

Proposed Rule Change by **Fixed Income Clearing Corporation**
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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|--|---|--|---|---|---|
| Initial <input checked="" type="checkbox"/> | Amendment <input type="checkbox"/> | Withdrawal <input type="checkbox"/> | Section 19(b)(2) <input checked="" type="checkbox"/> | Section 19(b)(3)(A) <input type="checkbox"/> | Section 19(b)(3)(B) <input type="checkbox"/> |
| | | | Rule | | |
| Pilot <input type="checkbox"/> | Extension of Time Period for Commission Action <input type="checkbox"/> | Date Expires <input type="text"/> | <input type="checkbox"/> 19b-4(f)(1) | <input type="checkbox"/> 19b-4(f)(4) | <input type="checkbox"/> 19b-4(f)(5) |
| | | | <input type="checkbox"/> 19b-4(f)(2) | <input type="checkbox"/> 19b-4(f)(6) | |
| | | | <input type="checkbox"/> 19b-4(f)(3) | | |

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| <input type="checkbox"/> Serials & Form as Paper Document | <input type="checkbox"/> Exhibit 13 Sent As Paper Document |
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Description
Provide a brief description of the proposed rule change (limit 250 characters).

This rule filing proposes to require Demand processing for brokered repo trades.

Contact Information
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 proposed rule change.

First Name Last Name

Title

E-mail

Telephone Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date

By

(Name)

(Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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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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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.

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.

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

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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 Proposed Rule Change.

(a) The text of the proposed change to the rules of the Government Securities Division (the "GSD") of the Fixed Income Clearing Corporation ("FICC") is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

FICC received approval to submit this filing from its Credit and Market Risk Management Committee on February 13, 2008.

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

(a) FICC is proposing to amend the rules of the Government Securities Division (the "GSD") to mandate "Demand Comparison" submission and processing for brokered repo trades that are submitted by a specified cut-off time.

Background

In 2001, the Government Securities Clearing Corporation ("GSCC"), the GSD's predecessor, redesigned its comparison rules and procedures soon after the introduction of the real-time trade matching system. At that time, GSCC also moved the timing of its settlement guaranty from the point of netting to the point of comparison, much earlier in the day. In proposing these changes, GSCC's goal was to provide straight-through processing by allowing for easy identification and resolution of trades intra-day to achieve 100 percent comparison. These steps reduced risk by ensuring that more transactions are compared earlier in the day and guaranteed through the clearing corporation so that intra-day credit exposure to counterparties would be minimized.

As part of the redesign of the GSCC comparison rules, GSCC introduced Demand Comparison, a new type of comparison that was created to provide members with flexibility and control over the comparison process for trades executed via intermediaries.¹ Demand Comparison strikes a balance between Bilateral Comparison (the traditional form of comparison which requires two-sided submissions), where the member is required to submit trade data in order for its trade to compare, and Locked-In Comparison,² where the trade has essentially been operationally compared before being submitted to the clearing corporation.

¹ See SR-GSCC-2001-01.

² A typical example of a trade submitted for Locked-In Comparison is a Treasury auction take-down trade.

Demand Comparison entails submission of trade data by approved intermediaries (e.g., brokers) called "Demand Trade Sources." The clearing corporation deems a trade submitted for Demand Comparison to be compared upon the clearing corporation's receipt of the trade data from the Demand Trade Source. However, if the dealer "does not know" a trade submitted on its behalf by a Demand Trade Source, the dealer is able to submit a DK to the GSD. The receipt of a DK by FICC will cause the demand trade to no longer be deemed compared. The rule further provides that in order to effect comparison for a demand trade that has been DKed, the DK must be removed. If the member that sent a DK determines that it did so erroneously, the member will be able to remove the DK and enable comparison to occur.³ Modification of the trade by the Demand Trade Source also removes the DK and enables comparison to occur.⁴ The removal of the DK and the DKed trade modification are subject to the prescribed timeframes for Demand DK processing.

FICC's current proposal

FICC's current proposal is to mandate Demand Comparison for all blind-brokered repo trades that are submitted up to 4:00 pm New York time. The GSD's members acting as inter-dealer brokers for repos will be designated as approved Demand Trade Sources. Members on whose behalf the brokers submit will not need to separately authorize the brokers for GSD's purposes as the GSD rules will do so. Upon approval of the rule change, counterparties to brokered repo trades will still need to submit their trade data as they do currently. Counterparties will need to monitor the broker submissions against them in order to submit DKs where necessary to block any further processing of the submission. In order to provide the counterparties with adequate time by which to submit their DKs, especially for trades submitted close to the 4:00 pm deadline, the GSD will create a DK window following the 4:00 pm deadline (until 4:30 pm) for demand processing during which counterparties can DK previously received demand trades; however, counterparties will be able to submit DKs at any time during the demand submission processing timeframe. Under Demand Comparison processing, a counterparty that does not submit a DK with respect to a blind brokered repo submitted against them will be responsible for that trade under the GSD rules. Brokered repo trades submitted after the 4:00 pm deadline will be treated as Bilateral Comparison trades requiring two-sided matching for comparison to occur.

FICC believes that requiring Demand Comparison for brokered repo trades as described above will reduce risk by promoting earlier comparison and a higher rate of comparison. Demand trade entry will also encourage participants to reconcile differences on a timely basis.

FICC plans to implement the changes four months after submission of this filing to the Commission subject to approval by the Commission; this is being done in order to provide firms with the opportunity to make any necessary system changes.

³ The cut-off time for removing DKs will be 8:00 pm New York time.

⁴ The cut-off time for modifications will be 8:00 pm New York time.

(b) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, because it will enable earlier comparison of brokered repo transactions and higher rate of comparison and therefore will support the prompt and accurate clearance and settlement of securities transactions.

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

FICC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. FICC will notify the Commission of any written comments received by FICC.

6. Extension of Time Period for Commission Action.

FICC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

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

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

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

Exhibit 5 - Text of the proposed rule change

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-FICC-2008-02)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by THE FIXED INCOME CLEARING CORPORATION ("FICC") relating to demand comparison processing by the Government Securities Division.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 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 FICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The text of the proposed rule change is attached hereto as Exhibit 5.

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

In its filing with the Commission, FICC 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. FICC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.

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

(i) FICC is proposing to amend the rules of the Government Securities Division (the "GSD") to mandate "Demand Comparison" submission and processing for brokered repo trades that are submitted by a specified cut-off time.

Background

In 2001, the Government Securities Clearing Corporation ("GSCC"), the GSD's predecessor, redesigned its comparison rules and procedures soon after the introduction

of the real-time trade matching system. At that time, GSCC also moved the timing of its settlement guaranty from the point of netting to the point of comparison, much earlier in the day. In proposing these changes, GSCC's goal was to provide straight-through processing by allowing for easy identification and resolution of trades intra-day to achieve 100 percent comparison. These steps reduced risk by ensuring that more transactions are compared earlier in the day and guaranteed through the clearing corporation so that intra-day credit exposure to counterparties would be minimized.

As part of the redesign of the GSCC comparison rules, GSCC introduced Demand Comparison, a new type of comparison that was created to provide members with flexibility and control over the comparison process for trades executed via intermediaries.¹ Demand Comparison strikes a balance between Bilateral Comparison (the traditional form of comparison which requires two-sided submissions), where the member is required to submit trade data in order for its trade to compare, and Locked-In Comparison,² where the trade has essentially been operationally compared before being submitted to the clearing corporation.

Demand Comparison entails submission of trade data by approved intermediaries (e.g., brokers) called "Demand Trade Sources." The clearing corporation deems a trade submitted for Demand Comparison to be compared upon the clearing corporation's receipt of the trade data from the Demand Trade Source. However, if the dealer "does not know" a trade submitted on its behalf by a Demand Trade Source, the dealer is able to submit a DK to the GSD. The receipt of a DK by FICC will cause the demand trade to no longer be deemed compared. The rule further provides that in order to effect comparison for a demand trade that has been DKed, the DK must be removed. If the member that sent a DK determines that it did so erroneously, the member will be able to remove the DK and enable comparison to occur.³ Modification of the trade by the Demand Trade Source also removes the DK and enables comparison to occur.⁴ The removal of the DK and the DKed trade modification are subject to the prescribed timeframes for Demand DK processing.

FICC's current proposal

FICC's current proposal is to mandate Demand Comparison for all blind-brokered repo trades that are submitted up to 4:00 pm New York time. The GSD's members acting as inter-dealer brokers for repos will be designated as approved Demand Trade Sources. Members on whose behalf the brokers submit will not need to separately authorize the brokers for GSD's purposes as the GSD rules will do so. Upon approval of the rule change, counterparties to brokered repo trades will still need to submit their trade data as they do currently. Counterparties will need to monitor the broker submissions against them in order to submit DKs where necessary to block any further processing of

¹ See SR-GSCC-2001-01.

² A typical example of a trade submitted for Locked-In Comparison is a Treasury auction take-down trade.

³ The cut-off time for removing DKs will be 8:00 pm New York time.

⁴ The cut-off time for modifications will be 8:00 pm New York time.

the submission. In order to provide the counterparties with adequate time by which to submit their DKs, especially for trades submitted close to the 4:00 pm deadline, the GSD will create a DK window following the 4:00 pm deadline (until 4:30 pm) for demand processing during which counterparties can DK previously received demand trades; however, counterparties will be able to submit DKs at any time during the demand submission processing timeframe. Under Demand Comparison processing, a counterparty that does not submit a DK with respect to a blind brokered repo submitted against them will be responsible for that trade under the GSD rules. Brokered repo trades submitted after the 4:00 pm deadline will be treated as Bilateral Comparison trades requiring two-sided matching for comparison to occur.

FICC believes that requiring Demand Comparison for brokered repo trades as described above will reduce risk by promoting earlier comparison and a higher rate of comparison. Demand trade entry will also encourage participants to reconcile differences on a timely basis.

FICC plans to implement the changes four months after submission of this filing to the Commission subject to approval by the Commission; this is being done in order to provide firms with the opportunity to make any necessary system changes.

(ii) The proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, because it will enable earlier comparison of brokered repo transactions and higher rate of comparison and therefore will support the prompt and accurate clearance and settlement of securities transactions.

B. Self-Regulatory Organization's Statement on Burden on Competition.

FICC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. FICC will notify the Commission of any written comments received by FICC.

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

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve such proposed rule change, or
- (B) institute proceedings to determine whether the proposed change should be disapproved.

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 may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or send an e-mail to rule-comment@sec.gov. Please include File No. [XX] on the subject line.
- Paper comments should be sent in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File Number [XX]. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<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 inspection and copying in the Commission's Public Reference Room Section 100 F Street, NE, Washington DC 20549-1090. Copies of such filing also will be available for inspection and copying at the principal office of FICC. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submission should refer to the file number above and should be submitted within _____ days after the date of publication.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.

Nancy M. Morris

Bold and underlined language indicates proposed additions

~~Striked language~~ indicates proposed deletions

FIXED INCOME CLEARING CORPORATION
GOVERNMENT SECURITIES DIVISION RULEBOOK

* * *

Brokered Repo Transaction

The term “Brokered Repo Transaction” means a Repo Transaction, including a GCF Repo Transaction, a party to which is an Inter-Dealer Broker Netting Member or a Non-IDB Repo Broker with respect to activity in its Segregated Repo Account.

Demand Comparison

The term “Demand Comparison” means the comparison of a Demand Trade by the receipt by the Corporation of data from a Demand Trade Source.

Demand Trade

The term “Demand Trade” means a trade, involving Eligible Securities, that is deemed a Compared Trade once the data on such trade are received by the Corporation from a single, designated source and meet the requirements for submission of data on a Demand Trade pursuant to these Rules, without the necessity of matching the data regarding the trade with data provided by each Member that is or is acting on behalf of an original counterparty to the trade. The data regarding a Demand Trade must be provided to the Corporation by a Demand Trade Source ~~that has been authorized by a Member that is or is acting on behalf of a party to the trade to provide such data to the Corporation.~~

Demand Trade Source

The term "Demand Trade Source" means a source of data on Demand Trades that the Corporation has so designated, subject to such terms and conditions as to which the Demand Trade Source and the Corporation may agree.

Repo Broker

The term "Repo Broker" means (i) an Inter-Dealer Broker Netting Member, or (ii) a non Inter-Dealer Broker Netting Member that the Corporation has determined: (a) operates in the same manner as a Broker, with regard to activity in its segregated repo account and (b) has agreed to, and does, participate in the repo netting service operated by the Corporation pursuant to the same requirements imposed under the Rules on Inter-Dealer Broker Netting Members that participate in that service.

Repo Party

The term "Repo Party" means the Netting Member that either is, or has submitted data on behalf of, the party to a Repo Transaction that has agreed both to transfer Eligible Securities to another party and, at a later date, to take back either the same securities or other securities from that party.

* * *

RULE 5 - COMPARISON SYSTEM

Section 1 – General

Trade comparison, which consists of the reporting, validating, and, in some cases, matching by the Corporation of the long and short sides of a securities trade, including a Repo Transaction, to ensure that the details of such trade are in agreement between the parties, is the first step in the clearance and settlement process for securities transactions. A Member of the Comparison System must submit to the Corporation for comparison trade data on all of its trades that are of the type processed by the Corporation (including trades executed and settled on the same day), calling for delivery of Eligible Securities, between it or an Executing Firm on whose behalf it is acting, and another Member or an Executing Firm on whose behalf it or another Member is acting. If the Corporation determines that a Comparison-Only Member has, without good cause, violated its obligations pursuant to this section, such Comparison-Only Member may be reported to the appropriate regulatory body, put on the Watch List pursuant to Rule 3, or subject to

an additional fee. In addition, the Corporation may discipline a Comparison-Only Member for a violation of this section in accordance with Rule 48.

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 ("comparison requested"), and/or (4) has been deleted from the Comparison System.

* * *

RULE 6B – DEMAND COMPARISON

Section 1—General

In order for the Corporation to process a trade for Demand Comparison, the Corporation must receive the trade data from a Demand Trade Source.

The Corporation has designated the Repo Brokers as Demand Trade Sources with respect to Brokered Repo Transactions (other than GCF Repo Transactions) that are submitted to the Corporation by the deadline established for this purpose in the Schedule of Timeframes. Brokered Repo Transactions (other than GCF Repo Transactions) submitted by the deadline noted in the previous sentence will be processed for Demand Comparison. With respect to such transactions, Repo Parties remain subject to Section 1 of Rule 5 which requires the Repo Party to also submit the transaction data to the Corporation. Brokered Repo Transactions submitted after the deadline noted in the first sentence of this paragraph will be processed for Bilateral Comparison.

Section 2—Authorization of Transmission and Receipt by the Corporation of Data on Demand Trades

With the exception of Brokered Repo Transactions (other than GCF Repo Transactions) that are required to be submitted for Demand Comparison as per Section 1 of this Rule, Each- each Member that wishes to have a Demand Trade Source submit trade data on its behalf shall provide the Corporation, prior to the time of the making of such Demand Trade and in the form and manner required by the Corporation, with authorization for the Corporation to receive from the Demand Trade Source data on the Demand Trade. The Corporation shall not accept data from a Demand Trade Source with regard to a Member unless the Corporation previously has received such authorization from such Member.

Moreover, each Member that makes a Demand Trade shall provide the Demand Trade Source, prior to or at the time of the making of such Demand Trade and in the form and manner required by such Demand Trade Source, with sufficient authorization for the Demand Trade Source to transmit to the Corporation such data on the Demand Trade as the Corporation deems necessary.

Section 3—Submission Requirements

A Demand Trade shall be eligible for comparison by the Corporation if the submission contains all of the required data and is submitted pursuant to communications links, formats, timeframes, and deadlines established by the Corporation for such purpose. A Demand Trade Source must submit data on Demand Trades to the Corporation using the computer-to-computer Interactive Submission Method or such other means as the Corporation shall require from time to time after providing appropriate notice to Members. Unless otherwise specified by the Corporation, the terminal interface Interactive Submission Method shall not be a valid submission method for Demand Trades.

Section 4—DK Notices

A Member may transmit a DK Notice to the Corporation with respect to a Demand Trade that has been submitted to the Corporation on the Member's behalf and which the Member believes is invalid or incorrect. The receipt of a DK Notice by the Corporation with respect to a Demand Trade in the form and manner, and within the applicable timeframe for such, as established by the Corporation, shall cause the trade to become uncomparated and the Corporation's guaranty with respect to such trade, if in effect, shall cease to be in effect. **A Member who does not submit a DK Notice with respect to a Demand Trade remains responsible for such Trade under these Rules.**

A Member that transmitted a DK Notice erroneously with respect to a trade submitted for Demand Comparison may withdraw the DK Notice in order to enable comparison. Such withdrawal of a DK Notice must be made in the form and manner, and within the applicable timeframe for such, as established by the Corporation for such purpose.

Section 5—Modification and Cancellation of Data

A Demand Trade Source that has submitted trade data to the Corporation for Demand Comparison may have such data cancelled from the Comparison System, or may modify such data, by providing appropriate instructions to the Corporation, in the form and manner, and within the applicable timeframe for such, as established by the Corporation for such purpose. Such unilateral modification or cancellation on the part of the Demand Trade Source may be made only until such time as the **trade has been matched in the Corporation's real-time trade matching system or the** Member receives comparison output from the Corporation.

A Demand Trade Source may modify a trade against which a DK Notice has been submitted in order to enable comparison. Such modification must occur by use of the appropriate instruction and within the applicable timeframe for such, as established by the Corporation for such purpose.

Section 6—Reporting of Demand Trades

Data on Demand Trades shall be reported by the Corporation to Members as part of its Comparison System output with an indication that such data have been received from a Demand Trade Source.

Section 7—Discretion of the Corporation Not to Accept Data or to Modify, Add or Cancel Data

In its sole discretion, the Corporation may decline to accept from a Demand Trade Source data on the Demand Trades of a particular Member or Members.

Notwithstanding anything to the contrary in the Rules, the Corporation shall have the authority, in order to correct or avoid an error, to unilaterally modify, add, or cancel data on any Demand Trade.

Section 8—Binding Nature of Comparison System Output on Demand Trades

Comparison System output made available by the Corporation on Demand Trades of a Member shall evidence a valid, binding and enforceable Compared Trade for purposes of these Rules, notwithstanding that such data may not be matched with corresponding data submitted to the Corporation by such Member.

Section 9—Timing of Comparison

The comparison of trade data submitted to the Corporation for Demand Comparison that meets the requirements set forth in this Rule shall be deemed to have occurred upon receipt of such trade data from the Demand Trade Source by the Corporation.

* * *

SCHEDULE OF TIMEFRAMES
(all times are New York City times)

* * *

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. – deadline for submission of DK Notices by Repo Parties to Brokered Repo Transactions submitted on a Demand basis prior to 4:00 p.m.