

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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

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

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

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

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

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

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 proposed rule change is annexed as Exhibit 5 and consists of modifications to the rules of the Government Securities Division (“GSD”) and the Mortgage-Backed Securities Division (the “MBSD”) of Fixed Income Clearing Corporation.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization.

(a) The approval of the Board of Directors of FICC is not required for this rule change.

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 GSD and the MBSD to conform technical aspects of the rules of each division to the corresponding provisions of the rules of National Securities Clearing Corporation (“NSCC”), a clearing agency that is affiliated with FICC.

Payment of Fines

Currently, Section 8 of Rule 37 of the GSD rules provides that a member must pay a fine assessed by the Corporation within 30 calendar days of notification that the fine has been assessed. There is no corresponding provision in the rules of the MBSD or those of NSCC.

Consistent with FICC’s project to harmonize its rules with those of affiliated clearing agencies that have common members subject to such rules, FICC proposes to delete Section 8 of Rule 37 of the rules of the GSD and to adopt the language used in Rule 17 of NSCC, stating that fines will be payable at such time and in such manner as determined by FICC from time to time. Initially, such fines will be collected through the GSD monthly billing process, after notification to the member, consistent with the manner and timing by which the MBSD and NSCC collect such fines. GSD members will continue to be entitled to contest fines pursuant to Rule 37 of the GSD rules.

Member Response to FICC Reports

Currently, members of the GSD and the MBSD are required under the respective rules of each division to report promptly to FICC regarding any information contained in an FICC report that the member believes to be an error or discrepancy.

However, Section 12 of Rule 11 and Section 5 of Rule 5 of the rules of the GSD place an additional requirement with respect to GSD members using the netting or comparison services of the GSD, that the member must report the discrepancy no later than 10 calendar days after receipt of the report. A similar requirement is made with respect to MBSD members under Article V, Rule 4, Section 3 of the rules of the MBSD, requiring that the discrepancy be reported no later than 10 calendar days. The rules of NSCC require that discrepancies be reported by NSCC members promptly, without reference to a specific member or days. The proposed rule change conforms the GSD and MBSD rules to those of NSCC by deleting the specific reference to a 10-day requirement, in favor of the general requirement that the member report the discrepancy promptly.

In addition, a change of terminology is proposed regarding the definitions of "Foreign Affiliate", "Foreign Affiliate Trade", "Foreign Netting Member" and "Foreign Person" in Rule 1 of the GSD rules, to incorporate the defined terms used in DTC and NSCC rules, by reference to "Non-U.S." or "Non-domestic" in place of "Foreign".

(b) The proposed rule change is therefore consistent with the Securities and Exchange Act of 1934, as amended (the "Act") and the rules and regulations promulgated thereunder by making technical changes to clearing agency rules that conform the obligations required of a common member.

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 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.

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) The proposed rule change is to take effect pursuant to paragraph A of Section 19(b)(3).

(b) The proposed rule change reflects a change in a service of FICC that does not adversely affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible.

(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 conforms technical provisions of the rules of the GSD and the MBSD with the corresponding provisions contained in Rule 5 (Section 5) and Rule 17 of the rules of NSCC

9. Exhibits

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

Exhibit 5 - Text of the proposed rule change

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-FICC-2009-05)

SELF-REGULATORY ORGANIZATIONS

Proposed Rule Change by THE FIXED INCOME CLEARING CORPORATION ("FICC") relating to technical modifications to the rules of the Government Securities Division and the Mortgage-Backed Securities Division of FICC.

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.

(a) FICC is proposing to amend the rules of the GSD and the MBSD to conform technical aspects of the rules of each division to the corresponding provisions of the rules of National Securities Clearing Corporation ("NSCC"), a clearing agency that is affiliated with FICC.

Payment of Fines

Currently, Section 8 of Rule 37 of the GSD rules provides that a member must pay a fine assessed by the Corporation within 30 calendar days of notification that the fine has been assessed. There is no corresponding provision in the rules of the MBSD or those of NSCC.

Consistent with FICC's project to harmonize its rules with those of affiliated clearing agencies that have common members subject to such rules, FICC proposes to delete Section 8 of Rule 37 of the rules of the GSD and to adopt the language used in Rule 17 of NSCC, stating that fines will be payable at such time and in such manner as determined by FICC from time to time. Initially, such fines will be collected through the GSD monthly billing process, after notification to the member, consistent with the manner and timing by which the MBSD and NSCC collect such fines. GSD members will continue to be entitled to contest fines pursuant to Rule 37 of the GSD rules.

Member Response to FICC Reports

Currently, members of the GSD and the MBSD are required under the respective rules of each division to report promptly to FICC regarding any information contained in an FICC report that the member believes to be an error or discrepancy. However, Section 12 of Rule 11 and Section 5 of Rule 5 of the rules of the GSD place an additional requirement with respect to GSD members using the netting or comparison services of the GSD, that the member must report the discrepancy no later than 10 calendar days after receipt of the report. A similar requirement is made with respect to MBSD members under Article V, Rule 4, Section 3 of the rules of the MBSD, requiring that the discrepancy be reported no later than 10 calendar days. The rules of NSCC require that discrepancies be reported by NSCC members promptly, without reference to a specific member or days. The proposed rule change conforms the GSD and MBSD rules to those of NSCC by deleting the specific reference to a 10-day requirement, in favor of the general requirement that the member report the discrepancy promptly.

In addition, a change of terminology is proposed regarding the definitions of "Foreign Affiliate", "Foreign Affiliate Trade", "Foreign Netting Member" and "Foreign Person" in Rule 1 of the GSD rules, to incorporate the defined terms used in DTC and NSCC rules, by reference to "Non-U.S." or "Non-domestic" in place of "Foreign".

(b) The proposed rule change is therefore consistent with the Securities and Exchange Act of 1934, as amended (the "Act") and the rules and regulations promulgated thereunder by making technical changes to clearing agency rules that conform the obligations required of a common member.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and subparagraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate 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 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. FICC 2009-05 on the subject line.
- Paper comments should be sent in triplicate to Florence E. Harmon, Acting Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington DC 20549-1090.

All submissions should refer to File Number FICC 2009-05. 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.

Florence E. Harmon
Deputy Secretary

Underlined, boldface text indicates new text
{~~Brackett and strikethrough~~} indicates deleted text

FIXED INCOME CLEARING CORPORATION

GOVERNMENT SECURITIES DIVISION RULEBOOK

* * *

RULE 1 – DEFINITIONS

* * *

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.

Foreign Member

The term "Foreign Member" (also referred to as "Non-U.S. Member" or "Non-domestic Member") means a Foreign Person that is a Member.

Foreign Netting Member

The term "Foreign Netting Member" (also referred to as "Non-U.S. Netting Member" or "Non-domestic Netting Member") shall have the meaning given that term in Section 2 of Rule 2A.

Foreign Person

The term "Foreign Person" (also referred to as "Non-U.S. Person" or "Non-domestic Person") means a Person that is organized or established under the laws of a country other than the United States.

* * *

RULE 4 - CLEARING FUND AND LOSS ALLOCATION

* * *

Section 4 - Lien

As security for any and all obligations and liabilities of a Netting Member to the Corporation including, without limitation, any Reimbursement Obligation of a Cross-Margining Participant to the Corporation pursuant to Section 3 of Rule 43, any obligation of a Cross-Margining Beneficiary Participant to reimburse the Corporation pursuant to Section 7 of Rule 43, any obligation of a Cross-Guaranty Defaulting Member to reimburse the Corporation pursuant to Section 2 of Rule 41 or any obligation of a Cross-Guaranty Beneficiary Member to reimburse the Corporation pursuant to Section 5 of Rule 41, each such Member grants to the Corporation a first priority perfected security interest in all assets and property placed by a 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 pursuant to this Rule and Rule 13[4]. The Corporation shall be entitled to its rights as a pledgee under common law and as a secured party under Articles 8 and 9 of the New York Uniform Commercial Code with respect to such collateral.

* * *

RULE 5 - COMPARISON SYSTEM

* * *

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 schedules, prescribed by, or pursuant to, these Rules or otherwise by the Corporation.

The name of a Member printed, stamped or written on any form, document or other item issued by it pursuant to this Rule shall be deemed to have been adopted by it as its signature and shall be valid and binding upon it in all respects as though it had manually affixed its signature to such form, document or other item.

Each Member shall promptly review each Report it receives from the Corporation pursuant to this Rule. Any errors, omissions, or similar problems noted by a Member with respect to a Report must be promptly reported to the Corporation ~~[-but such reporting to the Corporation shall be made no later than ten calendar days after the receipt of the Report].~~

Any trade the data on which are submitted to the Corporation by a Member pursuant to these Rules which is not netted and settled through the Netting System pursuant to these Rules shall be settled directly between the parties.

* * *

RULE 11 - NETTING SYSTEM

* * *

Section 12 - Obligation to Inform the Corporation

Each Netting Member shall be obligated to inform the Corporation of the following:

(a) difficulty in providing, or inability to provide, data input to the Corporation, or difficulty in receiving, or inability to receive, Reports from the Corporation, in the manner, or within the timeframes, that such Member ordinarily inputs or receives such information;

(b) the receipt by such Member from the Corporation of a Report that it believes contains erroneous information, omits material information, or has any other type of problem; and,

- (i) potential difficulty in satisfying, or inability to satisfy, in a timely manner any of its obligations with respect to the delivery or receipt of securities, or the payment of monies, that arises pursuant to these Rules.

The Netting Member shall inform the Corporation promptly after the occurrence of any event specified above; ~~provided, however, that the Netting Member shall inform the Corporation no later than ten calendar days after receiving a Report described in subsection (b) above.~~

* * *

RULE 23- FINE PAYMENTS [RESERVED]

[This rule is reserved for future use.]

* * *

The Corporation may impose a fine on a Member or Limited Member pursuant to these Rules. Fines shall be payable in the manner and at such time as determined by the Corporation from time to time.

* * *

RULE 37 – HEARING PROCEDURES

* * *

Section 8 – Payment of Fines

~~———— If a fine has been imposed on a Member by the Corporation pursuant to these Rules, the Member shall have 30 calendar days from the date of the notification by the Corporation of the imposition of the fine to pay the fine amount to the Corporation. Notwithstanding the foregoing, a fine amount shall not, however, be owing from such Member if, a review and/or hearing to contest the imposition of the fine is pending or has been held and the result of the hearing is in favor of the Member.~~

~~———— If the Member does not timely pay a fine, it shall be subject to an additional fine amount and/or other disciplinary action.]~~

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

* * *

ARTICLE V MISCELLANEOUS

* * *

Rule 4. Communications

* * *

Sec. 3. Errors and Discrepancies in Reports.

Each Participant and Limited Purpose Participant shall have the duty to review each Report provided by the Corporation pursuant to these Rules for errors, omissions and discrepancies. Upon discovery of any error, omission or discrepancy, Participants and Limited Purpose Participants shall be responsible for promptly reporting such error, omission or discrepancy to the Corporation, [~~but such reporting to the Corporation shall be made no later than ten calendar days after the Report was made available to Participants and Limited Purpose Participants by the Corporation~~]. Failure by a Participant or Limited Purpose Participant promptly to inform the Corporation, in such form and in such manner as the Corporation may prescribe and within the timeframe specified herein, of any error, omission or discrepancy shall constitute a waiver of the Participant's or Limited Purpose Participant's rights as against the Corporation to have the error or discrepancy corrected or to make a claim in the future as a result of such error or discrepancy.