leg, **Fail Deliver Obligation or Fail Receive Obligation** ~~or a fail Net Settlement Position.~~

* * *

Debit Transaction Adjustment Payment

The term “Debit Transaction Adjustment Payment” means, on a particular Business Day as regards a Net Settlement Position, a Transaction Adjustment Payment that a Netting Member is obligated to make to the Corporation, involving either: (1) a Net Long Position where the aggregate of the Contract Values of the trades that comprise such **Net Long** Position is greater than the aggregate of the Market Values of such trades, or (2) a Net Short Position where the aggregate of the Contract values of the trades that comprise such **Net Short** Position is less than the Market Values of such trades.

* * *

~~Direct Transaction~~

~~The term “Direct Transaction” means any transaction, including a Repo Transaction, calling for the delivery of an Eligible Netting Security or the posting of cash or an Eligible Netting Security as collateral, the data on which has been submitted to the Corporation by Members, that is not a Brokered Transaction.~~

End Leg

The term “End Leg” means, as regards a Repo Transaction other than a GCF Repo Transaction (or CCIT Transaction as applicable) or a Sponsored GC Trade, the concluding settlement aspects of the transaction, involving the retransfer of the underlying Eligible Netting Securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking back of such Eligible Securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term “End Leg” means, as regards a GCF Repo Transaction (or CCIT Transaction as applicable), the concluding settlement aspects of the **GCF Repo Transaction or CCIT**

Transaction, as applicable, involving the retransfer of the underlying Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Lender Position and the taking back of such Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Borrower Position. The term “End Leg” means, as regards a Sponsored GC Trade, the concluding settlement aspects of the transaction, involving the retransfer of the Purchased GC Repo Securities by the GC Funds Lender and the taking back of such Purchased GC Repo Securities by the GC Funds Borrower.

* * *

Fail Deliver Obligation

The term “Fail Deliver Obligation” means a Deliver Obligation ~~with respect to a Fail Net Short Position~~ **that does not settle on its original Scheduled Settlement Date.**

Fail Mark Adjustment Payment

The term “Fail Mark Adjustment Payment” means the absolute value of the dollar difference between the **current** Settlement Value of a Fail Deliver Obligation or a Fail Receive Obligation ~~that constitutes all or part of a Fail Net Settlement Position~~ on the current Business Day, and the **previous** Settlement Value of such ~~Fail~~ Deliver Obligation or ~~Fail~~ Receive Obligation ~~on the immediately previous Business Day~~. Notwithstanding the above, the term “Fail Mark Adjustment Payment” shall not apply to GCF Repo Transactions and CCIT Transactions.

~~Fail Net Long Position~~

~~The term “Fail Net Long Position” means a Net Long Position that is open one Business Day after its original Scheduled Settlement Date. For purposes of this definition, the Start and End Legs of a Repo Transaction shall constitute separate Positions.~~

~~Fail Net Settlement Position~~

~~The term “Fail Net Settlement Position” means either a Fail Net Short Position or a Fail Net Long Position, as the context requires.~~

~~Fail Net Short Position~~

~~The term “Fail Net Short Position” means a Net Short Position that is open one or more Business Days after its Scheduled Settlement Date. For purposes of this definition, the Start and Close Legs of a Repo Transaction shall constitute separate Positions.~~

Fail Receive Obligation

The term “Fail Receive Obligation” means a Receive Obligation ~~with respect to a Fail Net Long Position~~ **that does not settle on its original Scheduled Settlement Date.**

* * *

Financing Mark

The term “Financing Mark” means, on a particular Business Day, as regards a Repo Transaction, the product of the Market Value of the Repo Transaction multiplied by System Repo Rate established by the Corporation for such Repo Transaction, and then multiplied by a fraction, the numerator of which is the number of calendar days from the current Business Day until the Scheduled Settlement Date for the Repo Transaction and the denominator of which is 360. If a Repo Transaction other than a Forward-Starting Repo Transaction during its Forward-Starting Period comprises a Net Short Position of the Member, then the Financing Mark shall be a negative value. If a Repo Transaction other than a Forward-Starting Repo Transaction during its Forward-Starting Period comprises a Net Long Position of the Member, then the Financing Mark shall be a positive value. The Financing Mark for a Forward-Starting Repo Transaction during its Forward-Starting Period, and for any trade other than a Repo Transaction, shall be zero. The term “Financing Mark” means, as regards a Forward Net Settlement Position, the sum of all the Financing Marks on each of the Forward Trades that compose such **Forward Net Settlement** ~~p~~**Position**. Notwithstanding the above, the term “Financing Mark” shall not apply to GCF Repo Transactions and CCIT Transactions.

* * *

Foreign Affiliate

~~The term “Foreign Affiliate” (also referred to as “Non-U.S. Affiliate” or “Non-domestic Affiliate”) means an Affiliate of a Netting Member that: (1) is not itself a Netting Member; and (2) is a Foreign Person.~~

~~Foreign Affiliate Trade~~

~~The term “Foreign Affiliate Trade” (also referred to as “Non-U.S. Affiliate” Trade or “Non-domestic Affiliate Trade”) means a trade executed by a Foreign Affiliate of a Netting Member that satisfies the following criteria: (i) the trade is eligible for netting pursuant to these Rules, and (ii) the trade is executed with another Netting Member, with a Covered Affiliate, or with a Foreign Affiliate of another Netting Member. The term “Foreign Affiliate Trade” shall not include a trade that is executed between a Member and its Affiliate or between Affiliates of the same Member. For purposes of this definition, the term “executed” shall include trades that are cleared and guaranteed as to their settlement by the Foreign Affiliate.~~

* * *

Forward Mark Adjustment Payment

The term “Forward Mark Adjustment Payment” means, on a particular Business Day, as regards a Member’s Forward Net Settlement Position, the sum of the Collateral Mark applicable to such **Forward Net Settlement** Position, the Financing Mark applicable to

such **Forward Net Settlement** Position, and the Interest Rate Mark applicable to such **Forward Net Settlement** Position. Notwithstanding the above, as regards an outstanding Repo Transaction where a request for substitution has been made but New Securities Collateral has not been received by the Corporation, the term “Forward Mark Adjustment Payment” means “Forward Unallocated Sub Mark”. Notwithstanding the above, the term “Forward Mark Adjustment Payment” shall refer to the GC Interest Rate Mark with respect to Sponsored GC Trades. Notwithstanding the above, the term “Forward Mark Adjustment Payment” shall not apply to GCF Repo Transactions and CCIT Transactions.

* * *

Forward Net Settlement Position

The term “Forward Net Settlement Position” means, with respect to Forward Trades involving an Eligible Netting Security with a distinct CUSIP number, the amount of such Securities that the Netting Member will, on the Scheduled Settlement Date for such Forward Trades, be obligated, pursuant to Rule 12, to either receive from the Corporation or to deliver to the Corporation, where such Scheduled Settlement Date is one or more Business Days in the future. For purposes of this definition, the Start and End Legs of a Repo Transaction shall constitute separate **Forward Net Settlement** Positions.

Forward Period

The term “Forward Period” means, with regard to Forward Net Settlement Positions, the time period from the comparison on a final price and settlement value basis of the data on the Forward Trades that comprise such **Forward Net Settlement** Positions until the processing cycle immediately prior to the Scheduled Settlement Date for such **Forward Net Settlement** Positions.

* * *

GCF-Authorized Inter-Dealer Broker

The term “GCF-Authorized Inter-Dealer Broker” means a Repo Broker that the Corporation has designated as eligible to submit to the Corporation data on GCF Repo Transactions on a Locked-In Basis. The Corporation may rescind at any time, immediately effective upon ~~written~~ **issuance of an Important n** Notice to the membership, its designation of a Repo Broker as eligible to submit to the Corporation data on GCF Repo Transactions.

* * *

GCF Forward Starting Interest Rate Mark

The term “GCF Forward Starting Interest Rate Mark” means, on a particular Business Day, as regards a Forward-Starting Repo Transaction that is a GCF Repo Transaction during its Forward-Starting Period, the product of the principal value of the **GCF** Repo Transaction on the Scheduled Settlement Date for its Start Leg multiplied by a factor equal to the

absolute difference between the System Repo Rate established by the Corporation for such **GCF** Repo Transaction and its Contract Repo Rate, and then multiplied by a fraction, the numerator of which is the number of calendar days from the Scheduled Settlement Date for the Start Leg of the **GCF** Repo Transaction until the Scheduled Settlement Date for the End Leg of the **GCF** Repo Transaction, and the denominator of which is 360. If the **GCF** Repo Transaction's Contract Repo Rate is greater than its System Repo Rate, then the GCF Forward Starting Interest Rate Mark shall be a positive value for the Reverse Repo Party, and a negative value for the Repo Party. If the **GCF** Repo Transaction's Contract Repo Rate is less than its System Repo Rate, then the GCF Forward Starting Interest Rate Mark shall be a positive value for the Repo Party, and a negative value for the Reverse Repo Party. The term "GCF Forward Starting Interest Rate Mark" means, as regards a Forward Net Settlement Position, the sum of all the GCF Forward Starting Interest Rate Marks on each of the Forward Trades that compose such **Forward Net Settlement p**Position.

* * *

GCF Interest Rate Mark

The term "GCF Interest Rate Mark" means, on a particular Business Day as regards any GCF Repo Transaction that is not scheduled to settle on that day, the product of the principal value of the GCF Repo Transaction on the Scheduled Settlement Date for its End Leg multiplied by a factor equal to the absolute difference between the Repo Rate established by the Corporation for such **GCF** Repo Transaction and its Contract Repo Rate, and then multiplied by a fraction, the numerator of which is the number of calendar days from the current day until the Scheduled Settlement Date for the End Leg of the **GCF** Repo Transaction and the denominator of which is 360. If the **GCF** Repo Transaction's Contract Repo Rate is greater than its System Repo Rate, then the GCF Interest Rate Mark shall be a positive value for the Reverse Repo Party, and a negative value for the Repo Party. If the **GCF** Repo Transaction's Contract Repo Rate is less than its System Repo Rate, then the GCF Interest Rate Mark shall be a positive value for the Repo Party, and a negative value for the Reverse Repo Party. The term "GCF Interest Rate Mark" means, as regards a GCF Net Settlement Position, the sum of all the GCF Interest Rate Mark Payments on each of the GCF Repo Transactions that compose such **GCF Net Settlement p**Position.

* * *

GCF Transaction Adjustment Payment

The term "GCF Transaction Adjustment Payment" means, as regards a Netting Member, the total repo interest on the Netting Member's GCF Repo Transactions and CCIT Transactions, as applicable, for which the Scheduled Settlement Date for the End Leg of such **GCF Repo t**Transactions **and CCIT Transactions, as applicable,** is the next Business Day.

* * *

Generic CUSIP Number

The term “Generic CUSIP Number” means a Committee on Uniform Securities Identification Procedures identifying number established for a category of securities, as opposed to a specific security. The Corporation shall use separate Generic CUSIP Numbers for General Collateral Repo Transactions, GCF Repo Transactions, CCIT Transactions and Sponsored GC Trades.

* * *

Interest Rate Mark

The term “Interest Rate Mark” means, on a particular Business Day as regards a Forward-Starting Repo Transaction during its Forward-Starting Period, the product of the principal value of the Repo Transaction on the Scheduled Settlement Date for its Start Leg multiplied by a factor equal to the absolute difference between the System Repo Rate established by the Corporation for such Repo Transaction and its Contract Repo Rate, and then multiplied by a fraction, the numerator of which is the number of calendar days from the Scheduled Settlement Date for the Start Leg of the Repo Transaction until the Scheduled Settlement Date for the End Leg of the Repo Transaction and the denominator of which is 360. If the Repo Transaction’s Contract Repo Rate is greater than its System Repo Rate, then the Interest Rate Mark shall be a positive value for the Reverse Repo Party, and a negative value for the Repo Party. If the Repo Transaction’s Contract Repo Rate is less than its System Repo Rate, then the Interest Rate Mark shall be a positive value for the Repo Party, and a negative value for the Reverse Repo Party. The Interest Rate Mark for any Repo Transaction other than a Forward-Starting Repo Transaction during its Forward-Starting Period, and for any trade other than a Repo Transaction, shall be zero. The term “Interest Rate Mark” means, as regards a Forward Net Settlement Position, the sum of all the Interest Rate Marks on each of the Forward Trades that compose such Forward Net Settlement ~~p~~Position. Notwithstanding the above, the term “Interest Rate Mark” shall not apply to GCF Repo Transactions or CCIT Transactions.

* * *

Market Professional Cross-Margining Account

The term “Market Professional Cross-Margining Account” means, as applicable: (i) a cross-margined Account~~account~~ that is carried for a Netting Member by the Corporation and that is limited to Eligible Positions and margin of Market Professionals; or (ii) an Account~~account~~ that is carried by a Netting Member for, and that is limited to, Eligible Positions and margin of, Market Professionals that are party to a Market Professional Agreement for Cross-Margining.

Market Value

The term “Market Value” means, on a particular Business Day, the amount in dollars equal to: (1) as regards a trade other than a Repo Transaction, the System Price established by the Corporation for the underlying Eligible Netting Securities, multiplied by the par value

of such Securities, plus accrued coupon interest that has accrued with regard to such Securities calculated to their Scheduled Settlement Date, (2) as regards a Repo Transaction other than a GCF Repo Transaction, the System Price established by the Corporation for the underlying Eligible Netting Securities, multiplied by the par value of such Securities, plus accrued coupon interest that has accrued with regard to such Securities calculated to that Business Day, and (3) as regards a GCF Repo Transaction, the principal value of the **GCF Repo** Transaction.

Maturity Value

The term “Maturity Value” means, as regards a Net Settlement Position, **or** Deliver Obligation, the Redemption Value of the Eligible Netting Securities that comprise such **Net Settlement** Position or **Deliver** Obligation.

* * *

MLA Excess Amount

Sponsored Members that clear through multiple **Accounts**~~accounts~~ sponsored by multiple Sponsoring Members may be charged an MLA Excess Amount in addition to the MLA Charge. In order to determine if this additional amount is applicable, FICC shall calculate both an MLA Charge for each **Account**~~account~~ and an MLA Charge for the consolidated portfolio.

If the MLA ~~e~~**Charge** of the consolidated portfolio is higher than the sum of all MLA Charges for each account of the Sponsored Member, the Sponsored Member shall be charged the amount of such difference, as an MLA Excess Amount, in addition to the applicable MLA Charge.

* * *

Net Fail Mark Adjustment Payment

The term “Net Fail Mark Adjustment Payment” means the absolute value of the dollar difference on a particular Business Day for a Netting Member between the total of all Credit Fail Mark Adjustment Payments and the total of all Debit Fail Mark Adjustment Payments. If the total of all of the Credit Fail Mark Adjustment Payments is greater than the total of all of the Debit Fail Mark Adjustment Payments, then the Net Fail Mark Adjustment Payment shall be a positive dollar amount owing from the Corporation to the Member. If the total of all of the Credit Fail Mark Adjustment Payments is less than the total of all of the Debit Fail ~~m~~**Mark** Adjustment Payments, then the Net Fail Mark Adjustment Payment shall be a negative dollar amount owing from the Member to the Corporation.

* * *

Net Long Position

The term “Net Long Position” means, with respect to each type of Eligible Netting Security, the amount of Eligible Securities that a Netting Member either: (1) is obligated, pursuant to Rule 12, to receive from the Corporation, or (2) will, on the Scheduled Settlement Date for such **Net Long** Position, be obligated to receive from the Corporation, as the context requires.

* * *

Net Short Position

The term “Net Short Position” means, with respect to each type of Eligible Netting Security, the amount of Eligible Netting Securities that a Netting Member either: (1) is obligated, pursuant to Rule 12, to deliver to the Corporation, or (2) will, on the Scheduled Settlement Date for such **Net Short** Position, be obligated to deliver to the Corporation, as the context requires.

* * *

Net Unsettled Positions

The term “Net Unsettled Positions” means Current Net Settlement Positions, **and** Forward Net Settlement Positions ~~and Fail Net Settlement Positions~~.

* * *

Netting Member Account

The term “Netting Member Account” shall mean an Account maintained by the Netting Member that contains the activity of the Netting Member that is submitted to the Corporation. A Netting Member may elect to establish one or more Netting Member Accounts.

* * *

~~Non-Conversion Participating Member~~

~~The term “Non-Conversion Participating Member” means a Member of the Comparison System with regard to which the Corporation, in its sole discretion, has determined it appropriate, for a temporary period to be established by the Corporation, to have the yield information contained in data that it submits to the Corporation on Eligible Conversion Trades not be converted into price information on such trades pursuant to these Rules.~~

* * *

Novation or Novate

The term “Novation” means the termination of deliver, receive, and related payment obligations between Netting Members, **or between a CCIT Member (or Joint Account) and a Netting Member**, and the replacement of such obligations with identical obligations to and from the Corporation, pursuant to Section 8 of Rule 5. **The term “Novate” shall have a corollary meaning.**

* * *

Off-the-Market Transaction

* * *

Redemption Adjustment Payment

The term “Redemption Adjustment Payment” means for a Net Settlement Position, the difference between the Redemption Value and the Settlement Value due and owing on each Eligible Netting Security that comprises such **Net Settlement p**Position. The term “Redemption Adjustment Payment” means for the End Leg of a Repo Transaction, the difference between the Redemption Value and the Contract Value due and owing on each Eligible Netting Security that comprises such **Repo** Transaction. Notwithstanding the above, the term “Redemption Adjustment Payment” shall not apply to GCF Repo Transactions and CCIT Transactions.

Redemption Value

The term “Redemption Value” means, as regards a Net Settlement Position or a Deliver Obligation, the principal amount paid to the holder of such **Net Settlement p**Position or **Deliver o**Obligation in redeeming Eligible Netting Securities at the maturity for such securities.

* * *

Repo Start Date

The term “Repo Start Date” means the settlement date for the **s**Start **date**Leg of a Repo Transaction.

* * *

Report

The term “Report” means any document, record, or other output prepared by the Corporation and made available to a Member in ~~any~~ format ~~(including, but not limited to, machine-readable and print-image formats)~~ or medium ~~(including, but not limited to, print copy, magnetic tape, and CPU to CPU interface formats)~~ **prescribed by the**

Corporation, that provides information to such Member with regard to the services provided by, or the operations of, the Corporation.

* * *

Securities Industry and Financial Markets Association

The term “Securities Industry and Financial Markets Association” (**“SIFMA”**) means the Securities Industry and Financial Markets Association or any successor organization.

* * *

Segregated Repo Account

The term “Segregated Repo Account” means an **Account-account** operated by a Non-IDB Repo Broker in which all trading is executed on a brokered basis with Netting Members on each side.

* * *

Settlement Agent

The term “Settlement Agent” means the bank or trust company that the Corporation may, from time to time, designate to act as its agent for purposes of interfacing with NSS for funds-only settlement pursuant to Rule 13 **(and as referenced in the Federal Reserve Banks Operating Circular 12)**.

* * *

Start Leg

The term “Start Leg” means, as regards a Repo Transaction other than a GCF Repo Transaction **(or CCIT Transaction as applicable)** or a Sponsored GC Trade, the initial settlement aspects of the Transaction, involving the transfer of the underlying Eligible Netting Securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking in of such Eligible Securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term “Start Leg” means, as regards a GCF Repo Transaction **(or CCIT Transaction as applicable)**, the initial settlement aspects of the **GCF Repo Transaction (or CCIT Transaction as applicable)**, involving the transfer of the underlying Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Borrower Position and the taking in of such Eligible Netting Securities by the Netting Member that is in the GCF Net Funds Lender Position. The term “Start Leg” means, as regards a Sponsored GC Trade, the initial settlement aspects of the Transaction, involving the transfer of GC Repo Securities by the Sponsoring Member or Sponsored Member, as applicable, that is the GC Funds Borrower

and the taking in of such GC Repo Securities by the Sponsoring Member or Sponsored Member, as applicable, that is the GC Funds Lender.

* * *

System Value

The term “System Value” means, as regards a Deliver Obligation (with the exception of compared Same-Day Settling Trades settled with the Corporation), a Receive Obligation (with the exception of compared Same-Day Settling Trades settled with the Corporation), a Net Settlement Position, Existing Securities Collateral, or New Securities Collateral, the amount in dollars equal to the par value of each Eligible Netting Security that comprises such **Deliver Obligation, Receive Obligation, Net Settlement Position, Existing Securities Collateral, or New Securities Collateral**, as applicable, multiplied by its System Price, plus interest that has accrued with regard to each such Eligible Netting Security up to the Business Day for which such dollar amount is calculated. The System Value of a Net Settlement Position that has remained unsettled on the maturity date for the Eligible Netting Securities that comprise such **Net Settlement Position** shall be the Redemption Value of such Securities.

* * *

Transactions

The term “Transactions” means Brokered Transactions and **Direct Bilateral** Transactions.

* * *

RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

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Section 2 – Eligibility for Membership: Netting Members

(a) Eligibility for Netting membership shall be as follows:

* * *

(v) A Person shall be eligible to apply to become a Foreign Netting Member if it is a Foreign Person that the Corporation, in its sole discretion, has determined: (i) has a home country regulator that has entered into a memorandum of understanding with the SEC regarding the sharing or exchange of information, and (ii) maintains a presence in the United States, either directly or through a suitable agent, that both has available individuals fluent in English who are knowledgeable in the Foreign Person's business and can assist the Corporation's representatives as necessary, and ensures that the Foreign Person will be able to meet its data submission, settlement, and other obligations to the Corporation as a Member in a timely manner. The Person applying to become a Foreign Netting Member must represent and certify to the Corporation that it is in compliance with the financial reporting and responsibility standards of its home country and that it is regulated in its home country by a financial regulatory authority in the areas of maintenance of relevant books and records, regular inspections and examinations, and minimum capital standards, and make such other representations, certifications or assurances as the Corporation deems necessary to address jurisdictional and tax concerns. Without limiting the generality of the foregoing, the Corporation shall require each applicant that shall be an FFI Member to certify and periodically recertify to the Corporation that it is FATCA Compliant under such procedures as are set forth under FATCA, unless such requirements have been explicitly waived in writing by the Corporation, provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property. In addition, as part of its membership application, each applicant that shall be an FFI Member ~~agrees to~~**must agree that it shall** indemnify ~~the Corporation~~**each Indemnified Person** for any loss, liability or expense sustained by the ~~Corporation~~**Indemnified Person** as a result of ~~its~~**the applicant** failing to be FATCA Compliant. Except as with respect to FATCA, a foreign Bank Netting Member that participates in the Corporation through its U.S. branch or agency shall not be deemed a Foreign Member for purposes of the Corporation's Rules and procedures, unless otherwise stated by the Corporation.

* * *

RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

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Section 2 - Reports by Netting Members

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~~In addition to all of the above, on an annual basis, Netting Members must report information on their Foreign Affiliate Trades to the Corporation. The preceding sentence shall not apply to Foreign Affiliate Trades of a Foreign Affiliate that has executed less than an average of 30 Foreign Affiliate Trades per business day per month within the prior twelve-month period. The reporting required by this paragraph shall be submitted to the Corporation containing the information, in the format and within the timeframes specified by guidelines issued by the Corporation from time to time.~~

* * *

Section 7 - General Continuance Standards

* * *

In the event that a Member fails to maintain the relevant requirements of any of these Rules, the Corporation shall, pursuant to these Rules, either cease to act for the Member or terminate its membership in the Comparison System or in both the Comparison System and the Netting System, unless the Member requests that such action not be taken and the Corporation determines that, depending upon the specific circumstances and the record of the Member, it is appropriate instead to establish for such Member a time period (~~hereinafter~~, the “Noncompliance Time Period”), which shall be determined by the Corporation and which shall be no longer than 30 calendar days unless otherwise determined by the Corporation, during which the Member must resume compliance with such requirements. In the event that the Member is unable to satisfy such requirements within the Noncompliance Time Period, the Corporation shall, pursuant to these Rules, either cease to act for the Member or terminate its membership in the Comparison System or in both the Comparison System and the Netting System. If the Corporation takes any action pursuant to this paragraph, it shall promptly file with its records and with the SEC a full report of such actions, and the reasons thereof.

* * *

Section 11 - Additional Accounts Requested by Members

(a) The Corporation may permit a Member to maintain one or more additional ~~A~~accounts at the request of a Member if the Corporation determines that doing so will not subject the Corporation to material legal, financial or operational risk.

(b) The Corporation may permit a Netting Member to open additional Netting Member Accounts ~~netting accounts~~ for the Netting Member itself or for wholly-owned subsidiaries of the Netting Member.

(c) The Corporation may permit a Netting Member to open an additional ~~Account~~account for its Market Professional customers. Such ~~Account~~account must be in furtherance of a Cross-Margining Arrangement and must meet the requirements of the applicable Cross-Margining Agreement and Rule 43. Such ~~Account~~account must meet all obligations under these Rules unless otherwise specified herein.

(d) All other additional ~~Netting Member Accounts~~netting accounts requested by Netting Members for Non-Members not otherwise permitted under these Rules shall require the approval of the Board. Netting Members shall not be permitted to maintain additional accounts for comparison-only activities unless they can demonstrate that doing so will not violate Section 3 of Rule 11.

(e) Additional ~~Accounts~~accounts that are opened for a Member pursuant to this Section 11 of Rule 3 shall be opened solely for the administrative convenience of the Member or in furtherance of the Cross-Margining Arrangements between the Corporation and an FCO, and no other person or entity shall have any rights, obligations or liabilities with respect to any of the Member's ~~Accounts~~accounts with the Corporation. Only Members shall be entitled to process transactions through the Corporation and to participate in the services offered by the Corporation for which they have been approved. A Member that processes through the Corporation any contract or other transaction for an entity that is a Non-Member shall, so far as the rights of the Corporation and of other Members are concerned, be liable as principal on such transaction. A Non-Member who processes transactions through a Member shall not possess any of the rights or benefits of a Member.

(f) The Corporation may, in its sole discretion, at any time and without prior notice (but being obligated to give notice as soon as possible thereafter) and whether or not the Member is in default of its obligations to the Corporation, apply Required Fund Deposits made by a Member pursuant to its obligations under one of its ~~Accounts~~accounts, as necessary, to ensure that the Member meets all of its obligations to the Corporation under its other ~~Account(s)~~account(s), and otherwise exercise all rights to offset and net any obligations among any or all of the ~~Accounts~~accounts, whether or not a non-Member is deemed to have any interest in the Member's ~~Account(s)~~account(s), notwithstanding the terms of this Rule.

(g) This section shall not apply to Repo Brokers who are required to maintain Segregated Repo Accounts pursuant to Section 2 of Rule 19.

* * *

Section 13 - Voluntary Termination

A Member that is a Comparison-Only Member may elect to terminate such membership, and a Netting Member may elect to terminate its membership in either the Corporation or in just the Netting System (and to become a Comparison-Only Member), by providing the Corporation with a written notice of such termination (hereinafter, the "Voluntary Termination Notice"). The Member shall specify in the Voluntary Termination Notice a desired date for its withdrawal from membership; provided, however, if the Member is terminating its membership in the Corporation, such date shall not be prior to the scheduled final settlement date of any remaining obligation owed

by the Member to the Corporation as of the time such Voluntary Termination Notice is submitted to the Corporation, unless otherwise approved by the Corporation.

Such termination will not be effective until accepted by the Corporation, which shall be no later than 10 Business Days after the receipt of the Voluntary Termination Notice from such Member. The Corporation's acceptance shall be evidenced by a notice to Members announcing the Member's termination and the effective date of the termination of the Member (hereinafter, the "Termination Date"). As of the Termination Date, a Netting Member that terminates its membership in the Netting System, or a Comparison-Only Member or Netting Member that terminates its membership in the Corporation, shall no longer be eligible or required to submit to the Corporation data on trades and shall no longer be eligible to have its trade data submitted by an authorized submitter, notwithstanding any provision of Rule 5, Rules 6A through 6C, or Rule 11 to the contrary, unless the Board determines otherwise in order to ensure an orderly liquidation of the Member's Net Settlement Positions. If any trade is submitted to the Corporation either by such Member or its authorized submitter that is scheduled to settle on or after the Termination Date, such Member's Voluntary Termination Notice will be deemed void, and the Member will remain subject to these Rules as if it had not given such Voluntary Termination Notice.

* * *

RULE 3A – SPONSORING MEMBERS AND SPONSORED MEMBERS

* * *

Section 2 – Qualifications of Sponsoring Members, the Application Process and Continuance Standards

* * *

(h) If a Category 1 Sponsoring Member falls below one or more of the required minimum financial standards for being a Sponsoring Member set forth in subsection (a) above, it shall, for the period beginning on the day on which it fell below such level and continuing until the later of the 90th calendar day after the date on which (i) it returned to compliance with such standard, or (ii) the Corporation received notice of the applicable violation, have a Sponsoring Member Omnibus Account Required Fund Deposit equal to the greater of either: (x) the sum of the normal calculation of its Sponsoring Member Omnibus Account Required Fund Deposit plus \$1,000,000, or (y) 125 percent of the normal calculation of its Sponsoring Member Omnibus Account Required Fund Deposit. If, in the case of a Category 2 Sponsoring Member, the sum of the VaR Charges of its Sponsoring Member Omnibus Account(s) and its **Netting Member Accounts**~~Netting System accounts~~ exceeds its Netting Member Capital, the Category 2 Sponsoring Member shall not be permitted to submit activity into its Sponsoring Member Omnibus Account(s), unless otherwise determined by the Corporation in order to promote orderly settlement.

(i) A Sponsoring Member may voluntarily elect to terminate its status as a Sponsoring Member, with respect to all Sponsored Members or with respect to one or more Sponsored Members from time to time, by providing the Corporation with a written notice of such termination (hereinafter, “Sponsoring Member Voluntary Termination Notice”). The Sponsoring Member shall specify in the Sponsoring Member Voluntary Termination Notice a desired date for the termination of the Sponsoring Member’s status as such with respect to the Sponsored Member(s) as to which the Sponsoring Member has terminated such status (hereinafter, the “Former Sponsored Members”), which date shall not be prior to the scheduled final settlement date of any remaining obligation owed by the Sponsoring Member with respect to the Former Sponsored Members to the Corporation as of the time such Sponsoring Member Voluntary Termination Notice is submitted to the Corporation, unless otherwise approved by the Corporation. No later than 10 Business Days after the receipt of the Sponsoring Member Voluntary Termination Notice from such Sponsoring Member, the Corporation shall notify the Sponsoring Member that such notice has been accepted and the date the termination shall be effective (hereinafter, the “Sponsoring Member Termination Date”).

If a Sponsoring Member has terminated its status as a Sponsoring Member with respect to all Sponsored Members, the Corporation shall post an Important Notice to all Members announcing the termination of the Sponsoring Member’s status as a Sponsoring Member and the Sponsoring Member Termination Date.

As of the Sponsoring Member Termination Date, the Sponsoring Member shall no longer be eligible to submit trades on behalf of its Former Sponsored Members and each of its Former

Sponsored Members shall cease to be a Sponsored Member unless it is the Sponsored Member of another Sponsoring Member. If any trade is submitted to the Corporation by the Sponsoring Member on behalf of its Former Sponsored Members that is scheduled to settle on or after the Sponsoring Member Termination Date, such Sponsoring Member's Sponsoring Member Voluntary Termination Notice will be deemed void, and the Sponsoring Member will remain subject to this Rule as if it had not given such Sponsoring Member Voluntary Termination Notice.

A Sponsoring Member's voluntary termination of its status as such, in whole or in part, shall not affect its obligations to the Corporation, or the rights of the Corporation, including under the Sponsoring Member Guaranty, with respect to Sponsored Member Trades submitted to the Corporation before the applicable Sponsoring Member Termination Date. Any Sponsored Member Trades which have ~~received the Corporation's guaranty of settlement and~~ been Novated by novated to the Corporation shall continue to be processed ~~and guaranteed~~ by the Corporation.

* * *

Section 6 – Trade Submission and the Comparison System

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(c) The enhanced comparison processes regarding the presumed match of data set forth in Rule 10 shall apply to Sponsored Member Trades. A special enhanced comparison process shall be applicable to Sponsored Member Trades that are submitted for Bilateral Comparison as follows: If all other required fields are valid and match but the executing firm field on the side representing the Netting Member Account ~~netting account~~ of the Sponsoring Member has been omitted and the executing firm field on the side representing the Sponsoring Member Omnibus Account is valid, then the Corporation shall compare the Sponsored Member Trade based on the valid executing firm field.

Section 7 – The Netting System ~~and, Novation and Guaranty of Settlement~~

(a) The following provisions apply to Sponsored Member Trades other than Sponsored GC Trades:

(i) The Sponsored Member Trades of each Sponsored Member shall be Novated and netted in the same manner as set forth in Section 8 of Rule 5 and Sections 1, 4 and 6 of Rule 11 for Netting Member trades as long as such Sponsored Member Trades meet the requirements of Section 2 of Rule 11. Net Settlement Positions per CUSIP shall be calculated for each Sponsored Member in the same manner set forth in Rule 11 for Netting Members. The Sponsoring Member shall act as processing agent for performing all functions and receiving Reports and information set forth in Rule 11 on behalf of its Sponsored Members. The Corporation's provision of such Reports and information to the Sponsoring Member shall constitute satisfaction of the Corporation's obligations to provide such Reports and information to the affected Sponsored Members.

(ii) Net Settlement Positions of Sponsored Members that are comprised in whole or in part of Sponsored Member Trades that are Locked-In Trades shall be treated by the Corporation in the same manner as all other Net Settlement Positions.

(iii) ~~Fail-Net Settlement Positions~~Fail Deliver Obligations and Fail Receive Obligations per CUSIP shall be calculated at the level of the Sponsoring Member Omnibus Account in the same way as they are calculated for Netting Members pursuant to Rule 11. At the request of the Corporation, the Sponsoring Member shall inform the Corporation as to the manner in which the Sponsoring Member allocates a ~~Fail-Net Settlement Position~~Fail Deliver Obligation or Fail Receive Obligation among its Sponsored Members. Fail charges shall be applied at the level of the Sponsoring Member Omnibus Account in the same way as they are applied to Netting Members pursuant to Rule 11.

(iv) ~~The Corporation's guaranty of settlement shall apply to Sponsored Member Trades and such~~ Sponsored Member Trades shall be Novated in the same manner in which trades of Netting Members are Novated ~~and settlement is guaranteed~~ pursuant to Section 8 of Rule 5.

(b) The following provisions apply only to Sponsored GC Trades:

(i) Only the End Leg of a Sponsored GC Trade may be Novated to the Corporation. A Sponsored GC Trade may, but need not, have an Initial Haircut.

(ii) The End Leg of each Sponsored GC Trade shall be Novated in the same manner as set forth in Section 8 of Rule 5 as of the time that the following requirements have been satisfied on a given Business Day;

* * *

(iii) On each Business Day, the Corporation will provide each Sponsoring Member with one or more Reports setting forth (A) each Sponsored GC Trade, the data on which has been compared in the Comparison System and (B) each Sponsored GC Trade, the End Leg of which has been Novated to the Corporation.

(iv) Each Sponsoring Member and Sponsored Member acknowledges and agrees that it has authorized each relevant Sponsored GC Clearing Agent Bank to provide the Corporation with all information and data as the Corporation may require or request from time to time in order to novate and process Sponsored GC Trades.

Section 8 – Securities Settlement

(a) The following provisions apply to Sponsored Member Trades other than Sponsored GC Trades:

* * *

(ii) Netting at the Sponsored Member level shall occur as stated in Section 7(a) of this Rule 3A. The Corporation shall then, for operational purposes, calculate a single Net Settlement Position ~~and Fail-Net Settlement Position~~ in each CUSIP for the Sponsoring Member Omnibus Account and associated Deliver Obligations and Receive Obligations.

* * *

Section 10 – Clearing Fund Obligations

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(b) For purposes of satisfying the Sponsoring Member's Clearing Fund requirements under the Rules for both its Netting Member activity and its Sponsoring Member activity, the Sponsoring Member's Netting Member Accounts ~~Netting System accounts~~ and its Sponsoring Member Omnibus Account shall be treated separately, as if they were accounts of separate entities. Notwithstanding the previous sentence, however, the Corporation shall have the right to apply a Sponsoring Member's Clearing Fund deposits to any obligations of that Sponsoring Member as otherwise permitted pursuant to Rule 4.

* * *

Section 11 – Right of Offset

In the ordinary course, with respect to satisfaction of any Sponsored Member's obligations under the Rules, the Sponsoring Member's Netting Member Accounts ~~Netting System accounts~~ and its Sponsoring Member Omnibus Account shall be treated separately, as if they were Accounts ~~accounts~~ of separate entities. Notwithstanding the previous sentence, however, the Corporation may, in its sole discretion, at any time any obligation of the Sponsoring Member arises under the Sponsoring Member Guaranty to pay or perform thereunder with respect to any Sponsored Member, exercise a right of offset and net any such obligation of the Sponsoring Member under its Sponsoring Member Guaranty against any obligations of the Corporation to the Sponsoring Member in respect of such Sponsoring Member's Netting Member Accounts ~~Netting System accounts~~.

* * *

Section 14 – Restrictions on Access to Services by a Sponsoring Member

* * *

(c) If the Corporation ceases to act for a Sponsoring Member in its capacity as a Sponsoring Member, Rule 22A shall apply and the Corporation shall decline to accept or process data from the Sponsoring Member on Sponsored Member Trades and the Corporation shall cease to act for all of the Sponsored Members of the affected Sponsoring Member. If the Corporation suspends the Sponsoring Member or ceases to act for the Sponsoring Member, the Corporation shall decline to accept or process data from the Sponsoring Member on Sponsored Member Trades and shall suspend the Sponsored Members of the affected Sponsoring Member for so long as and to the extent that the Corporation is ceasing to act for the Sponsoring Member. Any Sponsored Member Trades which have ~~received the Corporation's guaranty of settlement and~~ been ~~Novated by~~ Novated by the Corporation shall continue to be processed ~~and guaranteed~~ by the Corporation. The Corporation, in its sole discretion, shall determine whether to close-out the affected Sponsored Member Trades and/or permit the Sponsored Members to complete their settlement.

* * *

Section 16 – Insolvency of a Sponsoring Member

* * *

(b) In the event that the Corporation determines to treat a Sponsoring Member as insolvent, the Corporation shall cease to act for the insolvent Sponsoring Member and decline to accept or process data from the Sponsoring Member, including Sponsored Member Trades, and the Corporation shall terminate the membership of all of the insolvent's Sponsored Members unless they are the Sponsored Members of another Sponsoring Member. Any Sponsored Member Trades which have ~~received the Corporation's guaranty of settlement and~~ been Novated by ~~to~~ the Corporation shall continue to be processed ~~and guaranteed~~ by the Corporation. The Corporation, in its sole discretion, shall determine whether to close-out the affected Sponsored Member Trades and/or permit the Sponsored Members to complete their settlement.

* * *

Section 18 – Liquidation of Sponsored Member and Related Sponsoring Member Positions

* * *

(b) Subject to the provisions of subsection (a) of this Section 18, on any Business Day, the Sponsoring Member or the Corporation may by written notice to the other cause the immediate termination of all, but not fewer than all, of the long and short Net Settlement Positions, ~~Fail Net Settlement Positions~~ and Forward Net Settlement Positions of the Sponsored Member established in the Sponsoring Member's Sponsoring Member Omnibus Account. Any such notice shall also cause the immediate termination of all of the corresponding, offsetting long and short Net Settlement Positions, ~~Fail Net Settlement Positions~~ and Forward Net Settlement Positions of the Sponsoring Member established in the Sponsoring Member's Netting Member Account(s) ~~Netting System Account(s)~~. Each such termination shall be effected by the Sponsoring Member's establishment of a final Net Settlement Position for each Eligible Netting Security with a distinct CUSIP number that shall equal the net of all outstanding deliver obligations and receive obligations of the parties thereto in each such Eligible Netting Security including those that arise from ~~Fail Net Settlement Positions and~~ Forward Net Settlement Positions (hereinafter, the "Final Net Settlement Position").

* * *

(e) The Corporation hereby acknowledges that a Sponsoring Member may take a security interest in the deliver, receive, and related payment obligations owed by the Corporation to a Sponsored Member in respect of its transactions that have been Novated to the Corporation by such Sponsoring Member and established in its Sponsoring Member Omnibus Account, including, but not limited to, such Sponsored Member's rights to receive payment of any Sponsored Member Liquidation Amount pursuant to this Section 18 (the "Sponsored Member Rights"), and agrees that, if the provisions of this Section 18 apply, the Corporation's security interest in all assets and property placed by a Sponsored Member in the possession of the Corporation (or its agents acting on its behalf), including all securities and cash on deposit with

the Corporation or its agents, granted in Section 8(g) of this Rule 3A, shall be subordinated to the security interest of the Sponsoring Member in the Sponsored Member Rights.

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RULE 3B – CENTRALLY CLEARED INSTITUTIONAL TRIPARTY SERVICE

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Section 2 – Eligibility for Membership: CCIT Member

* * *

~~(d)~~**(b)** Two or more CCIT Members may be represented by a Joint Account Submitter that has been approved by the Corporation subject to such CCIT Member signing and delivering a Joint Account Submitter Agreement to the Corporation in such form as may be prescribed by the Corporation. If the Corporation terminates the Joint Account Submitter Agreement, the Joint Account Submitter will no longer be permitted to represent the CCIT Members in the Joint Account. Each such CCIT Member will be required to assume the duties of the Joint Account Submitter or appoint a new Joint Account Submitter subject to the requirements of these Rules.

~~(e)~~**(c)** In addition to the criteria set forth in subsection (a) above, the Corporation shall retain the right to deny membership to an applicant if the Corporation becomes aware of any factor or circumstance about the applicant or its Controlling Management which may impact the suitability of that particular applicant as a Member of the Corporation. Further, applicants are required to inform the Corporation as to any member of their Controlling Management that is or becomes subject to Statutory Disqualification (as defined in Section 3(a)(39) of the Exchange Act).

* * *

Section 3 – Membership Application Process to Become a CCIT Member

* * *

(c) Each applicant shall complete and deliver to the Corporation:

(i) a FATCA Certification as part of its membership application. Without limiting the generality of the foregoing, if an applicant is a FFI Member, the Corporation shall require such applicant to certify and periodically to recertify to the Corporation that it is FATCA Compliant under such procedures as are set forth under FATCA, unless such requirements have been explicitly waived in writing by the Corporation; provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property. In addition, as part of its membership application, such applicant **agrees to must agree that it shall** indemnify **each Indemnified Person** ~~the Corporation~~ for any loss, liability or expense sustained by **the Indemnified Person** ~~the Corporation~~ as a result of **its such applicant** failing to be FATCA Compliant;

* * *

Section 5 – On-going Membership Requirements

* * *

(f) A CCIT Member shall promptly inform the Corporation, both orally and in writing, if it no longer is in compliance with any of the relevant qualifications and standards for admission to membership set forth in this Rule, including the criteria set forth in Section 2(a) of this Rule. Notification must take place within two Business Days from the date on which the CCIT Member first learns of its non-compliance. The Corporation shall assess a ~~\$1,000.00~~ fine **pursuant to the applicable Fine Schedule in these Rules** against any CCIT Member which fails to so notify the Corporation. In addition, a CCIT Member shall notify the Corporation within two Business Days of learning that an investigation or proceeding to which it is or is becoming the subject of would cause the CCIT Member to fall out of compliance with any of the relevant qualifications and standards for membership set forth in this Rule. Notwithstanding the previous sentence, the CCIT Member shall not be required to notify the Corporation if doing so would cause the CCIT Member to violate an applicable law, rule or regulation. If, with respect to a CCIT Member: (i) it fails to maintain the relevant standards and qualifications for admission to membership, including but not limited to minimum capital standards and operational testing and related reporting requirements imposed by the Corporation from time to time; (ii) it violates any Rule of the Corporation or other agreement with the Corporation; (iii) it fails to satisfy in a timely manner any obligation to the Corporation; (iv) there is any CCIT Reportable Event relating to such Member; or (v) the Corporation otherwise deems it necessary or advisable, in order to protect the Corporation, its other Members (including CCIT Members), or its creditors or investors, to safeguard securities and funds in the custody or control of the Corporation or for which the Corporation is responsible, or to promote the prompt and accurate processing, clearance or settlement of securities transactions, the Corporation will undertake appropriate action to determine the status of the CCIT Member and its continued eligibility. In addition, the Corporation may review the financial responsibility and operational capability of the CCIT Member and/or its Controlling Management to the extent provided in these Rules and otherwise require from the CCIT Member additional reporting of its financial or operational condition at such intervals and in such detail as the Corporation shall determine, and shall make a determination as to whether such CCIT Member should be placed on the Watch List by the Corporation consistent with the provisions of Section 5(l) of this Rule.

* * *

(h) In the event that a CCIT Member fails to maintain the relevant requirements of any of these Rules, the Corporation shall, pursuant to these Rules, cease to act for the CCIT Member, unless the CCIT Member requests that such action not be taken and the Corporation determines that, depending upon the specific circumstances and the record of the CCIT Member, it is appropriate instead to establish for such CCIT Member a time period (**hereinafter**, the “Noncompliance Time Period”), which shall be determined by the Corporation and which shall be no longer than 30 calendar days unless otherwise determined by the Corporation, during which the CCIT Member must resume compliance with such requirements. In the event that the CCIT Member is unable to satisfy such requirements within the Noncompliance Time Period, the Corporation shall, pursuant to these Rules, cease to act for the CCIT Member. If the Corporation

takes any cease to act action pursuant to this paragraph, it shall promptly file with its records and with the SEC a full report of such actions, and the reasons thereof.

* * *

(j) Compliance with Laws

* * *

(iii) FATCA

* * *

A CCIT Member that is an FFI Member shall indemnify ~~the~~ each Indemnified Person ~~Corporation~~ for any loss, liability or expense sustained by the Indemnified Person ~~Corporation~~ as a result of such CCIT Member failing to be FATCA Compliant.

* * *

Section 6 – Voluntary Termination

A CCIT Member may voluntarily elect to terminate its membership in the Corporation by providing the Corporation with a written notice of such termination (hereinafter, the “CCIT Member Voluntary Termination Notice”). The CCIT Member shall specify in the CCIT Member Voluntary Termination Notice a desired date for the termination, which date shall not be prior to the scheduled final settlement date of any remaining obligation owed by the CCIT Member to the Corporation as of the time such CCIT Member Voluntary Termination Notice is submitted to the Corporation, unless otherwise approved by the Corporation.

Such termination will not be effective until accepted by the Corporation, which shall be no later than 10 Business Days after the receipt of the CCIT Member Voluntary Termination Notice from such CCIT Member. The Corporation’s acceptance shall be evidenced by an Important ~~n~~ Notice to Members (including CCIT Members) announcing the CCIT Member’s termination and the effective date of the termination of the CCIT Member (hereinafter, the “CCIT Member Termination Date”). As of the CCIT Member Termination Date, a CCIT Member that terminates its membership in the Corporation shall no longer be eligible or required to submit to the Corporation data on trades and shall no longer be eligible to have its trade data submitted by a Joint Account Submitter, unless the Board determines otherwise in order to ensure an orderly liquidation of the CCIT Member’s positions. If any trade is submitted to the Corporation either by such CCIT Member or a Joint Account Submitter-that is scheduled to settle on or after the CCIT Member Termination Date, such CCIT Member’s CCIT Member Voluntary Termination Notice will be deemed void, and the CCIT Member will remain subject to this Rule as if it had not given such CCIT Member Voluntary Termination Notice.

* * *

Section 9 – Trade Submission and the Comparison System

* * *

(b) Each CCIT Member shall be required to maintain two accounts at the GCF Clearing Agent Bank(s) at which the Netting Members with whom the CCIT Member enters into CCIT Transactions maintain accounts. One account at such GCF Clearing Agent Bank shall be designated for the CCIT Member's activity in respect of CCIT Transactions (hereinafter, the "CCIT Account") and the second account shall be designated for Transactions (as defined in Section 14(a) of this Rule 3B) initiated by the Corporation pursuant to Section 14(a) of this Rule 3B (hereinafter, the "CCIT MRA Account"). In each case, such accounts shall be as designated by the Corporation for these purposes from time to time. If acting through a Joint Account, a CCIT Member shall cause its Joint Account Submitter to maintain both a CCIT Account and a CCIT MRA Account for the Joint Account at the GCF Clearing Agent Bank(s) at which the Netting Members with whom the CCIT Member enters into CCIT Transactions maintain accounts.

* * *

Section 11 – Netting System and Settlement of CCIT Transactions

(a) Rule 20 (Special Provisions for GCF Repo Transactions) shall apply to the netting and settlement obligations of the Corporation and each party to a CCIT Transaction in the same way in which such provisions apply to GCF Repo Transactions subject to the following:

* * *

(iv) The CCIT Transaction activity of Netting Members shall be netted with such Netting Members' GCF Repo Service activity for one net obligation per ~~GCF Repo Service~~ Generic CUSIP Number approved for the GCF Repo Service.

* * *

Section 12 – ~~Compared Trades~~ [Reserved]

~~Rule 11B (Guaranty of Settlement) shall apply to CCIT Transactions that are Compared Trades.~~

Section 13 – Funds-Only Settlement

* * *

(b) The following payments and mark~~components~~ of Section 1 of Rule 13 shall apply to Netting Members with respect to their CCIT Transactions (such payments and marks~~components~~ shall apply as they apply to GCF Repo Transactions except as noted below):

* * *

(d) Notwithstanding the above, a CCIT Member may elect to pay its Funds-Only Settlement Amount debits directly to the Corporation using the invoicing process applicable to Comparison-Only Members under Rule 25 (~~“invoicing process”~~**Bills Rendered**) in lieu of the process described in Section 5 of Rule 13. If the CCIT Member elects the invoicing process, the CCIT Member’s Funds-Only Settling Bank shall no longer be responsible for processing Funds-Only Settlement Amounts that are debits for such CCIT Member.

Section 14 – Liquidity Requirements of CCIT Members

(a) In order to finance the Corporation’s obligations in respect of certain Deliver Obligations in connection with CCIT Transactions in accordance with subsection (b) of this Section 14, the SIFMA MRA (without the referenced annexes) is hereby incorporated by reference in the Rules as a master repurchase agreement between the Corporation, as Seller, and each CCIT Member, as Buyer (**hereinafter**, the “CCIT MRA”); provided that, notwithstanding anything else set forth in the CCIT MRA:

* * *

(viii) if the Corporation terminates a portion of a Transaction pursuant to clause (vii) of this paragraph:

(A) the Repurchase Price (for purposes of this Section 14(a), as defined in the CCIT MRA) for the Purchased Securities to be repurchased on such date (**hereinafter**, the “Relevant Securities”) shall be an amount equal to the sum of the Purchase Price (for purposes of this Section 14(a), as defined in the CCIT MRA) for the Relevant Securities and the unpaid Price Differential (for purposes of this Section 14(a), as defined in the CCIT MRA) accrued on the Purchase Price for the Relevant Securities through such Business Day;

* * *

(xii) the Pricing Rate (as defined in the CCIT MRA) in respect of each Transaction shall be ~~the rate published on the Corporation’s website at the time the Corporation initiates such Transaction, corresponding to: (A) U.S. Treasury < 30-year maturity (CUSIP: 371487AE9) if the Purchased Securities under such Transaction are U.S. Treasury bills, notes or bonds, (B) Non-Mortgage Backed U.S. Agency Securities (CUSIP: 371487AH2) if the Purchased Securities under such Transaction are non-mortgage-backed U.S. agency securities or (C) Fannie Mae, Freddie Mac, and UMBS Fixed Rate MBS (CUSIP: 371487AL3) if the Purchased Securities under such Transaction are mortgage-backed securities, or if the relevant foregoing rate is unavailable, a~~ **the** rate that the Corporation reasonably determines approximates the average daily interest rate paid by a seller of the Purchased Securities under a cleared repurchase transaction.

(b) Once the Corporation has ceased to act for a Netting Member with whom a CCIT Member traded pursuant to these Rules, if any portions of such trades, as ~~guaranteed and~~

Novated pursuant to these Rules, remain outstanding, then, if the Corporation determines, in its sole discretion, that the procedures below are necessary to address certain of the Corporation's liquidity needs, the Corporation may initiate transactions under the CCIT MRA as provided below.

(i) The Corporation shall determine which CCIT Members had open CCIT Transactions originally with the Defaulting Member (each such CCIT Member **hereinafter**, an "Affected CCIT Member"),

(ii) The Corporation shall notify all Affected CCIT Members informing them that the Corporation will initiate repurchase agreements under the CCIT MRA,

(iii) The Corporation shall determine each Affected CCIT Member's pro rata share of the total principal dollar amount of such CCIT Transactions originally with the Defaulting Member in respect of which the Corporation needs financing, with such pro rata share being determined by reference to the total dollar amount of such Affected CCIT Member's trades with the Defaulting Member that remain unsettled (**hereinafter**, such Affected CCIT Member's "Financing Amount"),

(iv) The Corporation shall initiate repurchase transactions under the terms and conditions of the CCIT MRA with each Affected CCIT Member having a Purchase Price equal to such Affected CCIT Member's Financing Amount (each such repurchase transaction, **hereinafter**, a "CCIT MRA Transaction", shall be a "Transaction" under the CCIT MRA),

* * *

(f) The Corporation and any CCIT Member may agree to enter into repurchase transactions in addition to those initiated by the Corporation pursuant to Section 14(b) above. In furtherance of the foregoing, the SIFMA MRA is hereby incorporated by reference in the Rules as a master repurchase agreement between the Corporation, as Seller, and each CCIT Member, as Buyer (**hereinafter**, the "Uncommitted CCIT MRA"); provided that, notwithstanding anything else set forth in the Uncommitted CCIT MRA:

* * *

RULE 4 – CLEARING FUND AND LOSS ALLOCATION

* * *

Section 2 – Required Fund Deposit Requirements

(a) Each Business Day, each Netting Member shall be required to make a Required Fund Deposit to the Clearing Fund equal to **the** greater of: (i) the Minimum Charge or (ii) the amounts derived pursuant to the provisions of Sections 1, 1a and 1b of this Rule 4 (**hereinafter**, the “Total Amount”). A Netting Member that has a Margin Portfolio that consists of a Market Professional Cross-Margining Account shall be required to make an additional Required Fund Deposit to the Clearing Fund associated with the activity of such Margin Portfolio. Unless otherwise expressly provided, references in these Rules that pertain to Required Fund Deposits shall apply to the Required Fund Deposits associated with a Netting Member’s Market Professional Cross-Margining Account.

* * *

(d) Notwithstanding anything to the contrary in this Rule, the Corporation may require a Netting Member to make and maintain a higher Required Fund Deposit than the amount as noted above, if the Corporation determines that such higher Required Fund Deposit is necessary to protect the Corporation and its Members from the risk (**hereinafter**, the “Legal Risk”) that the Corporation, as a result of a law, rule or regulation applicable to a Netting Member, including a Netting Member’s insolvency or bankruptcy, may be delayed or prohibited from: (i) accessing any portion of the Netting Member’s Required Fund Deposit, (ii) netting, closing out or liquidating transactions, or setting off obligations, or taking any other action contemplated by Rule 4 (Clearing Fund and Loss Allocation), Rule 21 (Restrictions on Access to Services), Rule 22 (insolvency of a Member) or Rule 22A (Procedures for When the Corporation Ceases to Act), or (iii) otherwise exercising its rights pursuant to these Rules.

* * *

Section 2a – Intraday Calculation of VaR Amounts - Intraday Supplemental Fund Deposit

Pursuant to procedures established by the Corporation, the Corporation shall re-calculate intraday, each Business Day, at the times established by the Corporation for this purpose, the amount of the intraday VaR Charge applicable to each Margin Portfolio of a Member, based upon the open positions in such Margin Portfolio at a designated time intraday, for purposes of establishing whether a Member shall be required to make payment of an additional amount (**hereinafter**, the Member’s “Intraday Supplemental Fund Deposit”) to its Required Fund Deposit. Such additional amount shall be deemed part of the Member’s Required Fund Deposit for all purposes under these Rules.

* * *

Section 7 - Loss Allocation Waterfall, Off-the-Market Transactions

* * *

Tier One Netting Members

Defaulting Member Events and/or Declared Non-Default Loss Events that occur within a period of ten (10) Business Days (**hereinafter**, an “Event Period”) shall be grouped together for purposes of applying the limits on loss allocation set forth in this Rule.

* * *

Each loss allocation shall be communicated to Tier One Netting Members by the issuance of a notice that advises the Tier One Netting Members of the amount being allocated to them (**hereinafter**, the “Loss Allocation Notice”). Each Tier One Netting Member’s pro rata share of losses and liabilities to be allocated in any round shall be equal to (i) the average of its Required Fund Deposit for the seventy (70) Business Days preceding the first day of the applicable Event Period or such shorter period of time that the Tier One Netting Member has been a Tier One Netting Member (each Tier One Netting Member’s “Average RFD”), divided by (ii) the sum of Average RFD amounts of all Tier One Netting Members subject to loss allocation in such round.

* * *

Tier Two Members

To the extent there is a loss or liability payable by Tier Two Members, such loss or liability shall be allocated to Tier Two Members.

If the Tier Two Members are not CCIT Members (**hereinafter**, the “Tier Two Non-CCIT Members”), the allocation will be based upon their trading activity with the Defaulting Member that resulted in a loss or liability. The Corporation shall assess such loss or liability against the Tier Two Non-CCIT Members ratably based upon their loss or liability as a percentage of the entire amount of the loss or liability attributable to such Tier Two Non-CCIT Members. Such Tier Two Non-CCIT Members with a bilateral liquidation profit will not be allocated any portion of the loss or liability otherwise attributable to Tier Two Members.

If the Tier Two Members are CCIT Members (**hereinafter**, the “Tier Two CCIT Members”), the allocation will be based upon their open trading activity with the Defaulting Member that resulted in a loss or liability. The Corporation shall assess such loss or liability against the Tier Two CCIT Members ratably based upon a percentage of the loss or liability attributable to each Tier Two CCIT Member’s specific Generic CUSIP that it had open with the Defaulting Member. Such Tier Two CCIT Members with a bilateral liquidation profit will not be allocated any portion of the loss or liability otherwise attributable to Tier Two Members.

If a Tier Two Member fails to make payment to the Corporation in respect of a Loss Allocation Notice by the time such payment is due, the Corporation shall have the right to proceed against such Tier Two Member as a Defaulting Member that has failed to satisfy an obligation in accordance with Section 6 of this Rule.

Section 7a – Corporate Contribution

For any loss allocation pursuant to Section 7 of this Rule, whether arising out of or relating to a Defaulting Member Event or a Declared Non-Default Loss Event, the Corporation's corporate contribution to losses or liabilities that are incurred by the Corporation with respect to an Event Period (**hereinafter, the** "Corporate Contribution") shall be an amount that is equal to fifty (50) percent of the amount calculated by the Corporation in respect of its General Business Risk Capital Requirement as of the end of the calendar quarter immediately preceding the Event Period. The Corporation's General Business Risk Capital Requirement, as defined in its Clearing Agency Policy on Capital Requirements, is, at a minimum, equal to the regulatory capital that the Corporation is required to maintain in compliance with Rule 17Ad-22(e)(15) under the Exchange Act. If the Corporate Contribution is applied by the Corporation against a loss or liability relating to an Event Period, whether arising out of or relating to a Defaulting Member Event or a Declared Non-Default Loss Event, the Corporate Contribution for any subsequent Event Periods occurring during the two hundred fifty (250) Business Days thereafter shall be reduced to the remaining unused portion of the Corporate Contribution amount that applied for the first Event Period. The Corporation shall notify Members of any such reduction to the Corporate Contribution. The Corporation shall maintain one Corporate Contribution, the amount of which is available to both the Government Securities Division and the Mortgage-Backed Securities Division, and would be applied against a loss or liability in either Division in the order in which such loss or liability occurs. In the event of a loss or liability relating to an Event Period, whether arising out of or relating to a Defaulting Member Event or a Declared Non-Default Loss Event, attributable to only one Division, the Corporate Contribution shall be applied to that Division up to the amount then available. If a loss or liability relating to an Event Period, whether arising out of or relating to a Defaulting Member Event or a Declared Non-Default Loss Event, occurs simultaneously at both Divisions, the Corporate Contribution shall be applied to the respective Division in the same proportion that the aggregate Average RFDs of all members in that Division bears to the aggregate Average RFDs of all members in both Divisions.

Nothing in these Rules shall prevent the Corporation from voluntarily applying amounts greater than the Corporate Contribution against any loss or liability of the Corporation, whether arising out of or relating to a Defaulting Member Event or a Declared Non-Default Loss Event, if the Board of Directors, in its sole discretion, believes such to be appropriate under the factual situation existing at the time.

Section 7b – Withdrawal Following Loss Allocation

If a Tier One Netting Member timely notifies the Corporation of its election to withdraw from membership in respect of a loss allocation round as set forth in Section 7 of this Rule (**hereinafter, the** "Loss Allocation Withdrawal Notice"), the Tier One Netting Member shall:

* * *

RULE 5 - COMPARISON SYSTEM

Section 1 - General

* * *

Trade data may be entered via any means permitted by the Corporation, and must include such identifying detail as the Corporation may require. As trade data are submitted to the Corporation, the Corporation shall generate output indicating that such trade data: (1) is compared, (2) is uncomparing, (3) comparison is requested with regard to an advisory (~~“comparison requested”~~), and/or (4) has been deleted from the Comparison System.

* * *

Section 4 – Submission Size Alternatives

* * *

Notwithstanding the above: (i) GCF Repo Transactions and Sponsored GC Trades must be submitted exactly as executed, and (ii) when the Corporation deems it appropriate and advises Members of such, Members using the Interactive Submission Method may submit Full-Sized Trades exactly as executed, for amounts over \$50 million. ~~The Corporation shall establish procedures governing the manner in which the Corporation shall compare Full-Sized Trades to trades submitted in pieces and the order in which such comparison shall occur. The Corporation shall inform Members of these procedures by notice prior to their implementation.~~

The Corporation may discipline a Member for a violation of this section in accordance with Rule 48.

Section 5 – General Responsibilities of Members in the Comparison System

Trade data submitted to the Corporation by a Member or on behalf of a Member by an authorized submitter shall be submitted in the form and manner, and in accordance with the ~~time schedule~~ timeframes, prescribed by, or pursuant to, these Rules or otherwise by the Corporation.

* * *

Section 6 - Binding Nature of Comparisons

Comparisons generated by the Corporation, whether for data submitted on a yield basis or on a price basis, shall constitute the sole comparison for all trades in Eligible Securities for which Members have submitted data and which the Corporation has identified as Compared Trades. Each comparison generated by the Corporation as to any Compared Trade shall evidence a valid, binding and enforceable contract in respect of such Compared Trade. ~~Except as otherwise provided in Rule 10, a~~Any confirmations, comparison or other documentary evidence of any such Compared Trade, other than the comparison generated by the Corporation, shall not affect the existence or terms and conditions of such a valid, binding and enforceable contract in respect of such Compared

Trade. Notwithstanding the previous sentence, the comparison by the Corporation of a trade involving unmatched commission amounts pursuant to the Rules, while evidencing a valid, binding, and enforceable contract between the parties to the trade to the same degree as if the commission amounts matched, shall not constitute a final, binding determination by the Corporation as to the correct commission amount owing on such trade. The Broker that submitted data on such trade shall have an ongoing obligation to the Dealer that submitted data on such trade to respond promptly to such Dealer's commission difference inquiries, and to act in good faith to promptly resolve any such alleged differences.

* * *

Section 8 - Novation ~~and Guaranty~~ of Compared Trades

(a) Each Compared Trade that meets the requirements of Section 2 of Rule 11 and was entered into in good faith shall be Novated to the Corporation ~~and the Corporation shall guarantee the settlement of each such Compared Trade~~ at the time at which comparison of such Compared Trade occurs pursuant to Rules 6A, 6B or 6C. Such Novation shall consist of the termination of the deliver, receive and related payment obligations between the Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, with respect to the Compared Trade (including, if such Compared Trade is a Repo Transaction, any Right of Substitution established by the parties) and their replacement with identical obligations to and from the Corporation in accordance with these Rules.

(b) Each Same-Day Settling Trade that becomes a Compared Trade and was entered into in good faith shall be Novated to the Corporation, ~~and the Corporation shall guarantee the settlement of each such Compared Trade~~ at the time at which the comparison of such trade occurs pursuant to Rules 6A or 6B, as applicable, provided the trade meets the requirements of Section 11(ii) of Rule 12. Such Novation shall consist of the termination of the deliver, receive and related payment obligations between the Netting Members and their replacement with identical obligations to and from the Corporation in accordance with these Rules.

(c) If a trade becomes uncomparing or is cancelled pursuant to these Rules, ~~the Novation and the Corporation's guaranty of settlement of such transaction shall be reversed, cancelling the deliver, receive, and related payment obligations between the Corporation and the applicable Netting Members and, as applicable, CCIT Member (or Joint Account), created by such Novation.~~ the deliver, receive, and related payment obligations between the Corporation and the Netting Members and, as applicable, CCIT Member (or Joint Account), created by the Novation of such trade shall be terminated and cancelled, and no amounts shall be owing between the Corporation and the Netting Members or CCIT Member (or Joint Account) on account of such trade. If a Compared Trade is modified pursuant to these Rules after Novation and such modification does not cause such trade to become uncomparing, such modification shall cause a corresponding modification to the deliver, receive and related payment obligations of the relevant Netting Members and, as applicable, CCIT Member (or Joint Account), to and from the Corporation.

(d) At the time a Compared Trade is Novated to the Corporation, such Compared Trade shall cease to be bound by any bilateral agreement between the parties to such Compared

Trade with respect to the delivery, receive and related payment obligations. If a Compared Trade becomes uncomparared or is cancelled pursuant to these Rules, such trade shall be governed by the same bilateral agreement that governed the trade before it was Novated to the Corporation.

~~(e) — If a Right of Substitution was established by the parties to a Repo Transaction, such Right of Substitution shall continue and be recognized by the Corporation after Novation.~~

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RULE 6C - LOCKED-IN COMPARISON

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Section 2 - Authorizations of Transmission to and Receipt by the Corporation of Data on Locked-In Trades

Except with respect to Auction Purchases, which are governed by Section 3 of this Rule, each Member that wishes to have a Locked-In Trade Source submit trade data on its behalf shall provide the Corporation, prior to the time of the making of such Locked-In Trade and in the form and manner required by the Corporation, with authorization for the Corporation to receive from the Locked-In Trade Source data on the Locked-In Trade. The Corporation shall not accept data from a Locked-In Trade Source with regard to a Member unless the Corporation previously has received such authorization from such Member. With regard to GCF Repo Transactions, the Corporation shall not accept data from a GCF-Authorized Inter-Dealer Broker regarding any such **GCF Repo** Transaction unless the Corporation previously has received authorization to do so from each of the two GCF Counterparties to the GCF-Authorized Inter-Dealer Broker on such **GCF Repo** Transaction.

* * *

Section 5 - GCF Repo Transactions

A GCF Repo Transaction shall be eligible for comparison by the Corporation subject to the following conditions: (a) the data on such **GCF Repo** Transaction are submitted to the Corporation by a GCF-Authorized Inter-Dealer Broker; (b) the data are submitted pursuant to communications links, formats, timeframes and deadlines established by the Corporation for such purpose; (c) the data submission meets the requirements set forth in the Schedule of **Required and Other Data Submission** Items for GCF Repo Transactions; (d) the data submission meets the authorization requirements of Section 2 of this Rule; (e) the data submission meets the netting-eligibility requirements provided for in Section 2 of Rule 11; and (f) each of the two GCF Counterparties that are the counterparties (or are acting as Submitting Member for an Executing Firm that is the counterparty) to the GCF-Authorized Inter-Dealer Broker on such **GCF Repo** Transaction has a clearing arrangement with a bank authorized by the Corporation for such purpose.

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Section 8 - Discretion to not Accept Data

In its sole discretion, the Corporation may decline to accept from a Locked-In Trade Source data on the Locked-In Trades of a particular Member or Members, including Netting-Eligible Auction Purchases (subject to ~~the terms and conditions agreed to by the Corporation and the applicable~~ Treasury Department **regulations** regarding Netting-Eligible Auction Purchases).

* * *

Section 11 – Modification and Cancellation of Data on Netting-Eligible Auction Purchases and Related When Issued Transactions

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Notwithstanding anything to the contrary in this Section, the Corporation shall have the authority, in order to correct or avoid an error, to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase (subject to ~~the terms and conditions agreed to by the Corporation and the~~ applicable Treasury Department regulations regarding Netting-Eligible Auction Purchases).

Notwithstanding anything to the contrary in this Section, in the event that a security auctioned in a Treasury Department auction is not issued, the Corporation shall have the authority to unilaterally modify, add, or cancel data on any Netting-Eligible Auction Purchase involving that security (subject to ~~the terms and conditions agreed to by the Corporation and the~~ applicable Treasury Department regulations regarding Netting-Eligible Auction Purchases).

Section 12 - Affirmation, Cancellation, and Modification Requirements for Data on GCF Repo Transactions

Upon receipt by the Corporation of data on a GCF Repo Transaction, the Corporation shall promptly provide each of the two GCF Counterparties with such data. Each GCF Counterparty shall have the obligation to review such data, and either affirm or ~~disaffirm-cancel~~ such data, within the timeframe, and pursuant to procedures, established by the Corporation for such purpose. If a GCF Counterparty affirms such data within the timeframe established by the Corporation for such purpose, the GCF Repo Transaction shall remain compared by the Corporation. If a GCF Counterparty ~~disaffirms~~ cancels such data within the timeframe established by the Corporation for such purpose, the GCF Repo Transaction shall be canceled and deleted by the Corporation.

If a GCF Counterparty does not either affirm or ~~disaffirm-cancel~~ such data within the timeframe established by the Corporation for such purpose, such GCF Counterparty shall be deemed to have affirmed such data. Should a GCF Repo Transaction be affirmed in this manner, the GCF-Authorized Inter-Dealer Broker that submitted data on such GCF Repo Transaction nonetheless shall have an ongoing obligation to the GCF-Counterparty to respond promptly to such GCF-Counterparty's inquiries regarding trade data errors, and to act in good faith to promptly resolve any such alleged errors.

During the time period between receipt by the Corporation of data on a GCF Repo Transaction and its affirmation pursuant to the above paragraph, such data may be unilaterally cancelled by either: (a) the GCF-Authorized Inter-Dealer Broker as regards either or both sides of the GCF Repo Transaction, or (b) a GCF Counterparty as regards the side of the GCF Repo Transaction involving it and the GCF-Authorized Inter-Dealer Broker.

After data on a GCF Repo Transaction has been affirmed, such data may be cancelled only by the combined action of the GCF-Authorized Inter-Dealer Broker and a GCF Counterparty as regards their side of the GCF Repo Transactions; one of the two parties must request a cancellation and the other must approve such request.

Any data input field on an unaffirmed GCF Repo Transaction may be modified unilaterally by a GCF-Authorized Inter-Dealer Broker. A GCF Counterparty may not modify any data on a GCF Repo Transaction except for the external reference number that has been assigned to such **GCF Repo** Transaction by the Corporation. If a GCF Counterparty modifies the external reference number that has been assigned to a GCF Repo Transaction by the Corporation, such action shall be the equivalent of an affirmation of the **GCF Repo** Transaction by such GCF Counterparty.

Notwithstanding anything to the contrary in this Section, the Corporation shall have the authority, in order to correct or avoid an error, to unilaterally correct, add, or cancel data on a GCF Repo Transaction.

Any cancellation of a GCF Repo Transaction pursuant to this section shall cause the GCF Repo Transaction to become uncomparated.

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RULE 9 - YIELD TO PRICE CONVERSION

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Section 2 - Conversion

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The conversion by the Corporation from a yield basis to a price basis of data on an Eligible Conversion Trade submitted to the Corporation prior to the Final Price Date for such trade by a Member shall: (1) if such trade is eligible for netting by the Corporation pursuant to these Rules, be deemed to have occurred during the same processing cycle during which such data are compared by the Corporation on a yield basis, and (2) if such trade is not eligible for netting by the Corporation pursuant to these Rules, be deemed to have occurred on Final Price Date. The conversion by the Corporation from a yield basis to a price basis of data on an Eligible Conversion Trade submitted to the Corporation by a ~~Conversion-Participating~~ Member on or after the Final Price Date for such trade shall be deemed to have occurred on the Business Day of receipt by the Corporation of such submission.

* * *

RULE 10 – ENHANCED COMPARISON PROCESSES PRESUMED MATCH DATA

* * *

Section 3 - Affiliated Members

~~If data on a side of a trade submitted by a Member (hereinafter, the “First Member”) against another Member (hereinafter, the “Non-Contraparty Affiliated Member”) do not compare as submitted, but would compare if matched against data submitted by a third member that is an Affiliate of the Non-Contraparty Affiliated Member (hereinafter, the “Contraparty Affiliated Member”), the Corporation may, in its discretion, if it has received notice from the Non-Contraparty Affiliated Member and the Contraparty Affiliated Member, in a form and manner satisfactory to the Corporation (which notice may vary on a product-by-product basis), stating that they are Affiliates and that each wishes to be presumed to be the correct contraparty to a side of a trade submitted with an indication that the other is the contraparty, if this would allow the data on the trade to match, compare the trade based on the first Member’s correct contraparty being the Contraparty Affiliated Member. Members that are Affiliates may submit written authorization to the Corporation stating that each Affiliate wishes to be presumed to be the correct contra-party to a side of a trade, if this presumption would allow the data on a trade that has differing contra member identifying numbers to match. Such written authorization must be in a form and manner satisfactory to the Corporation and may vary on a product-by-product basis. If a trade between two contra-parties (hereinafter, the “First Member” and “Second Member”) submitted to the Corporation does not match because the First Member submitted the contra member identifying number of the Second Member’s Affiliate instead of the Second Member, the Corporation shall compare the trade based on the Second Member’s trade submission as if the First Member submitted the contra member identifying number of the Second Member and the Corporation has received the written authorization referred to in this paragraph from the Second Member and the Second Member’s Affiliate.~~

* * *

Section 5 - Trade Date Information

If the data on a trade do not compare because the information submitted regarding trade date does not match, the Corporation ~~may shall, in its discretion~~, compare the trade based on a presumption that the earlier trade date submitted is the correct trade date. ~~In exercising this discretion, the Corporation shall attempt to match a buy/sell side with a contra sell/buy side with the closest trade date. This Section shall not apply to Repo Transactions.~~

Notwithstanding the above, if the First Member submits a side of a buy/sell transaction to the Corporation, and the Second Member as contra-party submits more than one (1) side of a buy/sell transaction with similar trade data to the Corporation where the trade date does not match, the Corporation shall compare the side of the buy/sell transaction submitted by the First Member with a side of a buy/sell transaction submitted by the Second Member where the trade date on the Second Member’s buy/sell transaction is closest in date range to the trade date submitted by the First Member.

The enhanced comparison process referenced in this Section shall not apply to Repo Transactions when such process is performed at end of day.

Section 6 – Money Tolerances

If the data of a Required Match Data item on a trade do not compare because the dollar amount(s) submitted by two Members differs, the Corporation shall compare the trade if the difference in the Required Match Data item is within the tolerance specifications set by the Corporation in the Schedule of Money Tolerances.

Section ~~6~~7 – Timing and Cumulative Effect of Presumptions

Notwithstanding anything to the contrary in this Rule, the Corporation may apply more than one presumption of a match of data ~~may be used by the Corporation~~ to generate a comparison of a trade.

~~The Corporation shall provide Members with prior notice setting forth, with regard to each enhanced comparison process, whether it shall be performed in Real Time or at end of day.~~ The Corporation shall perform the enhanced comparison processes regarding the presumed match of data set forth in Sections 1, 2, 5 and 6 of this Rule 10 in Real Time. The Corporation shall also perform the enhanced comparison processes regarding the presumed match of data set forth in Sections 1, 2, 3, 4, 5 and 6 of this Rule 10 at end of day, with the exception that, at end of day, Sections 4 and 5 shall not apply to Repo Transactions.

RULE 11 - NETTING SYSTEM

Section 1 - General

The Netting System is a system for aggregating and matching offsetting obligations resulting from trades, including Repo Transactions, submitted by or on behalf of Netting Members in Eligible Netting Securities. Each Business Day, the Corporation will calculate and report to each Netting Member, in a manner that does not disclose to any Netting Member, with respect to any Net Settlement Position, ~~Fail Net Settlement Position~~, or Forward Net Settlement Position, the identity of any other Netting Member, each Net Settlement Position, ~~Fail Net Settlement Position~~ and Forward Net Settlement Position of a Member. With respect to each such Net Settlement Position ~~and Fail Net Settlement Position~~, the Corporation will report to the Member the extent to which the Member is obligated to deliver Eligible Netting Securities to the Corporation and/or to receive Eligible Netting Securities from the Corporation, in accordance with each such Net Settlement Position.

* * *

Section 4 - Calculation of Net Settlement Positions

On each Business Day, for each Eligible Netting Security with a separate CUSIP number, except as otherwise provided in Rule 14 with respect to Forward Trades that comprise one or more Forward Net Settlement Positions, the Corporation will establish a Net Settlement Position ~~or Fail Net Settlement Position, as applicable~~, for trades, and Fail Deliver Obligations and Fail Receive Obligations of a Netting Member that have not previously been settled, by comparing the aggregate par value amount of each Long Transaction and/or Fail Receive Obligation in an Eligible Netting Security by the Netting Member (hereinafter, the "Long Total") and each Short Transaction and/or Fail Deliver Obligation in an Eligible Netting Security by the Netting Member (hereinafter, the "Short Total"). If the Long Total exceeds the Short Total, the resulting difference will constitute the Net Long Position. If the Short Total exceeds the Long Total, the resulting difference will constitute the Net Short Position. All Net Settlement Positions, ~~including Fail Net Settlement Positions~~, shall be reported, by CUSIP Number, by the Corporation in a Report issued and made available ~~during the morning of each Business Day~~ to each Netting Member by the time stated in the Schedule of Timeframes.

Section 5 - Allocation of Deliver and Receive Obligations

On each Business Day, except as otherwise provided in Rule 14 with regard to Forward Trades that comprise Forward Net Settlement Positions, the Corporation will establish Deliver Obligations and Receive Obligations as necessary to accomplish the settlement of Net Settlement Positions ~~or Fail Net Settlement Positions, as applicable~~. Deliver Obligations and Receive Obligations shall be allocated by the Corporation on an equitable basis to Netting Members with corresponding Receive Obligations and Deliver Obligations that involve Eligible Netting Securities with the same CUSIP Number. A single Net Settlement Position ~~or Fail Net Settlement Position~~ may result in the establishment of more than one Deliver Obligation or Receive Obligation in an Eligible Netting Security. ~~A single Deliver Obligation may be bound by the Corporation to more than one Receive Obligation, and vice versa.~~ Each Deliver Obligation

and Receive Obligation of a Netting Member shall be listed in the Report that, pursuant to Section 4 of this Rule, will be issued on each Business Day to each Netting Member.

Section 6- Netting of Obligations

Net Settlement Positions and resultant Deliver Obligations and Receive Obligations of a Netting Member, either as originally established by the Corporation or as may be adjusted by the Corporation as the result of a correction of compared data made pursuant to these Rules, shall be fixed at the time the Report of such **Net Settlement** Positions and **Deliver** Obligations is made available by the Corporation to a Netting Member, as provided in Section 10 of this Rule. At that time, all deliver, receive, and related payment obligations between such Netting Member and the Corporation that were created by the trades, ~~Novated~~ pursuant to Section 8 of Rule 5, and that comprise a Net Settlement Position or **Net Settlement** Positions are terminated and replaced by the Deliver Obligations, Receive Obligations, and related payment obligations for such Members that are listed in the Report.

Notwithstanding anything to the contrary in the above paragraph, ~~if a Right of Substitution applicable was established by the parties to a Repo Transaction that constitutes all or part of a Net Settlement Position, such Right of Substitution shall continue, and~~ be recognized by the Corporation, ~~after the netting of obligations pursuant to these Rules above paragraph.~~

* * *

Section 8 - ~~Fail Net Settlement Positions~~ **Fail Deliver Obligations and Fail Receive Obligations**

On each Business Day, from their Scheduled Settlement Date, ~~Fail Net Settlement Positions~~ **Fail Deliver Obligations and Fail Receive Obligations, as applicable,** shall, pursuant to Rule 13, be marked to market, taking into account accrued interest, until the Actual Settlement Date for such ~~Positions~~ **Fail Deliver Obligations and Fail Receive Obligations.** Notwithstanding the above, the Corporation, in its sole discretion in order to promote an orderly settlement process, may elect to not mark to market, pursuant to Rule 13, a ~~Fail Net Long Position~~ **Fail Receive Obligation** where the Eligible Netting Securities that comprise such ~~Position~~ **Fail Receive Obligation** have been appropriately delivered to the Corporation pursuant to these Rules and the Corporation has not re-delivered such Eligible Netting Securities and, as a result, has held them overnight. Fail Deliver Obligations and Fail Receive Obligations shall be netted with any other Receive Obligations and Deliver Obligations.

The Corporation shall be obligated to deliver Eligible Netting Securities to a Netting Member with a Net Long Position as required by this Rule in order to settle such **Net Long Position**; however, the Corporation shall not be obligated to attempt to make any such delivery or deliveries until the Business Day on which the Corporation has received, as the result of a delivery to it from a Netting Member with a Net Short Position, Eligible Netting Securities with the same CUSIP number that: (1) are at least equal in quantity to such Net Long Position, and (2) have not, pursuant to this Rule, been allocated for delivery by the Corporation to another Netting Member.

* * *

Section 10 - Receipt of Netting Output

* * *

The inability of a Netting Member, because of automation problems that it incurs or for any other reason, to receive a Report that has been made available to it by the Corporation shall not excuse or otherwise affect such Member's obligations pursuant to these Rules. A Netting Member shall be obligated to accept Reports from the Corporation in **at least one (1) of the any formats and in any or mediums prescribed by the Corporation, that is** usable by such Member; ~~including, but not limited to, print copy, magnetic tape, and CPU to CPU (either real time or otherwise) media.~~

* * *

Section 12 - Obligation to Inform the Corporation

Each Netting Member shall be obligated to inform the Corporation **promptly if any** of the following **events were to occur**:

* * *

~~The Netting Member shall inform the Corporation promptly after the occurrence of any event specified above.~~

* * *

Section 13 - Buy-in Notices

If a Netting Member (hereinafter, the "Notifying Netting Member") submits to the Corporation a retransmitted notice of a buy-in with respect to Eligible Netting Securities that comprise an ~~Open Net Long Position~~ **Fail Receive Obligation** (hereinafter, the "Allocated ~~Net Long Position~~ **Fail Receive Obligation**"), the Corporation shall promptly retransmit such notice, on a random basis, to a Netting Member or Members (hereinafter, the "Allocated Netting Member") with an ~~Open Net Short Position or Positions~~ **Fail Deliver Obligation or Fail Deliver Obligations** (hereinafter, the "Allocated ~~Net Short Position~~ **Fail Deliver Obligation**"):

(a) that is comprised of Eligible Netting Securities having the same CUSIP number as the Eligible Netting Securities that are the subject of the notice,

(b) that is equal to or greater than, in size, the Allocated ~~Net Long Position~~ **Fail Receive Obligation** (or, if there is no such Allocated ~~Net Long Position~~ **Fail Receive Obligation** at least equal in size to the Allocated ~~Net Short Position~~ **Fail Deliver Obligation**, the largest such Allocated ~~Net Long Positions~~ **Fail Deliver Obligations**), and

* * *

Notwithstanding anything to the contrary in this Rule or in Rules 12 or 13:

(d) the Notifying Netting Member's obligation to settle with the Corporation the Allocated ~~Net Long Position~~Fail Receive Obligation pursuant to these Rules through receipt of the underlying Eligible Netting Securities, and the Allocated Netting Member's obligation to settle with the Corporation the Allocated ~~Net Short Position~~Fail Deliver Obligation pursuant to these Rules through delivery of the underlying Eligible Netting Securities, each are terminated as of the time of such notification by the Corporation, and

(e) for purposes of settlement pursuant to Rule 13 of the funds-only settlement obligations of the Notifying Netting Member with respect to the Allocated ~~Net Long Position~~Fail Receive Obligation, and the funds-only settlement obligations of the Allocated Netting Member with respect to the Allocated ~~Net Short Position~~Fail Deliver Obligation, the Allocated ~~Net Long Position~~Fail Receive Obligation and the Allocated ~~Net Short Position~~Fail Deliver Obligation shall be deemed to have been settled among such Members and the Corporation in accordance with this Rule and Rule 12, with the System Value for such purpose being deemed to be, for each Position, equal to the Buy-in Price.

Section 14 – Fails Charge

If a Netting Member does not satisfy a Deliver Obligation of Treasury securities or debentures issued by Fannie Mae, Freddie Mac or the Federal Home Loan Banks on a particular Business Day, the Corporation shall apply a debit charge on the funds amount associated with the Netting Member's failed position (hereinafter, the "fails charge"). If a Netting Member fails to receive Securities representing its Receive Obligation of Treasury securities or debentures issued by Fannie Mae, Freddie Mac or the Federal Home Loan Banks on a particular Business Day, the Corporation shall credit the Member in the amount of the fails charge.

* * *

In the event that the Corporation is the failing party because the Corporation received Securities too near the close of Fedwire for redelivery or for any other reason, the fail charge will be distributed pro rata to the Netting Members based upon usage of the ~~Government Securities Division's~~ Corporation's services.

* * *

The Corporation shall not be under any obligation to pay guaranty fails charge proceeds in the event of a default (i.e., if the ~~d~~Defaulting Member does not pay its fails charge, Members due to receive fails charge proceeds will have those proceeds reduced pro-rata by the ~~d~~Defaulting Member's unpaid amount).

* * *

~~RULE 11B—GUARANTY OF SETTLEMENT~~

~~(a) The Corporation shall guarantee the settlement of a trade the data on which were submitted for Bilateral Comparison, Demand Comparison, or Locked-In Comparison at the time the comparison of such trade occurs pursuant to Rules 6A, 6B, or 6C, respectively, as long as the trade meets the requirements of Section 2 of Rule 11 and was entered into in good faith.~~

~~(b) The Corporation's guaranty referred to in subsection (a) above shall mean the Corporation's obligation to include the trade in calculating a Net Settlement Position and to novate the deliver, receive, and payment obligations that were created by the trade pursuant to these Rules. The Corporation's guaranty of settlement of an individual trade applies only to the settlement of that trade as it exists as part of a Net Settlement Position.~~

~~(c) The Corporation's guaranty referred to in subsections (a) and (b) above shall no longer be in effect if the trade becomes uncomparated, is cancelled, or settles pursuant to these Rules.~~

~~(d) Notwithstanding the Corporation's guaranty referred to in subsections (a), (b), and (c) above, the Corporation shall guarantee the settlement of any Same-Day Settling Trade at the time that the comparison of such trade occurs pursuant to Rules 6A or 6B, respectively, provided (i) the trade meets the requirements of Section 11(ii) of Rule 12, and (ii) the trade was entered into in good faith.~~

RULE 12 – SECURITIES SETTLEMENT

Section 1 - General

* * *

The Corporation shall offer a voluntary automated Pair-Off Service for Netting Members (other than Repo Brokers) who choose to participate. The Pair-Off Service shall apply to all eligible activity of a participating Netting Member. The Pair-Off Service shall consist of the matching and offset of a participating Netting Member's ~~Fail-outstanding~~ Deliver Obligations and ~~Fail-outstanding~~ Receive Obligations in equal par amounts in the same Eligible Netting Security. The participating Netting Member shall receive a debit or credit Pair-Off Adjustment Amount (which the Corporation may collect as a Miscellaneous Adjustment Amount), as applicable, of the difference in the Settlement Values of the applicable ~~Fail~~ Deliver Obligations and ~~Fail~~ Receive Obligations in the funds-only settlement process under Rule 13. The Corporation may delay or suspend the Pair-Off Service on any Business Day due to FRB extensions and/or system or operational issues. The Corporation shall notify Members of any such occurrence.

Any Securities Settlement Obligations remaining after the pair-off of eligible Securities Settlement Obligations will constitute ~~a Fail Net Settlement Position~~either a Fail Deliver Obligation or Fail Receive Obligation, as the context requires.

Section 2 - Designation of Clearing Banks

* * *

A Person must notify the Corporation, in such manner as the Corporation may prescribe, no later than ten Business Days prior to its becoming a Netting Member, of the clearing bank or banks that it has designated to act on its behalf, pursuant to this Rule, in the delivery of Eligible Netting Securities to the Corporation and in the receipt of Eligible Netting Securities from the Corporation. Each Netting Member must notify the Corporation of any change in such designation, no later than ten Business Days prior to the effective date of such change. Such designation is subject to the Corporation's determination, in its reasonable judgment, that such clearing bank or banks (a) has and will maintain access to Fedwire, (b) has and will maintain the operational capability to interact satisfactorily with the clearing bank or banks that act on behalf of the Corporation, and (c) has agreed to act on behalf of such Netting Member in accordance with this Rule.

* * *

Section 4 - ~~Fail Net Settlement Positions~~ Fail Deliver Obligations and Fail Receive Obligations

Each ~~Fail Net Settlement Position~~Fail Deliver Obligation and Fail Receive Obligation shall be maintained by the Corporation on each Business Day subsequent to its Scheduled Settlement ~~Day Date~~ until and including the Actual Settlement ~~Day Date~~ for such ~~Fail Net Settlement Position~~Fail Deliver Obligation and Fail Receive Obligation.

Section 5 - Partial Deliveries

In its sole discretion, the Corporation may accept a delivery from a Netting Member with a Net Short Position of only a portion of the Eligible Netting Securities that comprise such Net Short Position. The Corporation will do so only upon obtaining the consent of a Netting Member or Members with a Net Long Position or **Net Long** Positions comprised of Eligible Netting Securities with the same CUSIP number to a receipt by the Netting Member or Members from the Corporation of a like amount of such securities. If a partial delivery of Eligible Netting Securities by a Netting Member is accepted by the Corporation, the remaining securities that were not delivered to the Corporation will constitute a ~~Fail-Net Settlement Position~~**Fail Deliver Obligation**.

* * *

Section 7 - Obligation to Receive Securities

If the Corporation has, in accordance with this Rule, delivered Eligible Netting Securities to a Netting Member with a Net Long Position, such Member shall be obligated to accept delivery of all such securities at the Settlement Value for the Receive Obligation or Receive Obligations that comprise such **Net Long** Position. If such Member fails to do so (hereinafter, the “Non-Receiving Member”), it shall be obligated to pay, or to reimburse the Corporation for, all costs, expenses, and charges incurred by the Corporation as the result thereof, and it may be subject to a fine by the Corporation if the Corporation, in its sole discretion, determines that such failure to accept securities was done without good cause.

* * *

Section 8 - Obligation to Facilitate Financing

If the Corporation deems it appropriate, in its sole discretion, in order to obtain financing necessary for the provision of the securities settlement services contemplated by these Rules, including, without limitation, fail financing of ~~securities Positions~~**an outstanding Receive Obligation or Receive Obligations** arising out of the delivery by Netting Members to the Corporation of Eligible Netting Securities, the Corporation may: (i) create, and each Netting Member shall not take any action to adversely affect the creation of, such security interests in Eligible Netting Securities in favor of any entity or entities, including any depository institution, from which the Corporation, in its sole discretion, deems it necessary or desirable to obtain and maintain such financing and/or (ii) enter into repurchase transactions involving Eligible Netting Securities with any Netting Member or Clearing Agent Bank, and each Netting Member shall not take any action to adversely affect such repurchase transactions. Any such financing obtained by the Corporation may be on terms and conditions deemed necessary or advisable by the Corporation in its sole discretion. Any such security interests or repurchase transaction obligations created by the Corporation in or with respect to any Eligible Netting Securities may be to obtain an amount greater, and may extend for a period of time longer, than the obligation of any Netting Member to the Corporation relating to such Eligible Netting Securities. Notwithstanding the above, the Corporation shall remain obligated to make delivery to Members of Eligible Netting Securities under the circumstances and within the timeframes specified in these Rules. If an Inter-Dealer

Broker Netting Member obtains financing of a Net Settlement Position, it must obtain such financing by entering into overnight repurchase transactions only with a Netting Member or Clearing Agent Bank.

* * *

Section 11 – Settlement of Same-Day Settling Trades with the Corporation

(i) Settlement of Same-Day Settling Trades with the Corporation shall be voluntary for Repo Brokers and shall be mandatory for all other Netting Members.

(ii) Eligibility for Settlement

A Same-Day Settling Trade is eligible for settlement with the Corporation if it meets all of the following requirements:

(a) the Same-Day Settling Trade is a Compared Trade;

(b) the data on the Same-Day Settling Trade are listed on a Report that has been made available to Netting Members;

(c) (i) the End Leg of the Same-Day Settling Trade meets the eligibility requirements for netting in Rule 11, or (ii) the Repo Transaction is an As-Of Trade and its End Leg settles on the current Business Day or thereafter; ~~and~~

(d) the underlying securities are Eligible Netting Securities, and

(e) regarding the form and manner in which Same-Day Settling Trades are submitted to the Corporation, the Same-Day Settling Trade is submitted in equal and identical size and shapes between Netting Members. For the avoidance of doubt, “identical size and shapes” means that each counterparty submit trade data reflecting equal par amounts and number of sides.

* * *

Notwithstanding the above, the Corporation may, in its sole discretion, exclude any Same-Day Settling Trade or Same-Day Settling Trades from the Comparison System, by Netting Member or by Eligible Netting Security, including cancelling any Same-Day Settling Trade that does not meet the eligibility requirements set forth in this Rule.

(iii) Settlement

Same-Day Settling Trades that are ~~N~~ovated and that meet the eligibility requirements by the Corporation pursuant to Section 11(ii) of Rule 12 shall settle with the Corporation on a trade-by-trade basis. The Deliver Obligations of a Netting Member with respect to such transactions must be satisfied by delivery of the appropriate Eligible Netting Securities from a clearing bank or banks designated by the Member for such purpose to a clearing bank or banks designated by the Corporation for such purpose. The Receive Obligations of a Netting Member with respect to such

transactions must be satisfied by receipt of the appropriate Eligible Netting Securities by a clearing bank or banks designated by the Member for such purpose from a clearing bank or banks designated by the Corporation for such purpose.

* * *

If a ~~Novated~~ Same-Day Settling Trade becomes uncomparated or is cancelled pursuant to these Rules, **the deliver, receive, and related payment obligations between the Corporation and the Netting Members created by the Novation of such trade shall be terminated and cancelled, and no amounts shall be owing between the Corporation and the Netting Members on account of such trade** ~~the Novation and the Corporation's guaranty of settlement of such transaction shall no longer apply, cancelling the deliver, receive, and related payment obligations between the Corporation and the applicable Netting Members, created by such Novation~~. In the event that such transaction is uncomparated or cancelled after the satisfaction of the deliver, receive, and related payment obligations between the Corporation and the applicable Netting Members, the Corporation shall establish reverse Securities Settlement Obligations in the form of a Receive Obligation or Deliver Obligation for the amount of the Contract Value of the uncomparated or cancelled Same-Day Settling Trade between the Corporation and the applicable Netting Members. If such Receive Obligation or Deliver Obligation fails to settle, it shall be netted for settlement on the next Business Day. Those that fail to settle will be subject to the fails charge pursuant to Rule 11, Section 14.

Sections 6, 7, 8 and 9 of Rule 12 shall be applicable in connection with the settlement of Same-Day Settling Trades with the Corporation.

RULE 13 - FUNDS-ONLY SETTLEMENT

* * *

Section 1 - General

One or more times on each Business Day, each Netting Member, as appropriate in accordance with this Rule, shall be obligated to pay to the Corporation, and/or shall be entitled to collect from the Corporation, the following (determined separately, where applicable, for the Market Professional Cross-Margining Account of a Netting Member):

(a) With regard to every Net Settlement Position, other than ~~either a Fail Net Settlement Position or~~ a Forward Net Settlement Position, either pay to the Corporation a Debit Transaction Adjustment Payment or collect from the Corporation a Credit Transaction Adjustment Payment;

(b) With regard to ~~every~~certain Deliver Obligations and Receive Obligations, either pay to the Corporation a Debit Delivery Differential Adjustment Payment or collect from the Corporation a Credit Delivery Differential Adjustment Payment;

* * *

(f) With regard to every ~~Fail Net Settlement Position~~ Fail Deliver Obligation and Fail Receive Obligation on a coupon payment date for the Eligible Netting Securities that comprise such ~~Fail Net Settlement Position~~ Fail Deliver Obligation and Fail Receive Obligation: (1) if the Member ~~is in a Fail Net Short Position~~ has a Fail Deliver Obligation, it shall pay to the Corporation a Debit Coupon Adjustment Payment, and (2) if the Member ~~is in a Fail Net Long Position~~ has a Fail Receive Obligation, it shall collect from the Corporation a Credit Coupon Adjustment Payment;

* * *

(h) With regard to every Net Settlement Position or End Leg of a Repo Transaction on the maturity date for the Eligible Netting Security that comprises such Net Settlement pPosition or Repo Transaction: (1) if the Redemption Adjustment Payment is a positive amount, then the Member shall collect a Credit Redemption Adjustment Payment from the Corporation, and (2) if the Redemption Adjustment Payment is a negative amount, then Member shall pay to the Corporation a Debit Redemption Adjustment Payment;

* * *

Notwithstanding anything to the contrary in Rule 1 or in this Rule, if a Member's has engaged in transactions involving Eligible Netting Securities with an Exempt Member/Source, the Corporation's obligation to pay to such Member a Credit Forward Mark Adjustment Payment, or Credit Forward Mark Adjustment Payments associated with such Positionstransactions shall be limited by, and shall be no greater than, the Amount of Debit Forward Mark Adjustment Payment or Payments payable to the Corporation under these Rules from the Exempt Member/Source.

* * *

Section 2 - Calculation of Funds-Only Settlement Amount

* * *

The Funds-Only Settlement Amount of each Netting Member shall be determined by calculating the net total, for a particular cycleBusiness Day, if applicable, of the following: (a) the Net Transaction Adjustment Payment; (b) the Net Delivery Differential Adjustment Payment; (c) the Net Forward Mark Adjustment Payment; **(d) the return of the previous cycle's Net Forward Mark Adjustment Payment;** ~~(de)~~ the Net Interest Adjustment Payment; ~~(fe)~~ the Net Fail Mark Adjustment Payment; ~~(gf)~~ the Net Coupon Adjustment Payment; ~~(hg)~~ the Net Clearance Difference Amount; ~~(ih)~~ the Net GCF Transaction Adjustment Payment; ~~(ji)~~ the Net GCF Forward Mark Adjustment Payment; ~~(kj)~~ the Net GCF Interest Adjustment Payment; ~~(lk)~~ the Total Invoice Amount; ~~(ml)~~ the Miscellaneous Adjustment Amount; ~~(nm)~~ the Net Redemption Adjustment Payment; ~~(on)~~ the Opening Balance; and ~~(po)~~ the Collected/Paid Amount. If such net total is a negative amount, such amount shall be owing by the Member to the Corporation; if such net total is a positive amount, such amount shall be owing by the Corporation to the Member. The amount of each component, as listed above, of the Funds-Only Settlement Amount shall be reported on each Business Day to each Netting Member. **The components of the Funds-Only Settlement Amount that are calculated at end of day and then collected or paid start of day, as applicable, on the following Business Day, are the amounts listed in (a) through (p) of this paragraph.**

The Corporation shall determine an intraday Funds-Only Settlement Amount by calculating a net total, for a particular cycleBusiness Day, of certain of the amounts specified in Section 1 of this Rule as the Corporation shall announce to Members from time to time, if applicable, of the following: (a) the Net Forward Mark Adjustment Payment, (b) the return of the previous cycle's Net Forward Mark Adjustment Payment, and (c) the Miscellaneous Adjustment Amount. If such amount is a positive amount, such amount shall be owing by the Corporation to the Member. The amount of such component, as listed above, of the intraday Funds-Only Settlement Amount shall be reported on each Business Day to each Netting Member. In addition, Repo Parties will also be subject to this provision with respect to their pending (non-DK'ed) Demand Trades with Repo Brokers. **The components of the Funds-Only Settlement Amount that are calculated and collected or paid intraday, as applicable, are the amounts listed in (a) through (c) of this paragraph.**

* * *

Section 5- Funds-Only Settlement Amount Payment Process

All payments of Funds-Only Settlement Amounts by a Netting Member to the Corporation, and all collections of Funds-Only Settlement Amounts by a Netting Member from the Corporation, shall be done through the Funds-Only Settling Banks pursuant to the following process:

* * *

(d) A refusal to settle by the Funds-Only Settling Bank for a particular Netting Member is a refusal to settle all ~~Accounts~~accounts of the Netting Member. The Funds-Only Settling Bank cannot refuse to settle only some of the ~~Accounts~~accounts of the Member if the Member has multiple ~~Accounts~~accounts at the Corporation.

* * *

(g) DTC provides the Corporation with services with respect to the Corporation's Funds-Only Settlement process as described herein and in accordance with the Rules. DTC will act as Settlement Agent ~~(as that term is used in the relevant FRB's Operating Circular 12 and in these Rules)~~ for the Corporation and for the Corporation's Funds-Only Settling Banks with respect to the FRB's NSS, as the means of effecting Funds-Only Settlement.

(h) A Funds-Only Settling Bank that cannot send an acknowledgement or refusal message to the ~~Corporation~~Settlement Agent due to an operational issue may ~~telephone its instructions to~~ instruct the Settlement Agent to act on its behalf.

* * *

RULE 14 – FORWARD TRADES

Section 1 - General

The netting, settlement, and margining of Forward Trades and Forward Net Settlement Positions are subject to the special provisions of this Rule, and such provisions supersede any conflicting provisions of any other Rule.

Section 2 - Forward Net Settlement Positions

Each Forward Net Settlement Position of a Netting Member shall be reported, by CUSIP Number, by the Corporation in a Report issued **by the time stated in the Schedule of Timeframes for and made available during the morning of** each Business Day during the Forward Period applicable to such **Forward Net Settlement** Position to such Member. Such **Forward Net Settlement** Positions shall be established by the Corporation by comparing the aggregate par value amount of each purchase and each sale of the Eligible Netting Securities with a distinct CUSIP Number that comprise the Forward Trades that underlie such **Forward Net Settlement** Positions from the first day during the Forward Period on which such trades are compared until the current Business Day on which such **Forward Net Settlement** Position is being established.

A new Forward Net Settlement Position shall be established on each successive Business Day during the Forward Period applicable to such **Forward Net Settlement** Position. Each Forward Net Settlement Position automatically converts into a Net Settlement Position on the Scheduled Settlement Day for such Forward Net Settlement Positions. Except as otherwise provided for in Rule 22A with regard to an insolvent Member or member for which that Corporation has otherwise ceased to act, the Corporation will not establish or report Deliver Obligations or Receive Obligations with regard to a Forward Net Settlement Position.

Section 3 - Netting

Forward Net Settlement Positions of a Netting Member, either as originally established by the Corporation or as may be adjusted by the Corporation as the result of a correction of compared data made pursuant to these Rules, shall be fixed at the time the Report of such **Forward Net Settlement** Positions is made available by the Corporation to a Netting Member, as provided in Section 10 of Rule 11. At that time, all deliver, receive, and related payment obligations between such Netting Member and the Corporation that were created by the Forward Trades, ~~Novated~~ by the Corporation pursuant to Section 8 of Rule 5, and that comprise each Forward Net Settlement Position are terminated and replaced by the Deliver Obligations, Receive Obligations, and related payment obligations that will be established and reported by the Corporation with respect to each such **Forward Net Settlement** Position on and, as applicable, after the Scheduled Settlement ~~Day~~ **Date** for such **Forward Net Settlement** Positions.

Notwithstanding anything to the contrary in the above paragraph, ~~if a Right of Substitution applicable was established by the parties to a Repo Transaction that constitutes all or part of a Forward Net Settlement Position, such Right of Substitution shall continue, and be recognized by the Corporation, after the netting of obligations pursuant to these Rules above paragraph.~~

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RULE 16 - NETTING OF LOCKED-IN TRADES

Section 1 - General

The ~~O~~bligations of the Corporation and each Netting Member regarding Demand Trades and Locked-In Trades that are eligible for netting and settlement through the Netting System are subject to the special provisions of this Rule, and such provisions supersede any conflicting provisions of any other Rule, except Rules 17 through 20.

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RULE 17 – NETTING AND SETTLEMENT OF NETTING-ELIGIBLE AUCTION PURCHASES

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Section 4 - Exception to Obligation of the Corporation to Accept Delivery and Make Payment for Netting-Eligible Auction Purchases

The Corporation shall be obligated (through its appropriate agent bank in the case of Treasury Department auctions) to accept delivery of and make payment for any Netting-Eligible Auction Purchase that has been reported by the Corporation to a Netting Member, pursuant to Rule 6C, as if the Corporation had made the Auction Purchase. Notwithstanding this, if: (1) the Netting Member has a Net Long Position comprised in whole or part of Eligible Netting Securities with the same CUSIP Number as the Netting-Eligible Auction Purchase (hereinafter, the “Residual Long Position”), (2) the Corporation has reasonable cause to believe, based on information it has received, that the Netting Member cannot or will not take delivery from the Corporation of such Residual Long Position and pay for it in accordance with these Rules, and (3) the Corporation has determined, from its analysis and prevailing market conditions that there is reasonable cause to believe that it would incur a loss upon liquidation of a Residual Long Position after application of the margin deposited by the Netting Member and the liquidation of the Netting Member’s other ~~P~~positions, then the Corporation shall have the right, prior to 8:30 a.m. (New York Time) on Issue Date, or later if approved by the Treasury Department to notify the Federal Reserve Bank from which such Auction Purchase was made that it will not accept delivery of, and make payment for, the Netting Member’s Auction Purchase up to the amount of the Netting Member’s Residual Long Position. If the Corporation exercises its right to refuse delivery under this Section, it shall promptly inform the affected Netting Member that it has done so.

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RULE 18 - SPECIAL PROVISIONS FOR REPO TRANSACTIONS

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Section 2 - Obligation to Submit Repo Transactions

Each Netting Member that has requested to add-of the repo netting service operated by the Corporation, ~~that it provide its Netting System services for such Member's Repo Transaction data submissions~~ must submit to the Corporation, or to either another Registered Clearing Agency or a Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and netting, data on all of its Repo Transactions, including Repo Transactions executed by an Executing Firm on whose behalf it is acting, with any other Netting Member or Executing Firm on whose behalf it or another Netting Member is acting, if such Repo Transactions are eligible for netting pursuant to these Rules. ~~All collateral substitutions pertaining to Repo Transactions must be performed through the Corporation, and the requisite collateral substitution requests must be submitted to the Corporation in accordance with the requirements, procedures and timeframes established by the Corporation from time to time.~~

Each Netting Member must also submit to the Corporation for netting and settlement pursuant to these Rules data on each Repo Transaction (hereinafter, an "Eligible Repo Transaction") executed by a Covered Affiliate that satisfies the following criteria: (i) the Repo Transaction is eligible for netting pursuant to these Rules, and (ii) the Repo Transaction is executed with another Netting Member or with a Covered Affiliate of another Netting Member. For purposes of this Section, the term "executed" shall include Repo Transactions that are cleared and guaranteed as to their settlement by the Covered Affiliate.

The preceding paragraph shall not apply to: (i) a Repo Transaction that is executed between a Member and its Affiliates or between Affiliates of the same Member (hereinafter, an "Affiliate Trade"), (ii) a trade of a Covered Affiliate that has executed less than an average of 30 Eligible Trades (as defined in Section 3 of Rule 11) plus Eligible Repo Transactions (excluding Affiliate Trades) per business day per month within the prior twelve-month period meeting such criteria, or (iii) a Repo Transaction the submission of which to the Corporation would cause the Member to be in violation of any applicable law, rule or regulation.

All trade data required to be submitted to the Corporation under this Section must be submitted on a trade-by-trade basis with the original terms of the trades unaltered. A Member or any of its Affiliates may not engage in the Pre-Netting of Trades prior to their submission to the Corporation in contravention of this section. In addition, a Member or any of its Affiliates may not engage in any practice designed to contravene the prohibition against the Pre-Netting of Trades.

If the Corporation determines that a Netting Member has, without good cause, violated its obligations pursuant to this section, such Netting Member may be reported to the appropriate regulatory body, and/or placed on the Watch List ~~and/or subject to an additional fee~~. In addition, the Corporation may discipline a Netting Member for a violation of this section in accordance with Rule 48.

~~All collateral substitutions pertaining to Repo Transactions must be performed through the Corporation, and the requisite collateral substitution requests must be submitted to the Corporation in accordance with the requirements, procedures and timeframes established by the Corporation from time to time.~~

Section 3 - Collateral Substitutions

All collateral substitutions pertaining to Repo Transactions must be performed through the Corporation, and the requisite collateral substitution requests must be submitted to the Corporation in accordance with the requirements, procedures and timeframes established by the Corporation from time to time.

With regard to any Repo Transaction that comprises a Net Settlement Position and carries with it a Right of Substitution, a substitution of the Eligible Netting Securities collateral that underlies the Repo Transaction shall be processed by the Corporation pursuant to the following procedures and requirements:

(a) A notification for a request for substitution that contains the required data items in the Schedule of Required and Accepted Data Submission Items for a Substitution of Existing Securities Collateral, has been submitted to the Corporation by either: (i) the Netting Member who is the Repo Party that submitted the data on the Repo Transaction, or (ii) by a Demand Trade Source or a Locked-In Trade Source approved by the Corporation to provide such data.

* * *

(c) The Repo Broker, the Repo Party, the Demand Trade Source or the Locked-In Trade Source referred to in subsection (b) above has submitted to the Corporation by the deadline published by the Corporation unless the deadline is extended by the Corporation, either in the notification described in subsection (b) of this Section **43** or otherwise as permitted by the Corporation, data on the nature of the New Securities Collateral, as specified in the Schedule of Required and Accepted Data Submission Items for, a Substitution for New Securities Collateral, and any other detail deemed necessary, in the sole determination of the Corporation, to allow the Corporation to process the substitution.

(d) The required substitution requests with all necessary details have been submitted to the Corporation by the deadlines published by the Corporation unless the deadline is extended by the Corporation.

(e) All deliveries of Existing Securities Collateral or New Securities Collateral pursuant to this Rule shall be made in the same manner that Deliver and Receive Obligations of a Netting Member are required to be satisfied pursuant to Rule 12.

(f) Upon receipt of a request for such substitution where the information regarding the New Securities Collateral has not been provided to the Corporation, a Generic CUSIP Number will be applied to the substitution until the information regarding the New Securities Collateral has been provided. Upon receipt of a request for such substitution and until information regarding the New Securities Collateral is provided to the Corporation for purposes of calculating the Required Fund Deposit of the Repo Party, the Corporation shall

~~assign to the transaction a Contract Value which is 150 percent of the Contract Value of the original securities collateral. Moreover, Until such time where as~~ the Corporation has been notified of a substitution of the New Securities Collateral to be substituted, but the New Securities Collateral has not yet been reported to the Corporation, the Corporation shall base margining with respect to the New Securities Collateral on the applicable Generic CUSIP Number using the methodology that is used for securities whose volatility is less amenable to statistical analysis set forth in Section 1b of Rule 4.

The Corporation shall have no obligation to ensure the acceptability to the Reverse Repo Party of any New Securities Collateral transferred pursuant to this Section, nor shall the Corporation record, authenticate or monitor the number of collateral substitutions performed in accordance with the Right of Substitution.

Section 4 - General Collateral; Forward-Starting Repos

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RULE 19 - SPECIAL PROVISIONS FOR BROKERED REPO TRANSACTIONS

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Section 2 - Responsibilities of Repo Brokers

If a Repo Broker wishes to submit to the Corporation data on a Brokered Repo Transaction, it must do so through a second ~~Account~~**participant account**, which the Corporation will assign to it. With respect to a Non-IDB Repo Broker, this separate account shall be its Segregated Repo Account.

A Repo Broker ~~shall~~**may** submit to the Corporation data on a Brokered Repo Transaction only upon written agreement, and compliance, with the following conditions: (a) the Repo Broker's establishment of a separate account, with a separate Fedwire address, at a clearing bank that will be used exclusively for the settlement by the parties to the transaction of the Start Leg, and (b) the Repo Broker's granting of the necessary permissions to allow this account to be subject to review by the Corporation. **The requirements of subsections (a) and (b) above shall not apply to Repo Brokers with Segregated Repo Accounts that elect to settle their Same-Day Settling Trades with the Corporation.**

A Repo Broker that submits to the Corporation data on Brokered Repo Transactions shall be responsible for responding promptly and in good faith to notifications submitted by the Corporation and/or Netting Member counterparties to it of errors with such data, by modifying or canceling and replacing any incorrect data.

Section 3 - Responsibilities of Netting Members With Respect to Their Brokered Repo Transactions

A Netting Member whose counterparty is a Repo Broker must submit, or have submitted on its behalf, to the Corporation, or to either another Registered Clearing Agency or a Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, in a timely and accurate manner, data on all of its Brokered Repo Transactions. Notwithstanding anything to the contrary elsewhere in these Rules, if the Netting Member fails, without good cause as determined by the Corporation, to submit data on **their** Brokered Repo Transaction to the Corporation on a timely or accurate basis, the Corporation may treat the Brokered Repo Transaction as compared based on the data submission received from the Repo Broker's counterparty for purposes of assessing all Clearing Fund deposit and Funds-Only Settlement Amount payment consequences of the Transaction, as well as the respective Receive Obligations(s) and/or Deliver Obligations(s) of the parties to the Transaction.

Section 4- Calculation of Funds-Only Settlement Amounts for Repo Brokers

* * *

Repo Brokers maintaining more than one Segregated Repo Account must aggregate Debit Forward Mark Adjustment Payments and Credit Forward Mark Adjustment Payments in those ~~Accounts~~**accounts** for purposes of the Cap. The Corporation will retain the right to assess any and

all Funds-Only Settlement amounts to the Netting Member counterparty of the Repo Broker in accordance with Section 3 above.

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RULE 20 - SPECIAL PROVISIONS FOR GCF REPO TRANSACTIONS

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Section 3 - Collateral Allocation and Cash Obligations Associated with Collateral Allocation Entitlements

On each Business Day, the Corporation shall establish collateral allocation requirements for each of a Netting Member's GCF Net Funds Borrower Positions and GCF Net Funds Lender Positions such that: (a) for every GCF Net Funds Borrower Position, the Netting Member shall have a Collateral Allocation Obligation equal to such **GCF Net Funds Borrower** Position, and (b) for every GCF Net Funds Lender Position, the Netting Member shall have a Collateral Allocation Entitlement equal to such **GCF Net Funds Lender** Position. Every Collateral Allocation Entitlement and Collateral Allocation Obligation that is established by the Corporation on a particular Business Day shall be netted on the next Business Day with such day's Collateral Allocation Entitlement and/or Collateral Allocation Obligation, within a timeframe for such established by the Corporation (referred to as net-of-net settlement). Collateral Allocation Obligations and cash obligations associated with Collateral Allocation Entitlements must be satisfied by a Netting Member within the timeframes established for such by the Corporation in the Schedule of GCF Repo Timeframes.

If a Netting Member does not satisfy its consequent Collateral Allocation Obligation by the applicable deadline for such **Collateral Allocation Obligation** as set forth in the Schedule of GCF Repo Timeframes, such Netting Member shall be subject to a late fee. In addition, the Corporation shall process Collateral Allocation Obligations that are submitted after the applicable deadline on a good faith basis only. If the Netting Member does not satisfy its consequent Collateral Allocation Obligation, such Netting Member shall be deemed to have failed on such **GCF Net Funds Borrower** Position, the consequence of which shall be that the Member shall not be entitled to receive the funds borrowed, but shall owe interest on such funds amount. If a Net Funds Payor does not satisfy its cash obligations by the applicable deadline set forth in the Schedule of GCF Repo Timeframes, such Net Funds Payor shall be subject to a late fee. If the Net Funds Payor does not satisfy its cash obligation by the close of the Fedwire Funds Service, it shall be subject to an additional late fee and shall be required to satisfy any outstanding cash obligation promptly upon the opening of the Fedwire Funds Service the next Business Day. Failure to do so may result in disciplinary action, including termination of membership.

A Netting Member that has, on a particular Business Day, a Collateral Allocation Obligation, may satisfy such **Collateral Allocation** Obligation by posting with the Corporation, pursuant to these Rules: (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes, or bonds maturing in a time-frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such **Collateral Allocation** Obligations must be satisfied with the posting of Comparable Securities and/or cash only), and/or (iv) cash.

If on any Business Day, at the time set forth in the Schedule of GCF Repo Timeframes, a Netting Member's Collateral Allocation Obligation from the previous Business Day is greater than the value of the securities and cash delivered by such Netting Member to satisfy such Collateral

Allocation Obligation, then such Netting Member shall deliver to the Corporation additional (i) Comparable Securities, (ii) Other Acceptable Securities, (iii) U.S. Treasury bills, notes or bonds maturing in a time-frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, such Collateral Allocation Obligations must be satisfied with the posting of Comparable Securities and/or cash only) and/or (iv) cash such that the total value of the securities and cash delivered by such Netting Member to satisfy such Collateral Allocation Obligation is greater than or equal to such Collateral Allocation Obligation. Such additional securities and/or cash must be delivered to the Corporation within the timeframe set forth in the Schedule of GCF Repo Timeframes.

If a Net Funds Payor who is otherwise in good standing with the Corporation does not satisfy its cash obligation or only satisfies a portion of its cash obligation within the timeframe established for such by the Corporation in the Schedule of GCF Repo Timeframes, the Corporation shall proceed as follows:

(i) The Corporation shall first consider whether the GCF Clearing Agent Bank of the Net Funds Payor who failed to satisfy its cash obligation will provide overnight financing and/or whether the Corporation shall use an end-of-day borrowing of Clearing Fund cash in an amount up to the lesser of \$1 billion or 20 percent (20%) of available Clearing Fund Cash (**hereinafter, the** “EOD Clearing Fund Cash”). The Corporation shall not set a priority between the use of EOD Clearing Fund Cash and uncommitted financing from the GCF Clearing Agent Bank. Any cash from these resources shall be applied to the unsettled cash entitlements of the Net Funds Receivers on a pro rata basis. The pro-rata will be based upon the percentage of each Net Fund Receiver’s unsettled obligation versus the total amount of all unsettled cash obligations.

* * *

Notwithstanding anything to the contrary in these Rules, on any particular Business Day, the Corporation, in its sole discretion, may increase the amount of a Netting Member’s Collateral Allocation Obligation by as much as ten percent of such **Collateral Allocation** Obligation.

* * *

Section 3b – Obligation of Net Funds Receivers to Enter into Overnight Reverse Repurchase Agreements with the Corporation

If a Net Funds Payor satisfies only a portion of its cash obligation or does not satisfy any of its cash obligation and/or the Corporation is only able to raise a portion of the unsettled cash amount or is not able to raise any of the unsettled cash amount to cover such cash obligation, the Net Funds Receivers at the GCF Clearing Agent Bank of the Net Funds Payor who did not fulfill its obligation (**hereinafter, the** “Affected Netting/CCIT Members”) shall be required to enter into overnight reverse repurchase agreements with the Corporation, as described herein, on the Generic CUSIP Number for which such Net Funds Payor failed to fulfill its cash obligation. The amount of such reverse repurchase agreement shall be at the remaining unsettled amount per Affected Netting/CCIT Member.

The September 1996 Securities Industry and Financial Markets Association Master Repurchase Agreement (without the referenced annexes, other than in the case of any Netting Member that is a Registered Investment Company, Annex VII) is hereby incorporated by reference in the Rules as a master repurchase agreement between the Corporation, as Seller, and each Affected Netting/CCIT Member, as Buyer (hereinafter, the “GCF Repo Allocation Waterfall MRA”); *provided* that, notwithstanding anything else in the GCF Repo Allocation Waterfall MRA:

* * *

Once the Corporation has determined that it will require financing in order to satisfy a cash obligation to a Netting Member or CCIT Member in a Net Funds Receiver Position, it shall notify each Affected Netting/CCIT Member of the principal amount of the relevant Generic CUSIP Number subject to the applicable overnight reverse repurchase transaction (hereinafter, the “Financed Securities”) and the corresponding purchase price (hereinafter, the “Financing Amount”). Upon notification by the Corporation, the Corporation shall initiate such overnight reverse repurchase transactions with Affected Netting/CCIT Members under the terms and conditions of the GCF Repo Allocation Waterfall MRA.

* * *

Section 4 - Right of Substitution

On any Business Day (within the timeframes established by the Corporation by notice to all Members), a Netting Member that posted with the Corporation securities in satisfaction of its Collateral Allocation Obligation on the previous Business Day may substitute for any securities so delivered on such day cash, or (i) Comparable Securities, (ii) Other Acceptable Securities, or (iii) U.S. Treasury bills, notes or bonds maturing in a time-frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, substitution may be with Comparable Securities and/or cash). ~~All requests for substitutions must be made by the substitution deadline established by the Corporation and announced to Members by Important Notice from time to time.~~

On any Business Day (within the timeframes established by the Corporation by notice to all Members), a Netting Member that posted with the Corporation cash in satisfaction of its Collateral Allocation Obligation on the previous Business Day may substitute for any securities so delivered on such day (i) U.S. Treasury bills, notes or bonds maturing in a time-frame no greater than that of the securities that have been traded (except where such traded securities are U.S. Treasury bills, substitution may be with Comparable Securities), (ii) Comparable Securities, or (iii) Other Acceptable Securities. ~~All requests for substitutions must be made by the substitution deadline established by the Corporation and announced to Members by Important Notice from time to time.~~

For the avoidance of doubt, Dealers will be able to substitute any previously delivered collateral during the day and until such time as their new Collateral Allocation Obligations for that day are fully satisfied and finalized with the GCF Clearing Agent Bank.

Section 5 - Novation

GCF Net Settlement Positions and resultant Collateral Allocation Entitlements and Collateral Allocation Obligations, either as originally established by the Corporation or as may be adjusted by the Corporation as the result of a modification of data made pursuant to these Rules, shall be fixed at the time the Report of such GCF Net Settlement Positions, Collateral Allocation Entitlements, and Collateral Allocation Obligations is made available by the Corporation to a Netting Member. At that time, all deliver, receive, and related payment and ~~e~~Collateral ~~a~~Allocation ~~o~~Obligations between such Netting Member and the Corporation that were created by the GCF Repo Transactions, ~~N~~novated by the Corporation pursuant to Section 8 of Rule 5, and that comprise a GCF Net Settlement Position or GCF Net Settlement Positions are terminated and replaced by the Collateral Allocation Entitlements and Collateral Allocation Obligations and related payment obligations for such Members that are listed in the Report.

Section 6 - Authority of the Corporation to Act on Behalf of a GCF Authorized Inter-Dealer Broker

~~If, as the result of a data submission error, a GCF Authorized Inter-Dealer Broker has a GCF Net Settlement Position, the Corporation shall have the authority to borrow cash and/or securities and/or enter into repurchase transactions for cash or securities with a Netting Member or Clearing Agent Bank to fulfill the obligations of such GCF Authorized Inter-Dealer Broker attendant to the incurring of such Position. If the Corporation takes such action, such GCF Authorized Inter-Dealer Broker shall be liable to it for any costs incurred.~~

* * *

RULE 21A – WIND-DOWN OF A NETTING MEMBER

When a Netting Member notifies the Corporation that it intends to wind down its activities, the Corporation may, in its sole discretion, in order to protect itself and its participants, determine that such Member is a “Wind-Down Member”. In that event and, without limiting any other rights of the Corporation under these Rules and Procedures, the Corporation may impose conditions on, or take actions with respect to, the Wind-Down Member as provided below.

As soon as practicable after the Corporation determines that a Member is a Wind-Down Member, the Corporation shall notify the Wind-Down Member, all other Members and the SEC of such determination.

The Corporation may, in its discretion, impose conditions on, or take actions with respect to, the Wind-Down Member as appropriate to mitigate risk the Corporation perceives may be presented by the Wind-Down Member, including but not limited to, the following:

* * *

(v) Agreeing to complete one or more trades to which the Wind-Down Member is a party prior to the time the Corporation otherwise would ~~Novate and guarantee the settlement of~~ such trade pursuant to these Rules;

* * *

RULE 22A – PROCEDURES FOR WHEN THE CORPORATION CEASES TO ACT

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Section 2 - Action by the Corporation

Except as otherwise may be determined by the Board in any particular case, from and after the time the Corporation ceases to act for a Member, the following shall apply:

* * *

(b) Except as otherwise provided in Rules 17 and 18, all long and short Net Settlement Positions, ~~Fail Net Settlement Positions~~, and Forward Net Settlement Positions of the Member outstanding at the time the Corporation ceases to act for the Member that have been reported by the Corporation to Members pursuant to Rule 11 and Rule 14 shall be closed out by (i) for each Eligible Netting Security with a distinct CUSIP Number, establishing a final Net Settlement Position (hereinafter, the “Final Net Settlement Position”) that shall be equal to the net of all outstanding ~~d~~Deliver Obligations and ~~r~~Receive Obligations of the Member in each Security, including ~~those that arise from Fail Net Settlement Positions~~ Fail Deliver Obligations and Fail Receive Obligations and those that are determined by the Corporation to arise from Forward Net Settlement Positions, and (ii) buying, borrowing, or reversing in or selling, lending or repoing out the Securities deliverable by or to such insolvent Member, and/or borrowing or lending monies, in order to close out the Final Net Settlement Position established for each Security. If a Member also has a Market Professional Cross-Margining Account, any resulting gains upon liquidation of the Member’s proprietary Account shall be used to offset any resulting liquidation loss in the Market Professional Cross-Margining Account. This close-out procedure shall be completed as promptly as practicable after the Corporation has given notice pursuant to Section 1 of this Rule Corporation’s determination to cease to act, unless the Board determines that the immediate close-out of Final Net Settlement Positions in a ~~S~~security may be disadvantageous to the Corporation or may promote a disorderly market in that ~~S~~security, in which case the Corporation may suspend the operation of this close-out provision until such later time as is determined by the Board, except that the Board may not suspend the operation of such close-out procedure for a period longer than 30 calendar days without the approval of such by the SEC. If, in the aggregate, the close-out of all of the Final Net Settlement Positions established for a Member results in the Corporation incurring any loss or liability, such loss or liability shall be allocated as provided in Rule 4. If, in the aggregate, the close-out of all of the Final Net Settlement Positions established for a Member results in a profit to the Corporation (after the Corporation has fulfilled its obligations under any Cross-Margining Agreements and Limited Cross-Guarantee Agreements), such profit shall be credited to the Member, or to a duly-appointed legal representative of the Member.

Subsequent to the close-out of a Member’s Final Net Settlement Positions, the Corporation shall, in accordance with these Rules, ensure the timely settlement of all Deliver Obligations, Receive Obligations, and related payment obligations, that would have arisen had the Corporation not ceased to act, in accordance with the terms of the transactions that comprise such obligations. Notwithstanding the foregoing, if the Member was a GCF Net Funds Lender and had a Deliver Obligation of GCF-eligible mortgage-backed securities in connection with a GCF Repo Transaction, the Corporation shall be authorized to satisfy the Deliver Obligation with:

(i) Comparable Securities, and/or (ii) U.S. Treasury bills, notes or bonds. In the alternative, the Corporation may, in its sole discretion, permit a GCF Net Funds Borrower to purchase Comparable Securities and/or U.S. Treasury bills, notes, or bonds in return for a cash payment by the Corporation equal to the price paid by the GCF Net Funds Borrower for the Comparable Securities and/or the U.S. Treasury bills, notes, or bonds; provided, however, that if the Corporation in its sole discretion determines that the price paid by the GCF Net Funds Borrower was unreasonably high, the Corporation shall be entitled to pay the GCF Net Funds Borrower a reasonable price (as determined by an independent third party pricing source) for the Comparable Securities and/or the U.S. Treasury bills, notes or bonds.

* * *

RULE 22B – CORPORATION DEFAULT

Corporation Default

(a) If a “Corporation Default” occurs pursuant to subsection (b) below, all Transactions which have been subject to Novation pursuant to these Rules but have not yet settled and any rights and obligations of the parties thereto shall be immediately terminated. Each relevant Member shall thereupon promptly take such market action as is commercially reasonable under the circumstances to effect a close out of any outstanding positions. Each Member will report the results of its market action to the Board and the Board shall determine a single net amount owed by or to each Member with respect to such positions by applying the ~~close-out~~ close-out procedures of Section 2(b)(i) of Rule 22A (interpreted in all such cases as if each Member were a Defaulting Member) and taking into account the loss allocation provisions in Rule 4, to the extent such provisions are otherwise applicable to such Member. The Board shall notify each Member of the net amount so determined and Members who have been notified that they owe an amount to the Corporation shall pay that amount on or prior to the date specified by the Board, subject to any applicable setoff rights. Members who have a net claim against the Corporation shall be entitled to payment thereof along with other Members’ and any other creditors’ claims pursuant to the underlying contracts with respect thereto, these Rules and applicable law. For the avoidance of doubt, nothing herein shall limit the rights of the Corporation upon a Member default (including following a Corporation Default) including under any Cross-Guaranty Agreement with the Mortgage-Backed Securities Division or any other Cross-Guaranty Counterparty.

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RULE 29 – RELEASE OF CLEARING DATA

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(f) Notwithstanding anything to the contrary in this Rule, the Corporation may release Clearing Data to ~~the Securities Industry and Financial Markets Association~~SIFMA in connection with ~~its~~ the Corporation's collection of fees on behalf of ~~The Securities Industry and Financial Markets Association~~SIFMA pursuant to Rule 26, provided that the Corporation: (1) provides Clearing Data only to the extent necessary to facilitate the collection of fees on behalf of ~~the Securities Industry and Financial Markets Association~~SIFMA, and (2) obtains, in a form and manner required by the Corporation, the agreement of ~~the Securities Industry and Financial Markets Association~~SIFMA to maintain the confidentiality of any Clearing Data provided by the Corporation to ~~it~~ SIFMA.

* * *

RULE 31 – ~~DISTRIBUTION FACILITIES~~RESERVED

~~If deemed necessary, the Corporation will establish distribution facilities which may, subject to such regulations as the Corporation may from time to time prescribe, be used by Members for the distribution of papers, documents and other material incidental to the ordinary course of business.~~

~~The Corporation assumes no responsibility whatever for the form or content of any papers, documents or other material (other than items prepared by it) placed in the boxes in its distribution facilities assigned to each Member or otherwise handled by the Corporation; nor does the Corporation assume any responsibility for any improper or unauthorized removal from such boxes or from the Corporation's facilities of any such papers, documents or other material, including items prepared by the Corporation.~~

~~Each Member shall send an authorized representative to the Corporation's distribution facilities at frequent intervals to pick up documents or material made available to the Member by the Corporation.~~

~~The Corporation's distribution facilities will remain open on Business Days during the hours specified by the Corporation. The Corporation may admit authorized persons holding valid passes issued pursuant to Rule 27 at other hours.~~ This Rule is reserved for future use.

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RULE 37 – HEARING PROCEDURES

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Section 2 - Minor Rule Violations

A hearing requested in connection with a violation of the Rules of the Corporation for which a fine may be assessed against the Interested Person in an amount not to exceed \$5,000 (**hereinafter**, a “Minor Rule Violation”), shall be held before a panel of three officers of the Corporation (**hereinafter**, a “Minor Violation Panel”). The members of the Minor Violation Panel shall select one of their numbers to be the chairman, and the chairman shall be the person in charge of the conduct of the hearing. At the hearing, an officer of the Corporation shall present the case against the Interested Person. The Interested Person shall have an opportunity to be heard and may be represented by counsel. A record shall be kept of the hearing and the costs associated with the hearing may, in the discretion of the Corporation, be charged in whole or in part to the Interested Person if the decision is adverse to the Interested Person. The Minor Violation Panel shall provide the Interested Person with a written statement of its decision no later than 10 business days after the conclusion of the hearing. If the decision of the Minor Violation Panel is adverse to the Interested Person, the Interested Person may request a further hearing under Section 3 of this Rule by filing a written request with the Secretary of the Corporation within five Business Days of receipt of such written statement. The Corporation shall notify the Interested Person of the date, time and place of the hearing at least five business days prior to the hearing. The failure of the Interested Person to submit the written request within the required time period shall be deemed an election to waive the right to any further hearing.

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Section 3 - Hearings

A hearing on any matter not covered by Section 2 of this rule, or a further hearing requested pursuant to Section 2 shall be before a panel (**hereinafter**, the “Panel”) of three individuals drawn from members of the Board of Directors or their designees. The members of the Panel shall be selected by the Chairman of the Board.

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RULE 40 - GENERAL PROVISIONS

* * *

Section 3

The Corporation may, in its discretion, require Members to provide appropriate staff in their offices during specified hours on non-Business Days when such is deemed necessary by the Corporation to ~~ensure~~**insure** the integrity of its systems and/or for the protection of the Corporation.

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SCHEDULE OF TIMEFRAMES*
(all times are New York City times)

8:00 p.m.~~8:00 p.m.~~— Deadline for final input by ~~m~~**M**embers to FICC of trade data.

2:00 a.m.~~10:30 p.m. to 2:00 a.m.~~— Time **by during** which FICC's comparison, netting, **and** settlement~~and margining~~ output is made available to Members.

7:00 a.m. **The Corporation begins processing trade data for the current Business Day.**

7:05 a.m. **Time by which the Corporation's margining output is made available to Netting Members.**

9:15 a.m.~~9:15 a.m.~~— Netting-eligible auction purchases are received by FICC from the Federal Reserve Banks and are immediately redelivered to **Netting M**members in a **Net**~~Long p~~Position.

9:30 a.m.~~9:30 a.m.~~— Deadline for satisfaction of a Clearing Fund deficiency call.

10:00 a.m.~~10:00 a.m.~~— Funds-only settlement debits and credits are executed via the Federal Reserve's National Settlement Service

11:00 a.m.~~11:00 a.m.~~— Deadline for submission of repo collateral substitution notifications, after which a late fee will be imposed. Such notification is not deemed to be submitted until it is received by FICC.

12:00 p.m.~~12:00 p.m.~~— Netting Member deadline to either (1) initiate request to receive back excess cash or collateral from the A.M. Clearing Fund call, or (2) initiate request to substitute currently held Clearing Fund securities.

12:00 p.m.~~12:00 p.m.~~— All open positions and obligations will be recorded at this time and used in the computation of intraday Clearing Fund requirements, and intraday funds-only settlement.

12:00 p.m.~~12:00 p.m.~~— First deadline for submission of information regarding New Securities Collateral, after which a late fee will be imposed. Such information is not deemed to be submitted until it is received by FICC.

12:30 p.m.~~12:30 p.m.~~— Second deadline for submission of information regarding New Securities Collateral, after which such submissions will be processed by FICC on a good faith

* All times may be extended as needed by the Corporation to (i) address operational or other delays that would reasonably prevent members or the Corporation from meeting the deadline or timeframe, as applicable, or (ii) allow the Corporation time to operationally exercise its existing rights under these Rules. In addition, times applicable to the Corporation are standards and not deadlines; actual processing times may vary slightly, as necessary.

basis only and a late fee imposed. Such information is not deemed to be submitted until it is received by FICC.

1:00 p.m.~~1:00 p.m.~~— Final deadline for submission of information regarding New Securities Collateral, after which the Netting Member must resubmit its information for processing by FICC during the following business day. Such information is not deemed to be submitted until it is received by FICC.

2:00 p.m.~~2:00 p.m.~~— Time during which reports will be made available with respect to the intraday Clearing Fund requirements, and intraday funds-only settlement.

2:15 p.m.~~2:15 p.m.~~— Netting Member deadline to initiate request in the Clearing Fund Management system (CFM) to receive back excess Clearing Fund cash or collateral from intraday call.

2:45 p.m.~~2:45 p.m.~~— Deadline for satisfaction of a Clearing Fund deficiency call (P.M. Clearing Fund call).

4:00 p.m.~~4:00 p.m.~~— Brokered Repo Transactions submitted prior to 4:00 p.m. will be processed as Demand Trades. After 4:00 p.m. such trades will be processed for Bilateral Comparison.

4:30 p.m.~~4:30 p.m.~~— Intraday funds-only settlement debits and credits are executed via the FRB's National Settlement Service ~~for Netting Members~~.

4:30 p.m.~~4:30 p.m.~~— Deadline for submission of DK Notices by Repo Parties to Brokered Repo Transactions submitted on a Demand basis prior to 4:00 p.m.

SCHEDULE OF GCF REPO TIMEFRAMES*

(all times are New York City times)

- 7:00 a.m.** ~~FICC begins to accept from GCF-Authorized Inter-Dealer Brokers data on GCF Repo Transactions—GCF-Authorized Inter-Dealer Brokers must submit data on a GCF Repo Transaction that they are a party to within five minutes of executions of such transaction.~~ Netting Members must begin affirming or cancelling GCF Repo Transactions upon receipt of data on such GCF Repo Transactions from the Corporation.
- 9:00 a.m.** Deadline for Netting Members to deliver additional securities or cash such that value of such securities and cash equals or exceeds Collateral Allocation Obligations from previous Business Day.
- 10:00 a.m.** ~~Netting Members must begin affirming or disaffirming GCF Repo Transactions within one half hour of receipt of data on such transactions from FICC~~
- 10:30 a.m.** ~~Deadline for dealer affirmation or disaffirmation of all GCF Repo Transactions that they are a party to that are executed prior to 10 a.m.~~
- 1:00 p.m.** ~~For GCF Repo Transactions executed after 1:00 p.m., Netting Members must affirm or disaffirm GCF Repo Transactions within ten minutes of their receipt of data on such transactions from FICC.~~
- 3:00 p.m.** Cutoff for GCF Repo Transaction data submission from GCF-Authorized Inter-Dealer Brokers to FICC including dealer trade affirmation or ~~disaffirmation~~cancellation – all unaffirmed trades automatically affirmed by FICC.

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* All times may be extended as needed by the Corporation to (i) address operational or other delays that would reasonably prevent members or the Corporation from meeting the deadline or timeframe, as applicable, or (ii) allow the Corporation time to operationally exercise its existing rights under these Rules. In addition, times applicable to the Corporation are standards and not deadlines; actual processing times may vary slightly, as necessary.

SCHEDULE OF REQUIRED MATCH DATA

These Required Match Data items are applicable to all Transaction~~transactions~~, including Repo Transactions, except as otherwise noted below:

- (1) Contra Member identifying ~~information~~number

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- (6) Settlement date - must contain a valid₁ settlement date

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This schedule does not apply to Netting-Eligible Auction Purchases, CCIT Transactions and GCF Repo Transactions. Also, notwithstanding the above, the requirements of this schedule are superseded by the provisions of Rule 10 to the extent that they are inconsistent with that Rule.

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SCHEDULE OF REQUIRED DATA SUBMISSION ITEMS

In addition to the data items listed in the Schedule of Required Match Data, the following data items are required, as indicated below, to be submitted by Members when they submit trade data to the Corporation:

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- (6) Pricing method - for buy/sell transactions, this field must be submitted with either a “D” (discount), “P” (price), or “Y” (yield), while for Repo Transactions, this field must be submitted with an “R” (rate)
- (7) Trade date – **the date on which the trade was executed must be submitted in this field**

This schedule does not apply to Netting Eligible Auction Purchases and GCF Repo Transactions, and items (1) and (2) above are not required for Sponsored Member Trades.

**SCHEDULE OF REQUIRED AND ACCEPTED DATA SUBMISSION ITEMS
FOR A SUBSTITUTION OF EXISTING SECURITIES COLLATERAL**

In addition to the data items required in the Schedules of Required Match Data and Required Data Submission Items, the following data items are required to be received by the Corporation as regards a Repo Transaction in order for the Corporation to process a substitution:

- (1) the Specific CUSIP Number or Generic CUSIP Number for the Existing Securities Collateral;
- (2) the par amount;
- (3) the principal value;
- (4) Scheduled Settlement Date for the Start Leg of the Repo Transaction and Contract Repo Rate;
- (5) for Brokered Repo Transactions, the reverse repo rate; and
- (6) counterparty to the Repo Transaction.

This schedule does not apply to Netting-Eligible Auction Purchases, GCF Repo Transactions, CCIT Transactions and Sponsored GC Trades.

**SCHEDULE OF REQUIRED AND ACCEPTED DATA SUBMISSION ITEMS
FOR A SUBSTITUTION FOR NEW SECURITIES COLLATERAL**

In addition to the data items required in the Schedules of Required Match Data and Required Data Submission Items, the following data items are required to be received by the Corporation as regards a Repo Transaction in order for ~~it~~ the Corporation to process a substitution:

- (1) the Specific CUSIP Number or Generic CUSIP Number for the New Securities Collateral;
- (2) the par amount;
- (3) the principal value;
- (4) Scheduled Settlement Date for the Start Leg of the Repo Transaction and Contract Repo Rate;
- (5) for Brokered Repo Transactions, the reverse repo rate; and
- (6) counterparty to the Repo Transaction.

This schedule does not apply to Netting-Eligible Auction Purchases, GCF Repo Transactions, CCIT Transactions and Sponsored GC Trades.

SCHEDULE OF REQUIRED AND OTHER DATA SUBMISSION ITEMS FOR GCF REPO TRANSACTIONS

The following data items are required to be received by the Corporation from a GCF-Authorized Inter-Dealer Broker as regards a GCF Repo Transaction in order for such **GCF Repo** Transaction to be compared by the Corporation:

TradeBroker Reference Number – The GCF-Authorized Inter-Dealer Broker’s unique reference number for the GCF Repo Transaction.

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Broker’s Reverse **ParticipantMember** ID – **ParticipantMember identifying** number of the GCF Counterparty from whom the Broker is reversing in securities.

Broker’s Repo **ParticipantMember** ID – **ParticipantMember identifying** number of the GCF Counterparty to whom the Broker is repoing out securities.

CUSIP – The nine-digit Generic CUSIP Number.

The following fields will be automatically populated by the Corporation with default data, which may be overridden by the GCF-Authorized Inter-Dealer Broker as required:

Trade Date – The current date will automatically populate this field.

Start Date – The current date will automatically populate this field.

Role – ~~Reserved for future use.~~

Transaction – ~~Reserved for future use.~~

The following fields will be automatically calculated and/or populated by the Corporation, and cannot be overridden by the GCF-Authorized Inter-Dealer Broker:

GSD TID – The Corporation’s unique transaction identifier, automatically assigned to a new GCF Repo Transaction by the Corporation.

Final Money – The Corporation will automatically calculate the **EndClose** Leg settlement money for the GCF Repo Transaction using start money, rate and term (based on start date and end date).

Security Description – Automatically displayed by the Corporation based upon Generic CUSIP Number submitted.

Broker’s Reverse **ParticipantMember** Name – Automatically displayed by the Corporation based upon the identification number entered in the “Broker’s Reverse **ParticipantMember** ID” field.

Broker's Repo ~~Participant~~Member Name – Automatically displayed by the Corporation based upon the ID entered in the “Broker's Repo ~~Participant~~Member ID” field.

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SCHEDULE OF MONEY TOLERANCES

The following Money Tolerances have been established by the Corporation:

- (1) Settlement amount - \$0.10 per \$1 million for ~~R~~repo ~~T~~ransactions (applicable in Real Time) Notwithstanding this tolerance, any money difference of \$1.00 or less in the settlement amount of a trade will not prevent the trade from being matched.

Settlement amount - \$2 per \$1 million for buy-/sell transactions (applicable in Real Time)

- (2) Settlement amount ~~(in connection with the Corporation's presumption of a match of data pursuant to Rule 10)~~ **does not apply to Repo Transactions** - \$40 per \$1 million **for buy-sell transactions (in connection with the Corporation's presumption of a match of data pursuant to Rule 10)**

- (3) Start amount (applies only to Repo Transactions) - \$1 per Repo Transaction

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FEE STRUCTURE

* * *

I. TRANSACTION FEES

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C. Modifications and Cancellations

The charge to a Member for the entry of a request to modify or cancel either a side of a buy/sell transaction or a Repo Transaction, other than a GCF Repo Transaction or a CCIT Transaction, is \$0.25 per such request. ~~The charge to a Member for the entry of a request by such Member to modify or cancel a side of a GCF Repo Transaction or a CCIT Transaction is \$0.05 per 50 million of par value.~~

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G. Locked-In Trade Data

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The charge to the GCF Counterparty to the GCF-Authorized Inter-Dealer Broker for the processing and reporting by the Corporation of a GCF Repo Transaction or a CCIT Transaction entered into by the Member, or entered into by a Non-Member that the Member is clearing for, is a one-time recording fee of \$0.07 per million gross dollar amount of such GCF Repo Transaction or CCIT Transaction (with a minimum charge of \$2.50). The charge to the GCF-Authorized Inter-Dealer Broker for the processing and reporting by the Corporation of a GCF Repo Transaction is a one-time recording fee of \$0.025 per million gross dollar amount of such GCF Repo Transaction (with a minimum charge of \$1.25).

H. CCIT Transactions Submitted for Bilateral Comparison

The charge to Netting Members and CCIT Members submitting CCIT Transactions on a bilateral basis (and not on a Locked-In Trade basis) for the processing and reporting by the Corporation of a CCIT Transaction is a one-time recording fee of \$0.07 per million gross dollar amount of such CCIT Transaction (with a minimum charge of \$2.50).

* * *

III. ~~COMMUNICATION FEES~~ [RESERVED]

~~Failure to migrate from legacy networks to SMART and/or SFTI. Cost*~~

~~* The entire cost of supporting the legacy network connections will be allocated among remaining users pro-rata.~~

IV. OTHER CHARGES (in addition to the transaction fee)

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B. Clearance Charges

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4. The Corporation will pass-through to Netting Members the following clearing banks' fees and charges that are incurred by the Corporation for the services that the Corporation performs in connection with such Members' activity.

(a) Actual fees charged by ~~The Bank of New York Mellon ("BNY")~~ the Corporation's Clearing Agent Bank for the settlement of each Deliver Obligation and each Receive Obligation.

(b) Actual fees charged by the Fedwire Securities Service fees for the settlement of treasury securities and agency securities, as applicable.

(c) ~~BNY~~The Corporation's GCF Clearing Agent Bank fee on each GCF Repo Service Deliver Obligation that FICC creates from ~~its~~ BNYthe Corporation's GCF Clearing Agent Bank account, ~~inclusive of inter-bank~~.

When this fee is assessed on FICC's GCF Repo Service Deliver Obligations that are created versus Netting Members, this fee will be allocated to Dealer Accounts at ~~BNY~~the Corporation's GCF Clearing Agent Bank as follows:

(i) A pass-through fee is calculated as 1bp per annum on a dollar amount of such Netting Member's GCF Repo Service Receive Obligation from FICC in each Generic CUSIP Number.

When this fee is assessed on FICC's GCF Repo Service Deliver Obligations at ~~BNY~~the Corporation's GCF Clearing Agent Bank that are created versus a CCIT Member at ~~BNY~~the Corporation's GCF Clearing Agent Bank, the fee is calculated as 1bp per annum on a dollar amount of the underlying CCIT Transactions and the fee will be passed through to the Dealer Account at ~~BNY~~the Corporation's GCF Clearing Agent Bank of the Netting Member that is the Repo Party to such CCIT Transactions.

(d) ~~BNY~~The Corporation's Clearing Agent Bank fees for daylight overdrafts on ~~s~~Securities s~~Settlement o~~bligations.

This pass-through fee will be charged to Dealer Accounts at ~~BNY~~the Corporation's Clearing Agent Bank and will be

calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of Deliver and Receive Obligations of each Netting Member at ~~BNY~~the Corporation's Clearing Agent Bank)

(Total dollar value of Deliver and Receive Obligations in all Dealer Accounts at ~~BNY~~the Corporation's Clearing Agent Bank)

All fees and charges will be reflected on each Member's billing statement.

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V. MINIMUM MONTHLY FEE

Each Comparison-Only Member and each Netting Member shall, regardless of the level of its activity, pay a minimum monthly fee of \$2,500 on each of its ~~Accounts~~accounts, which shall not apply to CCIT Members. The minimum monthly fee for an ~~Account~~account will not apply if the total monthly fees incurred by the ~~Account~~account pursuant to Sections I, II, and IV of this Fee Structure exceed \$2,500.

* * *

VII. SPONSORING MEMBERS

A Sponsoring Member shall be liable for fees and charges arising from Sponsored Member Trades the data on which it, or its Sponsored Member(s), has submitted to the Corporation. A Sponsoring Member shall also be subject to the minimum monthly fee set forth in Section V of this Fee Structure; provided, that a Sponsoring Member Omnibus Account shall be considered a single ~~Account~~account for purposes of calculating such fee, regardless of the number of Sponsored Members whose trading activity is conducted through such ~~Account~~account. A Sponsoring Member shall also be liable to the Corporation for the Sponsored GC Pre-Payment Assessment to the extent it participates in the Sponsored GC Service. The Corporation's books and records shall reflect the Sponsored GC Pre-Payment Assessment as a credit to such Sponsoring Member until expiration.

In addition, any Sponsoring Member that elects to be charged the Sponsored GC Pre-Payment Assessment between November 2020 and February 2021 shall receive an additional \$25,000 credit toward its use of the Sponsored GC Service (hereinafter, the "Additional Sponsored GC Credit"), which shall be credited by the Corporation against the Sponsoring Member's fees for use of the Sponsored GC Service until the earlier of (i) the Additional Sponsored GC Credit being completely depleted and (ii) thirty-six (36) months after the Sponsoring Member onboards into the Sponsored GC Service. The Corporation's books and records shall reflect the Additional Sponsored GC Credit as a credit to such Sponsoring Member until expiration.

In addition, to the extent a Sponsoring Member elects to withdraw from the Sponsored GC Service prior to the expiration of its Sponsored GC Pre-Payment Assessment, it shall be entitled

to a return of any unused portion of such Sponsored GC Pre-Payment Assessment from the Corporation; provided that, for the avoidance of doubt, such Sponsoring Member shall be liable for the Sponsored GC Pre-Payment Assessment to the extent that it ever elects to participate in the Sponsored GC Service in the future.

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IX. LATE FEES

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Late Fee Related to GCF Repo Transactions

On any particular business day, if a Netting Member does not make the required collateral allocation by the later of 4:30 p.m. (New York time) or 1 hour after the actual close of Fedwire Securities Service reversals, the Netting Member shall be subject to a late fee of \$500.00, unless the Corporation determines, in its sole discretion, that the failure to meet this timeframe is not primarily the fault of the Netting Member. This determination would be made by the Corporation based on input from the GCF ~~Repo~~-Clearing Agent Bank and the Netting Member.

* * *

On any particular business day, if a Net Funds Payor does not make the required payment of cash by the close of the Fedwire Funds Service, the Net Funds Payor shall be subject to a late fee as shown on the table below, unless the Corporation determines that the failure to meet this timeframe is not primarily the fault of the Net Funds Payor. This determination would be made by the Corporation based on input from the GCF ~~Repo~~-Clearing Agent Bank and the Net Funds Payor.

* * *

X. ADMINISTRATIVE FEES

~~On any particular Business Day, a Repo Broker shall be assessed an administrative fee of \$50 for each instance where the Corporation determines to finance a Debit Forward Mark Adjustment Payment in excess of the Cap, as set forth in Section 4 of Rule 19. Such administrative fee shall be in addition to any costs incurred by the Corporation in arranging the financing for which the Repo Broker maintains responsibility and must reimburse the Corporation pursuant to that Section.~~

The Corporation will charge network fees related to SMART connectivity.

* * *

XIV. NON-U.S. MEMBERSHIP APPLICANT FOREIGN LEGAL OPINION FEE

(a) For the initial applicant (hereinafter, the “Initial Applicant”) organized in a given non-U.S. jurisdiction (hereinafter, the “Jurisdiction of Organization”) to apply for membership, if the applicant does not otherwise terminate its application in accordance with (c) below: The

lesser of (i) a maximum estimated charge (**hereinafter, the** “Maximum Estimated Charge”) and (ii) the actual costs charged to the Corporation by outside counsel providing a legal opinion in form and substance satisfactory to the Corporation regarding the laws of the Jurisdiction of Organization.

(b) For each subsequent applicant organized in the applicable Jurisdiction of Organization (**hereinafter, the** “Subsequent Non-U.S. Applicant”), if the Subsequent Non-U.S. Applicant does not otherwise terminate its application in accordance with (c) below: an amount equal to the fee charged to the Initial Applicant from the Jurisdiction of Organization, as determined in accordance with (a) above.

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~~DESIGNATED LOCKED-IN TRADE SOURCES~~

~~Federal Reserve Banks, as fiscal agents of the United States~~

~~GCF-Authorized Inter-Dealer Brokers (for GCF Repo Transactions)~~

~~The Treasury Department~~

* * *

INTERPRETIVE GUIDANCE WITH RESPECT TO SETTLEMENT FINALITY

1. Interpretive Guidance With Respect to Settlement Finality – Funds-Only Settlement

The point of finality for funds-only settlement by the Corporation is defined by the Federal Reserve Banks' Operating Circular 12—~~("Operating Circular 12")~~,¹ which governs NSS processing by the FRB. The Corporation and each Member's Funds-Only Settling Bank is a "Settler" and together are in a "Settlement Arrangement" (each term as defined in Operating Circular 12) for purposes of funds-only settlement.² DTC, as the Settlement Agent (as defined in the Rules and in Operating Circular 12), provides the Settlement File (as defined in Operating Circular 12) to the FRB.³ Each Settler maintains a Master Account (as defined in Operating Circular 12) with the FRB.⁴ The point of finality in accordance with Operating Circular 12 is, for debits, the time at which the Settler's Master Account is debited by the FRB,⁵ and, for credits, the time at which the Settler's Master Account is credited by the FRB.⁶

Therefore, the point of finality with respect to funds-only settlement by the Corporation is the point at which each of the Master Accounts for the Corporation and the Funds-Only Settling

¹ Federal Reserve Banks' Operating Circular 12—~~(Multilateral Settlement)~~, as promulgated from time to time by the FRB Effective June 30, 2016—(hereinafter, "Operating Circular 12"), available at <https://www.frb services.org>.

² ~~For purposes of Operating Circular 12, the following definitions apply:~~

~~"Balance" means the amount listed on a Settlement File that a Settler owes (debit Balance) or is due (credit Balance) as a result of the clearing activities of the Settlement Arrangement.~~

~~"Master Account" means the Master Account (as that term is defined in the Reserve Banks' Operating Circular 1, Account Relationships) of a Settler on the books of a Reserve Bank.~~

~~"Settler" means an entity that has established an account with a Reserve Bank and settles its own Balances, settles Balances for the account of another Participant, or both.~~

~~"Settlement Agent" means the entity authorized to act on behalf of the Settlers under Operating Circular 12.~~

~~"Settlement File" means the instructions submitted by a Settlement Agent showing the debit and credit Balances of the Settlers.~~

See Section 1.2 of defined terms set forth in Operating Circular 12. See also Federal Reserve Banks' Operating Circular 1 (Account Relationships), Effective February 1, 2013, available at <https://www.frb services.org>.

³ See id.

⁴ See id. See also definition of Master Account in Federal Reserve Banks' Operating Circular 1, as promulgated from time to time by the FRB (hereinafter, "Operating Circular 1"), available at <https://www.frb services.org>.

⁵ See Section 5.4 of description of posting debit balances set forth in Operating Circular 12.

⁶ See Section 5.6 of description of posting credit balances set forth in Operating Circular 12.

Banks designated by each of the Members have been debited and credited through NSS pursuant to the Settlement File provided by the Settlement Agent.

2. *Interpretive Guidance With Respect to Settlement Finality – Settlement for Securities Deliveries and Related Payment Obligations.*

* * *

(c) *Point of Finality on the Fedwire System.*

The point of finality relating to settlement of securities deliveries and related payment obligations that occurs through the Fedwire system is defined by the Federal Reserve Banks Operating Circular No. 7 (~~“Operating Circular 7”~~),⁷ which governs book entry security account maintenance and transfers. The Corporation’s clearing bank and each Member’s clearing bank is a “Participant” and maintains a “Securities Account” and a “Master Account” with the FRB (each term as defined in Operating Circular 7).⁸

⁷ Federal Reserve Banks Operating Circular 7 (~~Book Entry Securities Account Maintenance and Transfer Services~~), as promulgated from time to time by the FRB Effective October 29, 2017 (hereinafter, “Operating Circular 7”), available at <https://www.frb services.org>.

⁸ See defined terms set forth in For purposes of Operating Circular 7. See also definition of Master Account in Operating Circular 1, available at <https://www.frb services.org>, the following definitions apply:

~~“Book Entry Security” means a marketable security issued in electronic form by the United States Government (the “Treasury”), any agency or instrumentality thereof, certain international organizations, or others, that the Reserve Banks have determined is eligible to be held in a Securities Account and is eligible for Transfer.~~

~~“Free Transfer” means a Transfer that does not involve any credit or debit to a Master Account other than a transaction fee.~~

~~“Master Account” means a “Master Account” (as defined in the Reserve Banks’ Operating Circular 1, Account Relationships) on the books of a Reserve Bank. A Master Account is a Funds Account for purposes of the regulations listed in Appendix A of Operating Circular 7. A Master Account does not contain Book Entry Securities.~~

~~“Participant” means an entity that maintains a Securities Account with a Reserve Bank in the entity’s name.~~

~~“Receiver” means the Participant receiving a Book Entry Security as a result of a Transfer.~~

~~“Securities Account” means an account at a Reserve Bank containing Book Entry Securities.~~

~~“Sender” means the Participant sending a Transfer Message.~~

~~“Transfer” means the electronic movement over the Fedwire® Securities Service of a par amount of Book Entry Securities by debit to the designated Securities Account of the Sender and by credit to the designated Securities Account of the Receiver, or by debit to one Securities Account of a Participant and credit to~~

Operating Circular 7 ~~states~~provides that ~~“[u]nless a Transfer is rejected in accordance with this Circular,~~ all debits and credits in connection with a Transfer become final at the time the debits and credits are posted to both the Sender’s and Receiver’s Securities Accounts and, in case of Transfer Against Payment (as defined in Operating Circular 7), their corresponding Master Accounts.”⁹ For purposes of settlement of securities deliveries and related payment obligations, the clearing banks designated by the Corporation and each Member to deliver and receive securities and related funds on behalf of the Corporation and each Member, respectively, are the Senders and Receivers described in Operating Circular 7.

* * *

February 6, 2023

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~~another Securities Account of that same Participant, in which case that Participant is both a Sender and a Receiver. A Transfer is either a Free Transfer or a Transfer Against Payment.~~

~~“Transfer Against Payment” means a Transfer that is effected with a credit to the Master Account of the Sender and a debit to the Master Account of the Receiver, for the amount of the payment.~~

~~“Transfer Message” means an instruction of a Participant to a Reserve Bank to effect a Transfer.~~

~~See Operating Agreement Circular 7, Section 3.0.~~

⁹ See description of finality set forth in Operating Circular 7, ~~Section 9.1.1. Capitalized terms are defined as set forth in Operating Circular 7. See id.~~

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
EPN RULES

ARTICLE V
MISCELLANEOUS

* * *

Rule 13. ~~Offices of the Corporation~~ RESERVED FOR FUTURE USE

~~Reports shall be available to, and business with the Corporation shall be transacted by, EPN Users at the Corporation's offices in New York, New York and also at such other locations as the Corporation from time to time may designate. Each EPN User shall make arrangement satisfactory to the Corporation for receipt of reports and the transaction of other business with the Corporation at one or more of such locations.~~

* * *

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION (“MBSD”)
EPN SERVICE SCHEDULE OF CHARGES

* * *

~~COMMUNICATION FEES~~ ADMINISTRATIVE FEES

**~~Failure to migrate from legacy~~ Cost*
~~networks to SMART and/or SFTI.~~**

~~* The entire cost of supporting the legacy network connections will be allocated among remaining users pro rata.~~

The Corporation will charge network fees related to SMART connectivity.

* * *

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

RULE 1 – DEFINITIONS

* * *

Indemnified Person

The term “Indemnified Person” shall have the meaning given to that term in Section 8 of Rule 3.

* * *

Settlement Agent

The term “Settlement Agent” means the bank or trust company that the Corporation may, from time to time, designate to act as its agent for purposes of interfacing with NSS for Cash Settlement pursuant to these Rules **(and as referenced in the Federal Reserve Banks Operating Circular 12).**

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RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

Section 1 - Eligibility for Membership: Clearing Members

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If any Person in categories (a) through (j) above is a Foreign Person, then it shall be eligible to become a Clearing Member if the Corporation, in its sole discretion, has determined that such Person maintains a presence in the United States, either directly or through a suitable agent, that both has available individuals fluent in English who are knowledgeable in the Foreign Person's business and can assist the Corporation's representatives as necessary, and ensures that the Foreign Person will be able to meet its data submission, settlement, and other obligations to the Corporation as a Member in a timely manner. The Person applying to become a Foreign Member must represent and certify to the Corporation that it is in compliance with the financial reporting and responsibility standards of its home country and, if it is a regulated entity, that it is regulated in its home country by a financial regulatory authority in the areas of maintenance of relevant books and records, regular inspections and examinations, and minimum capital standards, and make such other representations, certifications or assurances as the Corporation deems necessary to address jurisdictional and tax concerns. Without limiting the generality of the foregoing, the Corporation shall require each applicant that shall be an FFI Member to certify and periodically recertify to the Corporation that it is FATCA Compliant under such procedures as are set forth under FATCA, unless such requirements have been explicitly waived in writing by the Corporation, provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property. In addition, as part of its membership application, each applicant that shall be an FFI Member ~~must agree that it shall~~agrees to indemnify ~~the Corporation~~each Indemnified Person for any loss, liability or expense sustained by the ~~Corporation~~Indemnified Person as a result of ~~its~~ the applicant failing to be FATCA Compliant. The Corporation shall determine, in its sole discretion, which category of membership set forth above the Foreign Person shall be for purposes of these Rules. Except as with respect to FATCA, a Bank Clearing Member that participates in the Corporation through its U.S. branch or agency shall not be deemed a Foreign Member for purposes of the Corporation's Rules and procedures, unless otherwise stated by the Corporation.

* * *

RULE 3 - ONGOING MEMBERSHIP REQUIREMENTS

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Section 8 - Compliance with Rules, Procedures and Applicable Laws

* * *

(iii) FATCA

* * *

An FFI Member ~~agrees to~~shall indemnify the Corporation, its affiliates, and each of their respective shareholders, directors, officers, employees, agents and advisors (each, an “Indemnified Person”) for any loss, liability or expense sustained by the ~~Corporation~~Indemnified Person as a result of such FFI Member failing to be FATCA Compliant.

* * *

RULE 5 – TRADE COMPARISON

* * *

Section 4 - Trade Input

* * *

Each Clearing Member shall use its best efforts to ~~ensure~~insure that all trade input submitted to the Corporation is accurate in all respects. The Corporation shall have no responsibility for the inaccuracy of any information submitted by any Clearing Member to the Corporation or to any other Clearing Member or for the failure of any Clearing Member to timely submit any information required to be submitted to the Corporation or to any other Clearing Member.

* * *

RULE 11 – CASH SETTLEMENT

* * *

Section 9 – Cash Settlement

* * *

(g) DTC provides the Corporation with services with respect to the Corporation's Cash Settlement process as described herein and in accordance with the Rules. DTC will act as Settlement Agent ~~(as that term is used in the relevant FRB's Operating Circular 12 and in these Rules)~~ for the Corporation and for the Corporation's Cash Settling Banks with respect to the FRB's NSS, as the means of effecting Cash Settlement.

* * *

RULE 31 - GENERAL PROVISIONS

* * *

Section 3

The Corporation may, in its discretion, require Members to provide appropriate staff in their offices during specified hours on non-Business Days when such is deemed necessary by the Corporation to ~~ensure~~**insure** the integrity of its systems and/or for the protection of the Corporation.

* * *

**FICC MORTGAGE-BACKED SECURITIES DIVISION
SCHEDULE OF CHARGES BROKER ACCOUNT GROUP**

I. FEES

* * *

~~Communication Fees~~ Administrative Fees

**~~Failure to migrate from legacy~~ ~~Cost*~~
~~networks to SMART and/or SFTI~~**

~~* The entire cost of supporting the legacy network connections will be allocated among remaining users pro rata.~~

The Corporation will charge network fees related to SMART connectivity.

* * *

**FICC MORTGAGE-BACKED SECURITIES DIVISION
SCHEDULE OF CHARGES DEALER ACCOUNT GROUP**

I. FEES

* * *

~~Communication Fees~~ Administrative Fees

**~~Failure to migrate from legacy~~ ~~Cost*~~
~~networks to SMART and/or SFTI~~**

~~* The entire cost of supporting the legacy network connections will be allocated among remaining users pro rata.~~

The Corporation will charge network fees related to SMART connectivity.

* * *

INTERPRETIVE GUIDANCE WITH RESPECT TO SETTLEMENT FINALITY

1. Interpretive Guidance With Respect to Settlement Finality – Cash Settlement

The point of finality for Cash Settlement by the Corporation is defined by the Federal Reserve Banks' Operating Circular 12—(~~“Operating Circular 12”~~),¹ which governs NSS processing by the FRB. The Corporation and each Member's Cash Settling Bank is a “Settler” and together are in a “Settlement Arrangement” (each term as defined in Operating Circular 12) for purposes of Cash Settlement.² DTC, as the Settlement Agent (as defined in the Rules and in Operating Circular 12), provides the Settlement File (as defined in Operating Circular 12) to the FRB.³ Each Settler maintains a Master Account (as defined in Operating Circular 12) with the FRB.⁴ The point of finality in accordance with Operating Circular 12 is, for debits, the time at which the Settler's Master Account is debited by the FRB,⁵ and, for credits, the time at which the Settler's Master Account is credited by the FRB.⁶

Therefore, the point of finality with respect to Cash Settlement by the Corporation is the point at which each of the Master Accounts for the Corporation and the Cash Settling Banks

¹ ~~Federal Reserve Bank Operating Circular 12 (Multilateral Settlement), As promulgated from time to time by the FRB Effective June 30, 2016 (“Operating Circular 12”), available at <https://www.frb services.org> (hereinafter, “Operating Circular 12”).~~

² ~~For purposes of Operating Circular 12, the following definitions apply:~~

~~“Balance” means the amount listed on a Settlement File that a Settler owes (debit Balance) or is due (credit Balance) as a result of the clearing activities of the Settlement Arrangement.~~

~~“Master Account” means the Master Account (as that term is defined in the Reserve Banks’ Operating Circular 1, Account Relationships) of a Settler on the books of a Reserve Bank.~~

~~“Settler” means an entity that has established an account with a Reserve Bank and settles its own Balances, settles Balances for the account of another Participant, or both.~~

~~“Settlement Agent” means the entity authorized to act on behalf of the Settlers under Operating Circular 12.~~

~~“Settlement File” means the instructions submitted by a Settlement Agent showing the debit and credit Balances of the Settlers.~~

~~See Section 1.2 of defined terms set forth in Operating Circular 12. See also Federal Reserve Banks Operating Circular 1 (Account Relationships), Effective February 1, 2013, available at <https://www.frb services.org>.~~

³ ~~See id.~~

⁴ ~~See id. See also definition of “Master Account” in Federal Reserve Banks Operating Circular 1, as promulgated from time to time by the FRB, available at <https://www.frb services.org> (hereinafter, “Operating Circular 1”).~~

⁵ ~~See Section 5.4 of description of posting debit balances set forth in Operating Circular 12.~~

⁶ ~~See Section 5.6 of description of posting credit balances set forth in Operating Circular 12.~~

designated by each of the Members have been debited and credited through NSS pursuant to the Settlement File provided by the Settlement Agent.

2. *Interpretive Guidance With Respect to Settlement Finality – Settlement for Securities Deliveries and Related Payment Obligations.*

* * *

(b) *Point of Finality on the Fedwire System.*

The point of finality relating to settlement of securities deliveries and related payment obligations that occurs through the Fedwire system is defined by the Federal Reserve Banks Operating Circular No. 7 (~~“Operating Circular 7”~~),¹ which governs book entry security account maintenance and transfers. The Corporation’s clearing bank and each Member’s clearing bank is a “Participant” and maintains a “Securities Account” and a “Master Account” with the FRB (each term as defined in Operating Circular 7).² Operating Circular 7 ~~states~~provides that ~~“[u]nless a~~

¹ Federal Reserve Banks Operating Circular 7 (~~Book Entry Securities Account Maintenance and Transfer Services~~), as promulgated from time to time by the FRB Effective October 29, 2017 (“Operating Circular 7”), available at <https://www.frbservices.org> (hereinafter, “Operating Circular 7”).

² See defined terms set forth in For purposes of Operating Circular 7 and Operating Circular 1. the following definitions apply:

~~“Book Entry Security” means a marketable security issued in electronic form by the United States Government (the “Treasury”), any agency or instrumentality thereof, certain international organizations, or others, that the Reserve Banks have determined is eligible to be held in a Securities Account and is eligible for Transfer.~~

~~“Free Transfer” means a Transfer that does not involve any credit or debit to a Master Account other than a transaction fee.~~

~~“Master Account” means a “Master Account” (as defined in the Reserve Banks’ Operating Circular 1, Account Relationships) on the books of a Reserve Bank. A Master Account is a Funds Account for purposes of the regulations listed in Appendix A of Operating Circular 7. A Master Account does not contain Book Entry Securities.~~

~~“Participant” means an entity that maintains a Securities Account with a Reserve Bank in the entity’s name.~~

~~“Receiver” means the Participant receiving a Book Entry Security as a result of a Transfer.~~

~~“Securities Account” means an account at a Reserve Bank containing Book Entry Securities.~~

~~“Sender” means the Participant sending a Transfer Message.~~

~~“Transfer” means the electronic movement over the Fedwire® Securities Service of a par amount of Book Entry Securities by debit to the designated Securities Account of the Sender and by credit to the designated Securities Account of the Receiver, or by debit to one Securities Account of a Participant and credit to~~

~~Transfer is rejected in accordance with this Circular,~~ all debits and credits in connection with a Transfer become final at the time the debits and credits are posted to the Sender's and Receiver's Securities Accounts and, in case of Transfer Against Payment, their corresponding Master Accounts."¹ For purposes of settlement of securities deliveries and related payment obligations, the clearing banks designated by the Corporation and each Member to deliver and receive securities and related funds on behalf of the Corporation and each Member, respectively, are the Senders and Receivers described in Operating Circular 7.

* * *

February 13, 2020

* * *

~~another Securities Account of that same Participant, in which case that Participant is both a Sender and a Receiver. A Transfer is either a Free Transfer or a Transfer Against Payment.~~

~~"Transfer Against Payment" means a Transfer that is effected with a credit to the Master Account of the Sender and a debit to the Master Account of the Receiver, for the amount of the payment.~~

~~"Transfer Message" means an instruction of a Participant to a Reserve Bank to effect a Transfer.~~

~~See Operating Agreement Circular 7, Section 3.0.~~

¹ See ~~description of finality set forth in Operating Circular 7, Section 9.1.1. Capitalized terms are defined as set forth in Operating Circular 7. See id.~~