

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 16	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 011	Amendment No. (req. for Amendments *)
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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"/>
			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 checked="" type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(6)
			<input 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) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
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"/>
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Description

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

Establish effective date of GSD Margin Proxy rule changes.

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 * Nikki Last Name * Poulos
 Title * Managing Director and Deputy General Counsel
 E-mail * npoulos@dtcc.com
 Telephone * (212) 855-7633 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.

(Title *)

Date 04/13/2017
 By Nikki Poulos
 (Name *)

Managing Director and Deputy General Counsel

npoulos@dtcc.com

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 *

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 *

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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, 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

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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

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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

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 this proposed rule change to establish April 24, 2017 as the effective date of rule changes submitted pursuant to rule filing SR-FICC-2017-001 (“Rule Filing”)¹ and advance notice SR-FICC-2017-801 (“Advance Notice”).²

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by FICC management on April 7, 2017 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

On March 30, 2017, the Securities and Exchange Commission (the “Commission”) issued an order approving the Rule Filing,³ which was filed by FICC pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934 (the “Act”), as amended.⁴ The Commission also issued a notice of no objection to the Advance Notice,⁵ which was filed with the Commission pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010⁶ and Rule 19b-4(n)(1)(i) of the Act.⁷

¹ See Securities Exchange Act Release No. 79958 (February 3, 2017), 82 FR 10117 (February 9, 2017) (SR-FICC-2017-001).

² See Securities Exchange Act Release No. 80139 (March 2, 2017), 82 FR 13026 (March 8, 2017) (SR-FICC-2017-801).

³ See Securities Exchange Act Release No. 80349 (March 30, 2017), 82 FR 16638 (April 5, 2017) (SR-FICC-2017-001).

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 80341 (March 30, 2017), 82 FR 16644 (April 5, 2017) (SR-FICC-2017-801).

⁶ 12 U.S.C. 5465(e)(1).

⁷ 17 CFR 240.19b-4(n)(1)(i).

The purpose of the Rule Filing and the Advance Notice is to amend the FICC Government Securities Division (“GSD”) Rulebook (the “GSD Rules”)⁸ to (i) include a minimum volatility calculation (referred to as the “Margin Proxy”) when determining a GSD Netting Member’s VaR Charge, (ii) modify the calculation of GSD’s Coverage Charge in circumstances where the Margin Proxy applies and (iii) make certain technical corrections.

FICC is filing this proposed rule change to establish April 24, 2017 as the effective date of rule changes submitted pursuant to the Rule Filing and the Advance Notice. Specifically, FICC would add a legend to both GSD Rule 1 and GSD Rule 4 to state that the rule changes submitted pursuant to the Rule Filing and the Advance Notice have been approved and not objected to, respectively, but are not yet effective. The legend would provide April 24, 2017 as the date on which these rule changes would become effective, and would include the file numbers of the Rule Filing and the Advance Notice. The legend would state that bold and underlined text indicates added language, and that bold and strikethrough text indicates deleted language. The legend would also state that, once effective, the legend would automatically be removed from the GSD Rules and the formatting of the rule changes would automatically be revised accordingly.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the GSD Rules be designed to (i) promote the prompt and accurate clearance and settlement of securities transactions and (ii) remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.⁹ The proposed rule change would establish the effective date of rule changes described above and provide GSD Members with an understanding of when these rule changes will begin to affect them. Knowing when the rule changes will begin to affect GSD Members would enable them to timely fulfill their obligations to FICC, which would in turn ensure FICC’s processes work as intended. Therefore, FICC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions as well as remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act cited above.

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

FICC does not believe that the proposed rule change to establish an effective date for the rule changes described above would have any impact, or impose any burden, on competition because the proposed rule change is intended to provide additional clarity in the GSD Rules with

⁸ Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the GSD Rules, available at www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf.

⁹ 15 U.S.C. 78q-1(b)(3)(F).

respect to when these rule changes would become effective for GSD Members. As such, the proposed rule change would not impact a particular category of GSD Members nor would it impact particular types of businesses that GSD Members are engaged in.

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

FICC has not received or solicited any written comments relating to this proposal. 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) 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.¹⁰

(b) The proposed rule change effects a change in an existing service of GSD that (A) does not adversely affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible and (B) does not significantly affect the respective rights or obligations of FICC or GSD Members.¹¹

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

Not applicable.

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(4).

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 GSD Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-FICC-2017-011)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish Effective Date of Government Securities Division Margin Proxy Rule Changes

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 April __, 2017, 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. 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 amendments to the Government Securities Division (“GSD”) Rulebook (“GSD Rules”)³ of FICC in order to establish April 24, 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 GSD Rules, available at www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf.

as the effective date of rule changes submitted pursuant to rule filing SR-FICC-2017-001 (“Rule Filing”)⁴ and advance notice SR-FICC-2017-801 (“Advance Notice”).⁵

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

On March 30, 2017, the Commission issued an order approving the Rule Filing,⁶ which was filed by FICC pursuant to Section 19(b)(2) of the Act.⁷ The Commission also issued a notice of no objection to the Advance Notice,⁸ which was filed with the Commission pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street

⁴ See Securities Exchange Act Release No. 79958 (February 3, 2017), 82 FR 10117 (February 9, 2017) (SR-FICC-2017-001).

⁵ See Securities Exchange Act Release No. 80139 (March 2, 2017), 82 FR 13026 (March 8, 2017) (SR-FICC-2017-801).

⁶ See Securities Exchange Act Release No. 80349 (March 30, 2017), 82 FR 16638 (April 5, 2017) (SR-FICC-2017-001).

⁷ 15 U.S.C. 78s(b)(2).

⁸ See Securities Exchange Act Release No. 80341 (March 30, 2017), 82 FR 16644 (April 5, 2017) (SR-FICC-2017-801).

Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010⁹ and Rule 19b-4(n)(1)(i) of the Act.¹⁰

The purpose of the Rule Filing and the Advance Notice is to amend the GSD Rules to (i) include a minimum volatility calculation (referred to as the “Margin Proxy”) when determining a GSD Netting Member’s VaR Charge, (ii) modify the calculation of GSD’s Coverage Charge in circumstances where the Margin Proxy applies and (iii) make certain technical corrections.

FICC is filing this proposed rule change to establish April 24, 2017 as the effective date of rule changes submitted pursuant to the Rule Filing and the Advance Notice. Specifically, FICC would add a legend to both GSD Rule 1 and GSD Rule 4 to state that the rule changes submitted pursuant to the Rule Filing and the Advance Notice have been approved and not objected to, respectively, but are not yet effective. The legend would provide April 24, 2017 as the date on which these rule changes would become effective, and would include the file numbers of the Rule Filing and the Advance Notice. The legend would state that bold and underlined text indicates added language, and that bold and strikethrough text indicates deleted language. The legend would also state that, once effective, the legend would automatically be removed from the GSD Rules and the formatting of the rule changes would automatically be revised accordingly.

2. Statutory Basis

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

⁹ 12 U.S.C. 5465(e)(1).

¹⁰ 17 CFR 240.19b-4(n)(1)(i).

and (ii) remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.¹¹ The proposed rule change would establish the effective date of rule changes described above and provide GSD Members with an understanding of when these rule changes will begin to affect them. Knowing when the rule changes will begin to affect GSD Members would enable them to timely fulfill their obligations to FICC, which would in turn ensure FICC's processes work as intended. Therefore, FICC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions as well as remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act cited above.

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

FICC does not believe that the proposed rule change to establish an effective date for the rule changes described above would have any impact, or impose any burden, on competition because the proposed rule change is intended to provide additional clarity in the GSD Rules with respect to when these rule changes would become effective for GSD Members. As such, the proposed rule change would not impact a particular category of GSD Members nor would it impact particular types of businesses that GSD Members are engaged in.

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

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

FICC has not received or solicited any written comments relating to this proposal.

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 paragraph (f) of Rule 19b-4 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 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-2017-011 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-2017-011. 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-2017-011 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.¹²

Secretary

¹² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Bold, underlined and italicized text indicates proposed added language.

Bold, underlined and shaded text indicates language added in connection with a proposed rule change (SR-FICC-2017-001) and an advance notice (SR-FICC-2017-801), which were approved and not objected to, respectively, on March 30, 2017.

~~Bold, strikethrough and shaded text~~ indicates language deleted in connection with a proposed rule change (SR-FICC-2017-001) and an advance notice (SR-FICC-2017-801), which were approved and not objected to, respectively, on March 30, 2017.

FIXED INCOME CLEARING CORPORATION
GOVERNMENT SECURITIES DIVISION RULEBOOK

RULE 1 - DEFINITIONS

Changes to this Rule 1, as amended by File Nos. SR-FICC-2017-001 and SR-FICC-2017-801, are set forth below. These changes have been approved and not objected to, respectively, by the SEC, but are not yet effective. Bold and underlined text indicates added language. Bold and strikethrough text indicates deleted language. These changes will become effective on April 24, 2017. Once effective, this legend will automatically be removed from the Rules and the formatting of the text of the changes in this Rule 1 will automatically be revised to reflect that these changes are effective.

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

* * * *

Margin Proxy

The term “Margin Proxy” means, with respect to each Margin Portfolio, a minimum volatility calculation for specified Net Unsettled Positions of a Netting Member, calculated using historical market price changes of such U.S. Treasury and agency pass-through mortgage-backed securities indices determined by the Corporation. The Margin Proxy would be applied by the Corporation as an adjustment to the model-based volatility calculation of the VaR Charge for each Netting Member’s Margin Portfolio. The Margin Proxy shall cover such range of historical market price moves and parameters as the Corporation from time to time deems appropriate.

* * * *

VaR Charge

The term “VaR Charge” means, with respect to each Margin Portfolio, a calculation of the volatility of specified ~~net unsettled positions~~ Net Unsettled Positions of a Netting Member as of the time of such calculation. Such volatility calculations shall be made in accordance with any generally accepted portfolio volatility model, including, but not limited to, any margining formula employed by any other clearing agency registered under Section 17A of the Securities Exchange Act of 1934. Such calculation shall be made utilizing such assumptions (including confidence levels) and based on such observable market data as the Corporation deems reasonable, and shall cover such range and assessment of volatility as the Corporation from time to time deems appropriate. If, with respect to the Margin Portfolio of a Netting Member, the model-based volatility calculation pursuant to this definition results in a lower amount than the Margin Proxy calculated for that Margin Portfolio, then the Margin Proxy will be applied as the VaR Charge.

* * * *

RULE 4—CLEARING FUND AND LOSS ALLOCATION

Changes to this Rule 4, as amended by File Nos. SR-FICC-2017-001 and SR-FICC-2017-801, are set forth below. These changes have been approved and not objected to, respectively, by the SEC, but are not yet effective. Bold and underlined text indicates added language. Bold and strikethrough text indicates deleted language. These changes will become effective on April 24, 2017. Once effective, this legend will automatically be removed from the Rules and the formatting of the text of the changes in this Rule 4 will automatically be revised to reflect that these changes are effective.

* * * *

Section 1b – Unadjusted GSD Margin Portfolio Amount

- (a) Each Business Day, the Corporation shall determine, with respect to each Margin Portfolio, an Unadjusted GSD Margin Portfolio Amount as the sum of the following:
- (i) the VaR Charge,
plus
 - (ii) the Coverage Charge,
minus
 - (iii) in the case of a Margin Portfolio of a Cross Margining Participant that is subject to one or more Cross-Margining Arrangements, in the discretion of the Corporation, an amount not to exceed the sum of any applicable Cross-Margining Reductions, calculated on the current Business Day for such Cross-Margining Participant in accordance with the applicable Cross-Margining Agreements,
plus
 - (iv) ~~in~~ in the case of a Margin Portfolio of a GCF Counterparty, the GCF Premium Charge and/or GCF Repo Event Premium and/or the Early Unwind Intraday Charge, if applicable,
plus
 - (v) in the case of a Margin Portfolio of a GCF Counterparty with backtesting deficiencies, the Blackout Period Exposure Charge, if applicable, during the monthly Blackout Period and until the applicable GCF Clearing Agent Bank updates the Pool Factors used for collateral valuation,
plus
 - (vi) in the case of a Netting Member with backtesting deficiencies, the Backtesting Charge, if applicable.

plus

- (vii) the Holiday Charge, if applicable, on the Business Day prior to a Holiday.

The Corporation shall determine a separate Unadjusted GSD Margin Portfolio Amount for a Netting Member's Market Professional Cross-Margining Account.

The Corporation shall have the discretion to not apply the VaR calculation(s) to net unsettled positions in classes of securities whose volatility is less amenable to statistical analysis, or to Term Repo Transactions and Forward-Starting Repo Transactions (including term and forward-starting GCF Repo Transactions) whose term repo rate volatility is less amenable to statistical analysis. In lieu of such calculation, the component required with respect to such transactions shall instead be determined based on a historic index volatility model.

The Corporation shall take into account the VaR confidence level applicable to the Member in calculating the VaR Charge and Coverage Charge. In the case of a Margin Portfolio containing accounts of Permitted Margin Affiliates, the Corporation shall apply the highest VaR confidence level applicable to the Member or its Permitted Margin Affiliates.

When the Margin Proxy is applied as the VaR Charge, the Corporation shall reduce the Coverage Charge up to the amount that the Margin Proxy exceeds the sum of the model-based volatility calculation and the Coverage Charge, but not by an amount greater than the total Coverage Charge.

The Corporation shall have the discretion to calculate an additional amount ("special charge") applicable to a Margin Portfolio as determined by the Corporation from time to time in view of market conditions and other financial and operational capabilities of the Member. The Corporation shall make any such determination based on such factors as the Corporation determines to be appropriate from time to time.

The Corporation shall calculate the Unadjusted GSD Margin Portfolio Amount applicable to a Sponsoring Member Omnibus Account, and the Sponsoring Member Omnibus Account Required Fund Deposit, subject to the provisions set forth in Section 10 of Rule 3A.

The minimum Clearing Fund requirement applicable to an Inter-Dealer Broker Netting Member or a Netting Member that maintains one or more Broker Accounts shall at all times be no less than \$5 million.

Once applicable minimum Clearing Fund amounts have been applied, the Corporation shall apply any applicable additional payments, charges and premiums set forth in these Rules.

* * * *