

Required fields are shown with yellow backgrounds and asterisks.

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

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

Exhibit 2 Sent As Paper Document	Exhibit 3 Sent As Paper Document
<input type="checkbox"/>	<input type="checkbox"/>

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Modification to the MBSD fee structure

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 action.

First Name * Donaldine Last Name * Temple

Title * Executive Director and Associate General Counsel

E-mail * dtemple@dtcc.com

Telephone * (212) 855-3277 Fax (201) 533-6632

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.

(Title *)

Date 12/02/2016 Executive Director and Associate General Counsel

By Donaldine Temple [Signature Box]

(Name *)

Persona Not Validated - 1465918991530,

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 *

Add Remove View

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 *

Add Remove View

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 Advance Notice by Clearing Agencies *

Add Remove View

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, security-based swap submission, or advance notice 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

Add Remove View

Exhibit Sent As Paper Document

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 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

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 4 - Marked Copies

Add Remove View

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

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

Add Remove View

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) Fixed Income Clearing Corporation (“FICC”) is filing a proposed rule change to amend the Mortgage-Backed Securities Division (“MBSD”) Clearing Rules to include an additional fee in the “Schedule of Charges Dealer Account Group.”¹ The proposed fee would be implemented as of January 1, 2017. The proposed rule change is attached as Exhibit 5 hereto.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by the Businesses, Technology and Operations Committee of FICC’s Board of Directors on October 18, 2016.

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

(a) Purpose

FICC is proposing to amend the MBSD “Schedule of Charges Dealer Account Group” to include an additional fee. The proposed rule change would allow FICC to pass through any daylight overdraft (“DOD”) fees that MBSD incurs from The Bank of New York Mellon (“BNY”) in connection with the settlement of Clearing Members’ securities obligations. FICC would pass through these BNY DOD fees to Clearing Members who settle their securities obligations at BNY.²

In October 2016, FICC began to incur the cost of the BNY DOD fees. FICC is proposing to amend the MBSD “Schedule of Charges Dealer Account Group” to allow FICC to pass through the BNY DOD fees to Clearing Members who settle their securities obligations at BNY.³ Specifically, each Clearing Member who settles securities obligations at BNY would be charged a pass-through fee, calculated as a percentage of the total of all such costs incurred by MBSD. This percentage would be calculated on a monthly basis as follows:

¹ Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the MBSD Clearing Rules (the “MBSD Rules”), available at <http://www.dtcc.com/legal/rules-and-procedures>.

² This proposed rule change would be consistent with the fee schedule in FICC’s Government Securities Division Rulebook, available at <http://www.dtcc.com/legal/rules-and-procedures>.

³ The proposed fee would not be applicable to Brokers because Brokers do not have securities settlement obligations.

(Total dollar value of Pool Deliver Obligations and Pool Receive Obligations
of such Clearing Member at BNY)

(Total dollar value of Pool Deliver Obligations and Pool Receive Obligations
in all Dealer Accounts at BNY)

(b) Statutory Basis

Section 17A(b)(3)(D) of the Securities Exchange Act of 1934, as amended (“Act”) requires, in part, that the rules of the clearing agency provide for the equitable allocation of reasonable dues, fees and other charges among its participants.⁴ The proposed rule change would allow FICC to recover the costs of providing securities settlement services to Clearing Members by passing the BNY DOD fees incurred by MBSB to Clearing Members who settle their securities obligations at BNY. FICC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to FICC, in particular Section 17A(b)(3)(D), because the proposed fee would be allocated among all Clearing Members who settle their securities obligations at BNY, calculated as a percentage of the total of such costs incurred by MBSB in connection with the services that FICC provide provides for such Clearing Members.⁵

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

FICC believes that the proposed rule change could have an impact on competition because the proposed rule change would impose an additional fee on Clearing Members who settle their securities obligations at BNY. FICC believes, however, that any burden on competition that would be created by the proposed rule change would be necessary and appropriate in furtherance of the Act. Specifically, the proposed rule change is necessary to allow FICC to recover the cost of providing services to Clearing Members by passing through the BNY DOD fees to Clearing Members who settle their securities obligations at BNY. The proposed rule change is appropriate because, as stated, it would only apply to Clearing Members who settle their securities obligations at BNY, which is the third party that is charging the fees being incurred by MBSB to provide FICC’s services.

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

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

⁴ 15 U.S.C. 78q-1(b)(3)(D).

⁵ Id.

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 changes are to take effect on January 1, 2017 pursuant to paragraph A of Section 19(b)(3) of the Act.

(b) The proposed rule changes establish or change a due, fee, or other charge applicable only to Clearing Members who settle their securities obligations at BNY.

(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 MBSD Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-FICC-2016-008)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the MBSD Schedule of Charges Dealer Account Group

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, as amended (“Act”),¹ and Rule 19b-4,² notice is hereby given that on December 2, 2016, Fixed Income Clearing Corporation (“FICC”) filed with the U.S. 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. 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 an amendment to the Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (the “MBSD Rules”) to include an additional fee in the “Schedule of Charges Dealer Account Group,” as described in greater detail below.³ The proposed fee would be implemented as of January 1, 2017.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the MBSD Rules, available at <http://www.dtcc.com/legal/rules-and-procedures>.

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 amend the MBSD "Schedule of Charges Dealer Account Group" to include an additional fee. The proposed rule change would allow FICC to pass through any daylight overdraft ("DOD") fees that MBSD incurs from The Bank of New York Mellon ("BNY") in connection with the settlement of Clearing Members' securities obligations. FICC would pass through these BNY DOD fees to Clearing Members who settle their securities obligations at BNY.⁴

In October 2016, FICC began to incur the cost of the BNY DOD fees. FICC is proposing to amend the MBSD "Schedule of Charges Dealer Account Group" to allow FICC to pass through the BNY DOD fees to Clearing Members who settle their securities obligations at BNY.⁵ Specifically, each Clearing Member who settles securities

⁴ This proposed rule change would be consistent with the fee schedule in FICC's Government Securities Division Rulebook, available at <http://www.dtcc.com/legal/rules-and-procedures>.

⁵ The proposed fee would not be applicable to Brokers because Brokers do not have securities settlement obligations.

obligations at BNY would be charged a pass-through fee, calculated as a percentage of the total of all such costs incurred by MBSD. This percentage would be calculated on a monthly basis as follows:

(Total dollar value of Pool Deliver Obligations and Pool Receive Obligations
of such Clearing Member at BNY)

(Total dollar value of Pool Deliver Obligations and Pool Receive Obligations
in all Dealer Accounts at BNY)

2. Statutory Basis

Section 17A(b)(3)(D) of the Securities Exchange Act of 1934, as amended (“Act”) requires, in part, that the rules of the clearing agency provide for the equitable allocation of reasonable dues, fees and other charges among its participants.⁶ The proposed rule change would allow FICC to recover the costs of providing securities settlement services to Clearing Members by passing the BNY DOD fees incurred by MBSD to Clearing Members who settle their securities obligations at BNY. FICC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to FICC, in particular Section 17A(b)(3)(D), because the proposed fee would be allocated among all Clearing Members who settle their securities obligations at BNY, calculated as a percentage of the total of such costs incurred by MBSD in connection with the services that FICC provide provides for such Clearing Members.⁷

⁶ 15 U.S.C. 78q-1(b)(3)(D).

⁷ Id.

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

FICC believes that the proposed rule change could have an impact on competition because the proposed rule change would impose an additional fee on Clearing Members who settle their securities obligations at BNY. FICC believes, however, that any burden on competition that would be created by the proposed rule change would be necessary and appropriate in furtherance of the Act. Specifically, the proposed rule change is necessary to allow FICC to recover the cost of providing services to Clearing Members by passing through the BNY DOD fees to Clearing Members who settle their securities obligations at BNY. The proposed rule change is appropriate because, as stated, it would only apply to Clearing Members who settle their securities obligations at BNY, which is the third party that is charging the fees being incurred by MBSD to provide FICC's services.

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

Written comments related to the proposed rule change have not 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)⁸ of the Act and paragraph (f) of Rule 19b-4⁹ thereunder. 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

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f).

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-2016-008 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-2016-008. 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 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FICC-2016-008 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.¹⁰

Secretary

¹⁰ 17 CFR 200.30-3(a)(12).

Bolded, underlined text indicates added language

~~Bolded, strikethrough text~~ indicates deleted language

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

**FICC MORTGAGE-BACKED SECURITIES DIVISION
SCHEDULE OF CHARGES DEALER ACCOUNT GROUP**

I. FEES

* * *

Pool Netting Fees

Matched Pool Instruct (per side)	\$0.60
CDR Pool Instruct Fee	\$0.20
Cancel of Matched Pool Instruct	\$0.40
Post Net Subs	\$0.20
MBSD Bank Allocation Fee	Calculated monthly based on MBSD bank clearance fees*

BNY Daylight Overdraft Fees on Securities Settlement Obligations:

For each Clearing Member at The Bank of New York Mellon (“BNY”), a pass-through fee will be charged, calculated as a percentage of the total of all such costs incurred by the Corporation. This percentage is calculated on a monthly basis as follows:

(Total dollar value of Pool Deliver Obligations and Pool Receive Obligations of such Clearing Member at BNY)

(Total dollar value of Pool Deliver Obligations and Pool Receive Obligations in all Dealer Accounts at BNY)

* * *