

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 * <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 type="checkbox"/> 19b-4(f)(4)	
			<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) * <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 fees for GSD CCIT Members, and Netting Members that engage in CCIT Transactions.

**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 \* Rosa Last Name \* Chang

Title \* Executive Director and Associate General Counsel

E-mail \* rchang1@dtcc.com

Telephone \* (212) 855-4985 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 05/16/2017

By Nikki Poulos

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 \***

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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 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**

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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**

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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 proposed rule change of Fixed Income Clearing Corporation (“FICC”) is attached hereto as Exhibit 5 and consists of modifications to the *Fee Structure* in the Government Securities Division (“GSD”) Rulebook (“GSD Rules”)<sup>1</sup> in order to establish fees for (i) CCIT Members, including those that participate through a Joint Account, and (ii) Netting Members that engage in CCIT Transactions.

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Risk Committee of FICC’s Board of Directors (“Board”) on May 20, 2016, and the Board’s Businesses, Technology and Operations Committee on June 14, 2016.

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

### (a) Purpose

FICC has established the CCIT™ Service, which enables Netting Members that participate in the GCF Repo Service to engage in CCIT Transactions with CCIT Members and submit those transactions to FICC for clearing.<sup>2</sup> Accordingly, FICC is proposing rule changes to amend the *Fee Structure* in the GSD Rules in order to establish fees for (1) CCIT Members, including those that participate through a Joint Account,<sup>3</sup> and (2) Netting Members that engage in CCIT Transactions, as further described below.

### Section I.D (Trade Comparison Fees, Modifications and Cancellations)

Section I.D of the *Fee Structure* (Trade Comparison Fees, Modifications and Cancellations) would be amended to exclude CCIT Transactions from the 25 cents per request charge for modification or cancellation of either side of a trade or Repo Transaction, consistent with the treatment of GCF Repo Transactions. This section also would be amended to provide that the charge to a Member for the entry of a request by such Member to modify or cancel a side

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<sup>1</sup> Capitalized terms not defined herein are defined in the GSD Rules, available at [http://www.dtcc.com/~media/Files/Downloads/legal/rules/ficc\\_gov\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf).

<sup>2</sup> See Securities Exchange Act Release Nos. 80574 (May 2, 2017), 82 FR 21439 (May 8, 2017) (SR-FICC-2017-005) and 80546 (April 27, 2017), 82 FR 20652 (May 3, 2017) (SR-FICC-2017-803).

<sup>3</sup> With respect to CCIT Members participating through a Joint Account, the proposed fees that are the subject of this filing would be applied at the Joint Account level.

of a CCIT Transaction would be 5 cents per 50 million of par value, consistent with the treatment of GCF Repo Transactions.

Section I.E (Trade Comparison Fees, Locked-In Trade Data)

Section I.E of the *Fee Structure* (Trade Comparison Fees, Locked-In Trade Data) would be amended to provide that the “Trade Submission” fee associated with the submission of trade data to FICC on a Locked-In Trade basis would not apply to CCIT Transactions, consistent with the treatment of GCF Repo Transactions. This section also would be amended to provide that, consistent with the treatment of GCF Repo Transactions, non-Inter-Dealer Broker Members would be subject to a onetime recording fee for the processing and reporting by FICC of a CCIT Transaction submitted to FICC on a Locked-In Trade basis in the amount of 7 cents per million gross dollar amount of such CCIT Transaction (with a minimum charge of \$2.50).

Section I.F (Trade Comparison Fees, CCIT Transactions Submitted for Bilateral Comparison)

A new Section I.F of the *Fee Structure* (Trade Comparison Fees, CCIT Transactions Submitted for Bilateral Comparison) would be added by this filing to provide that, consistent with the treatment of GCF Repo Transactions and CCIT Transactions submitted to FICC on a Locked-In Trade basis, CCIT Members and Netting Members would be subject to a onetime recording fee for the processing and reporting by FICC of a CCIT Transaction submitted to FICC on a bilateral basis in the amount of 7 cents per million gross dollar amount of such CCIT Transaction (with a minimum charge of \$2.50).

Section III.A.1 (Netting Fee and Charges, Netting Fee)

Section III.A.1 of the *Fee Structure* (Netting Fee and Charges, Netting Fee) would be amended to provide that the fees applied to netted Compared Trades, Start Legs of Repo Transactions, Close Legs of Repo Transactions, Fail Deliver Obligations and Fail Receive Obligations on a per side and par value basis would not apply to CCIT Transactions, consistent with the treatment of GCF Repo Transactions.

Section III.D.4 (Netting Fee and Charges, Clearance Charges)

Section III.D.4 of the *Fee Structure* (Netting Fee and Charges, Clearance Charges) describes clearing bank fees and charges incurred by FICC for the services FICC performs in connection with Netting Members’ activity. Subsection (c) of this Section III.D.4, which describes The Bank of New York Mellon (“BNY”) fee on each GCF Repo Deliver Obligation that FICC creates from its BNY account, would be amended to provide that, when this BNY fee is assessed on FICC’s GCF Repo Deliver Obligations at BNY that are created versus CCIT Members at BNY, the fee would be calculated as 1 basis point per annum on a dollar amount of the underlying CCIT Transactions, and the fee would be passed through to the Dealer Account at BNY of the Netting Member that is the Repo Party to such CCIT Transactions. In addition, in order to distinguish it from the treatment of CCIT Transactions, FICC is proposing to amend this section to state that the fees assessed on FICC’s GCF Repo Deliver Obligations that are created

versus Netting Members would be allocated to Dealer Accounts at BNY and to Dealer Accounts at J.P. Morgan Chase (“JPM”).

Section III.E (Netting Fee and Charges, Repo Transaction Processing Fee)

Section III.E of the *Fee Structure* (Netting Fee and Charges, Repo Transaction Processing Fee) would be amended to exclude CCIT Transactions from the fee imposed on term Repo Transactions that have been compared and netted, but which have not yet settled, consistent with the treatment of GCF Repo Transactions. This section also would be amended to provide that, consistent with the treatment of a GCF Repo Transaction, for a CCIT Transaction that has been compared and netted, but which has not yet settled, a processing fee would be calculated as follows:

- (1) for all Netting Members and CCIT Members, a 0.04 basis point charge (i.e., four hundredths of a basis point) would be applied to the gross dollar amount of such CCIT Transaction; and
- (2) a 0.08 basis point charge (i.e., 8 hundredths of a basis point) would be applied to the net dollar amount of a Netting Member’s or CCIT Member’s Collateral Allocation Entitlements and Collateral Allocation Obligations.

These fees would be applied each calendar day, but calculated on an annualized basis, as currently provided in this section.

Section III.G (Netting Fee and Charges, Repo Collateral Substitution Fees)

Section III.G of the *Fee Structure* (Netting Fee and Charges, Repo Collateral Substitution Fees) would be amended to exclude CCIT Transactions from the processing charge associated with repo collateral substitution requests. To be consistent with the treatment of GCF Repo Transactions, FICC is amending this section to state that GCF Repo Transactions would also be excluded from the processing charge associated with repo collateral substitution requests.

Section IV (Minimum Monthly Fee) and Section V (Fees Applicable to Additional Accounts)

Under Sections IV and V of the *Fee Structure* (Minimum Monthly Fee and Fees Applicable to Additional Accounts), CCIT Members would be excluded from the minimum monthly account fees charged to Comparison-Only Members and Netting Members for their primary GSD accounts and fees for any additional accounts they maintain with GSD.

Section VIII (Definition)

Section VIII of the *Fee Structure* (Definition) would be amended to exclude CCIT Transactions from the requirement that, for purposes of the *Fee Structure*, a “side” of a trade or transaction, and a Start Leg or a Close Leg of a Repo Transaction, be limited to \$50 million increments, consistent with the treatment of GCF Repo Transactions.

### Member Impact

Participation in the CCIT Service is voluntary. Institutional cash lenders that wish to become CCIT Members, and Netting Members that wish to participate in the CCIT Service, have an opportunity to review the terms of the CCIT Service and determine if they would like to participate. Choosing to participate in the CCIT Service would subject these entities to all of the rules applicable to the CCIT Service, including the fees reflected in GSD's *Fee Structure* as proposed by this filing.

#### (b) Statutory Basis

Section 17A(b)(3)(D) of the Securities Exchange Act of 1934, as amended ("Act") requires that the GSD Rules "provide for the equitable allocation of reasonable dues, fees, and other charges among its participants."<sup>4</sup> FICC believes the proposed fees are equitably allocated among GSD Members because these fees would only be imposed upon those GSD Members that chose to utilize the CCIT Service. FICC also believes the proposed fees are reasonable because these fees would allow FICC to recover the costs (including pass-through costs from certain third parties) of providing the CCIT Service from those GSD Members that enjoy its benefits. Therefore, FICC believes the proposed fees are consistent with the requirements of Section 17A(b)(3)(D) of the Act.

#### **4. Clearing Agency's Statement on Burden on Competition**

FICC believes the proposed fees may impose a burden on competition by limiting participation in the CCIT Service to institutional cash lenders and Netting Members that are willing to pay the fees associated with their participation in the CCIT Service. However, FICC believes any burden on competition that may result from the proposed fees would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act,<sup>5</sup> for the reason described below.

Although the proposal would impose fees on CCIT Members and Netting Members for their use of the CCIT Service, FICC believes that any burden on competition that may result from the proposal would be necessary and appropriate because the proposed fees would provide FICC with the ability to achieve and maintain its operating margin, recover the cost of providing the CCIT Service and also pass through certain third-party fees that FICC would incur in connection with the CCIT Service. Moreover, as described in Section 3(a) above, participation in the CCIT Service is entirely voluntary, and, if Netting Members and their institutional counterparties do not wish to pay the fees associated with the service, they would be able to enter into non-cleared tri-party repo transactions in GCF Repo eligible asset classes outside of GSD.

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<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(I).

**5. Clearing Agency'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 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<sup>6</sup> 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 take effect on May 16, 2017 pursuant to paragraph A of Section 19(b)(3) of the Act.<sup>7</sup>

(b) The proposed rule change establishes or changes a due, fee, or other charge.<sup>8</sup>

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

Not applicable.

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<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

**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-2017-013)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Establish Fees for Government Securities Division CCIT Members, and Netting Members That Engage in CCIT Transactions

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May \_\_, 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. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of modifications to the *Fee Structure* in the Government Securities Division (“GSD”) Rulebook (“GSD Rules”)<sup>5</sup> in order to

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> 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](http://www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf).

establish fees for (i) CCIT Members, including those that participate through a Joint Account, and (ii) Netting Members that engage in CCIT Transactions.

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 has established the CCIT™ Service, which enables Netting Members that participate in the GCF Repo Service to engage in CCIT Transactions with CCIT Members and submit those transactions to FICC for clearing.<sup>6</sup> Accordingly, FICC is proposing rule changes to amend the *Fee Structure* in the GSD Rules in order to establish fees for (1) CCIT Members, including those that participate through a Joint Account,<sup>7</sup> and (2) Netting Members that engage in CCIT Transactions, as further described below.

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<sup>6</sup> See Securities Exchange Act Release Nos. 80574 (May 2, 2017), 82 FR 21439 (May 8, 2017) (SR-FICC-2017-005) and 80546 (April 27, 2017), 82 FR 20652 (May 3, 2017) (SR-FICC-2017-803).

<sup>7</sup> With respect to CCIT Members participating through a Joint Account, the proposed fees that are the subject of this filing would be applied at the Joint Account level.

Section I.D (Trade Comparison Fees, Modifications and Cancellations)

Section I.D of the *Fee Structure* (Trade Comparison Fees, Modifications and Cancellations) would be amended to exclude CCIT Transactions from the 25 cents per request charge for modification or cancellation of either side of a trade or Repo Transaction, consistent with the treatment of GCF Repo Transactions. This section also would be amended to provide that the charge to a Member for the entry of a request by such Member to modify or cancel a side of a CCIT Transaction would be 5 cents per 50 million of par value, consistent with the treatment of GCF Repo Transactions.

Section I.E (Trade Comparison Fees, Locked-In Trade Data)

Section I.E of the *Fee Structure* (Trade Comparison Fees, Locked-In Trade Data) would be amended to provide that the “Trade Submission” fee associated with the submission of trade data to FICC on a Locked-In Trade basis would not apply to CCIT Transactions, consistent with the treatment of GCF Repo Transactions. This section also would be amended to provide that, consistent with the treatment of GCF Repo Transactions, non-Inter-Dealer Broker Members would be subject to a onetime recording fee for the processing and reporting by FICC of a CCIT Transaction submitted to FICC on a Locked-In Trade basis in the amount of 7 cents per million gross dollar amount of such CCIT Transaction (with a minimum charge of \$2.50).

Section I.F (Trade Comparison Fees, CCIT Transactions Submitted for Bilateral Comparison)

A new Section I.F of the *Fee Structure* (Trade Comparison Fees, CCIT Transactions Submitted for Bilateral Comparison) would be added by this filing to provide that, consistent with the treatment of GCF Repo Transactions and CCIT Transactions submitted to FICC on a Locked-In Trade basis, CCIT Members and Netting

Members would be subject to a onetime recording fee for the processing and reporting by FICC of a CCIT Transaction submitted to FICC on a bilateral basis in the amount of 7 cents per million gross dollar amount of such CCIT Transaction (with a minimum charge of \$2.50).

Section III.A.1 (Netting Fee and Charges, Netting Fee)

Section III.A.1 of the *Fee Structure* (Netting Fee and Charges, Netting Fee) would be amended to provide that the fees applied to netted Compared Trades, Start Legs of Repo Transactions, Close Legs of Repo Transactions, Fail Deliver Obligations and Fail Receive Obligations on a per side and par value basis would not apply to CCIT Transactions, consistent with the treatment of GCF Repo Transactions.

Section III.D.4 (Netting Fee and Charges, Clearance Charges)

Section III.D.4 of the *Fee Structure* (Netting Fee and Charges, Clearance Charges) describes clearing bank fees and charges incurred by FICC for the services FICC performs in connection with Netting Members' activity. Subsection (c) of this Section III.D.4, which describes The Bank of New York Mellon ("BNY") fee on each GCF Repo Deliver Obligation that FICC creates from its BNY account, would be amended to provide that, when this BNY fee is assessed on FICC's GCF Repo Deliver Obligations at BNY that are created versus CCIT Members at BNY, the fee would be calculated as 1 basis point per annum on a dollar amount of the underlying CCIT Transactions, and the fee would be passed through to the Dealer Account at BNY of the Netting Member that is the Repo Party to such CCIT Transactions. In addition, in order to distinguish it from the treatment of CCIT Transactions, FICC is proposing to amend this section to state that the fees assessed on FICC's GCF Repo Deliver Obligations that

are created versus Netting Members would be allocated to Dealer Accounts at BNY and to Dealer Accounts at J.P. Morgan Chase (“JPM”).

Section III.E (Netting Fee and Charges, Repo Transaction Processing Fee)

Section III.E of the *Fee Structure* (Netting Fee and Charges, Repo Transaction Processing Fee) would be amended to exclude CCIT Transactions from the fee imposed on term Repo Transactions that have been compared and netted, but which have not yet settled, consistent with the treatment of GCF Repo Transactions. This section also would be amended to provide that, consistent with the treatment of a GCF Repo Transaction, for a CCIT Transaction that has been compared and netted, but which has not yet settled, a processing fee would be calculated as follows:

- (1) for all Netting Members and CCIT Members, a 0.04 basis point charge (i.e., four hundredths of a basis point) would be applied to the gross dollar amount of such CCIT Transaction; and
- (2) a 0.08 basis point charge (i.e., 8 hundredths of a basis point) would be applied to the net dollar amount of a Netting Member’s or CCIT Member’s Collateral Allocation Entitlements and Collateral Allocation Obligations.

These fees would be applied each calendar day, but calculated on an annualized basis, as currently provided in this section.

Section III.G (Netting Fee and Charges, Repo Collateral Substitution Fees)

Section III.G of the *Fee Structure* (Netting Fee and Charges, Repo Collateral Substitution Fees) would be amended to exclude CCIT Transactions from the processing charge associated with repo collateral substitution requests. To be consistent with the

treatment of GCF Repo Transactions, FICC is amending this section to state that GCF Repo Transactions would also be excluded from the processing charge associated with repo collateral substitution requests.

Section IV (Minimum Monthly Fee) and Section V (Fees Applicable to Additional Accounts)

Under Sections IV and V of the *Fee Structure* (Minimum Monthly Fee and Fees Applicable to Additional Accounts), CCIT Members would be excluded from the minimum monthly account fees charged to Comparison-Only Members and Netting Members for their primary GSD accounts and fees for any additional accounts they maintain with GSD.

Section VIII (Definition)

Section VIII of the *Fee Structure* (Definition) would be amended to exclude CCIT Transactions from the requirement that, for purposes of the *Fee Structure*, a “side” of a trade or transaction, and a Start Leg or a Close Leg of a Repo Transaction, be limited to \$50 million increments, consistent with the treatment of GCF Repo Transactions.

Member Impact

Participation in the CCIT Service is voluntary. Institutional cash lenders that wish to become CCIT Members, and Netting Members that wish to participate in the CCIT Service, have an opportunity to review the terms of the CCIT Service and determine if they would like to participate. Choosing to participate in the CCIT Service would subject these entities to all of the rules applicable to the CCIT Service, including the fees reflected in GSD’s *Fee Structure* as proposed by this filing.

2. Statutory Basis

Section 17A(b)(3)(D) of the Act requires that the GSD Rules “provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.”<sup>8</sup> FICC believes the proposed fees are equitably allocated among GSD Members because these fees would only be imposed upon those GSD Members that chose to utilize the CCIT Service. FICC also believes the proposed fees are reasonable because these fees would allow FICC to recover the costs (including pass-through costs from certain third parties) of providing the CCIT Service from those GSD Members that enjoy its benefits. Therefore, FICC believes the proposed fees are consistent with the requirements of Section 17A(b)(3)(D) of the Act.

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

FICC believes the proposed fees may impose a burden on competition by limiting participation in the CCIT Service to institutional cash lenders and Netting Members that are willing to pay the fees associated with their participation in the CCIT Service. However, FICC believes any burden on competition that may result from the proposed fees would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act,<sup>9</sup> for the reason described below.

Although the proposal would impose fees on CCIT Members and Netting Members for their use of the CCIT Service, FICC believes that any burden on competition that may result from the proposal would be necessary and appropriate because the proposed fees would provide FICC with the ability to achieve and maintain

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<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(I).

its operating margin, recover the cost of providing the CCIT Service and also pass through certain third-party fees that FICC would incur in connection with the CCIT Service. Moreover, as described in Section II.(A)1. above, participation in the CCIT Service is entirely voluntary, and, if Netting Members and their institutional counterparties do not wish to pay the fees associated with the service, they would be able to enter into non-cleared tri-party repo transactions in GCF Repo eligible asset classes outside of GSD.

(C) Clearing Agency'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 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<sup>10</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>11</sup> 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.

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f).



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](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2017-013 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-2017-013. 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-2017-013 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.<sup>12</sup>

Secretary

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<sup>12</sup> 17 CFR 200.30-3(a)(12).

**Bold and underlined text** indicates proposed added language

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

**FIXED INCOME CLEARING CORPORATION**

**GOVERNMENT SECURITIES DIVISION RULEBOOK**

**FEE STRUCTURE<sup>\*</sup>**  
(Effective ~~May 16, 2017~~ **August 1, 2016**)

I. TRADE COMPARISON FEES

\* \* \* \*

D. Modifications and Cancellations

The charge to a Member for the entry of a request to modify or cancel either a side of a trade or a Repo Transaction, other than a GCF Repo Transaction or a CCIT Transaction, is 25 cents per such request. The charge to a Member for the entry of a request by such Member to modify or cancel a side of a GCF Repo Transaction or a CCIT Transaction is 5 cents per 50 million of par value.

E. Locked-In Trade Data

Data received by the Corporation on a locked-in basis from a Locked-in Trade Source related to a side of a trade entered into by a Member, or entered into by a Non-Member that the Member is clearing for, shall result in the charges established by the "Trade Submission" fee schedule in Section I.A. above. These fees are for the processing and reporting of locked-in trade data by the Corporation to the Member. This charge shall not apply to GCF Repo Transactions or CCIT Transactions.

The charge to the non-Inter-Dealer Broker Member for the processing and reporting by the Corporation of a GCF Repo® Transaction or a CCIT Transaction entered into by the Member, or entered into by a Non-Member that the Member is clearing for, is a onetime recording fee of \$.07 per million gross dollar amount of such GCF Repo Transaction or CCIT Transaction (with a minimum charge of \$2.50). The charge to the Inter-Dealer Broker Member for the processing and reporting by the Corporation of a GCF Repo® Transaction is a onetime recording fee of \$.025 per million gross dollar amount of such GCF Repo® Transaction (with a minimum charge of \$1.25).

**F. CCIT Transactions Submitted for Bilateral Comparison**

**The charge to Netting Members and CCIT Members submitting CCIT Transactions on a bilateral basis (and not on a Locked-In Trade basis) for the processing and reporting by the Corporation of a CCIT Transaction is a onetime recording fee of \$.07 per million gross dollar amount of such CCIT Transaction (with a minimum charge of \$2.50).**

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<sup>\*</sup> **Fees stated to apply to CCIT Members shall be applied at the Joint Account level for CCIT Members participating through a Joint Account.**

III. NETTING FEE AND CHARGES (in addition to the comparison fee)

A. Netting Fee

1. For each side of a Compared Trade, Start Leg of a Repo Transaction, Close Leg of a Repo Transaction, Fail Deliver Obligation and Fail Receive Obligation, other than a GCF Repo Transaction **or a CCIT Transaction**, that is netted, a fee equaling the sum (in addition to the comparison fee) of::

\* \* \* \*

- (ii) For each one million of par value of a Compared Trade, Start Leg of a Repo Transaction, Close Leg of a Repo Transaction, Fail Deliver Obligation and Fail Receive Obligation, other than a GCF Repo Transaction **or a CCIT Transaction**, and that is netted, a fee of \$0.015 per 1 million of par value for Broker Accounts and a fee of \$0.016 per 1 million of par value for Dealer Accounts.

\* \* \* \*

D. Clearance Charges

\* \* \* \*

4. The Corporation will pass-through to Netting Members the following clearing banks' fees and charges that are incurred by the Corporation for the services that the Corporation performs in connection with such Members' activity.

- (a) Actual fees charged by The Bank of New York Mellon ("BNY") and J.P. Morgan Chase ("JPM"), as applicable, for the settlement of each Deliver Obligation and each Receive Obligation.
- (b) Actual fees charged by the Fedwire® Securities Service fees for the settlement of treasury securities and agency securities, as applicable.
- (c) BNY fee on each GCF Repo Deliver Obligation that FICC creates from its BNY account, inclusive of inter-bank.

**When this fee is assessed on FICC's GCF Repo Deliver Obligations that are created versus Netting Members,** This fee will be allocated to Dealer Accounts at BNY and to Dealer Accounts at JPM, as follows:

- (i) For Dealer Accounts at BNY, a pass-through fee is calculated as 1bp per annum on a dollar amount of such Netting

Member's GCF Repo Receive Obligation from FICC in each Generic CUSIP Number.

- (ii) For Dealer Accounts at JPM, a pass-through charge is calculated as 1bp per annum on a prorated dollar amount of FICC's interbank GCF Repo Deliver Obligation from BNY to JPM in each Generic CUSIP Number. The proration is calculated as follows:

(Dollar amount of such Netting Member's GCF Repo Receive Obligation in a given Generic CUSIP Number at JPM)

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(Aggregate dollar amount of all GCF Repo Receive Obligations in a given Generic CUSIP Number for all Netting Members at JPM)

**When this fee is assessed on FICC's GCF Repo Deliver Obligations at BNY that are created versus a CCIT Member at BNY, the fee is calculated as 1bp per annum on a dollar amount of the underlying CCIT Transactions and the fee will be passed through to the Dealer Account at BNY of the Netting Member that is the Repo Party to such CCIT Transactions.**

\* \* \* \*

E. Repo Transaction Processing Fee

For a term Repo Transaction other than a GCF Repo Transaction **or a CCIT Transaction** that has been compared and netted, but which has not yet settled, a fee calculated as follows:

(1) (a) for Repo Brokers (as defined in subsection III.H below) with respect to their brokered Repo Transaction activity, a .0175 basis point charge (i.e., one and three quarter hundredth of a basis point) applied to the gross dollar amount of each such Repo Transaction; and

(b) for all other Netting Members, as well as Repo Brokers with respect to their non-brokered Repo Transaction activity, a .04 basis point charge (i.e., four hundredth of a basis point) applied to the gross dollar amount of each such Repo Transaction.

and

(2) a .08 basis point charge (i.e., 8 hundredths of a basis point) applied to the net dollar amount of a Netting Member's Repo Transactions within a CUSIP.

For a GCF Repo Transaction **or a CCIT Transaction** that has been compared and netted, but which has not yet settled, a fee calculated as follows:

(1) (a) for Repo Brokers acting as GCF-Authorized-Inter-Dealer Brokers, a .0175 basis point charge (i.e., one and three quarter hundredths of a basis point) applied to the gross dollar amount of such GCF Repo Transaction; and

(b) for all other Netting Members **and CCIT Members**, a .04 basis point charge (i.e., four hundredths of a basis point) applied to the gross dollar amount of such GCF Repo Transaction **or CCIT Transaction**;

and

(2) (a) .08 basis point charge (i.e., 8 hundredths of a basis point) applied to the net dollar amount of a Netting Member's **or CCIT Member's** Collateral Allocation Entitlements and Collateral Allocation Obligations.

These fees will be applied each calendar day, but calculated on an annualized basis.

For Repo Transactions other than GCF Repo Transactions **or CCIT Transactions**, these fees do not apply if the Close Leg is scheduled to settle one Business Day after the Start Leg.

#### G. Repo Collateral Substitution Fees

**For Repo Transactions other than GCF Repo Transactions or CCIT Transactions,** the charge for the processing of a repo collateral substitution request is \$.75.

\* \* \* \*

#### IV. MINIMUM MONTHLY FEE

Each Comparison-Only Member and each Netting Member shall, regardless of the level of its activity, pay a minimum monthly fee on its sole or primary account of \$1,000, **which shall not apply to CCIT Members.**

#### V. FEES APPLICABLE TO ADDITIONAL ACCOUNTS

If a **Comparison-Only Member or Netting** Member maintains more than one account at the Government Securities Division, each such additional account shall be subject to the following fees, **which shall not apply to CCIT Members:**

##### A. Additional Account Opened at the Request of Member

- (i) Maintenance fee of \$1,000;
- (ii) Fees based on transaction activity (no minimum monthly fee); and
- (iii) Applicable non-transaction-based fees.

B. Additional Account Opened at the Direction of the Corporation

- (i) Fees based on transaction activity subject to a \$1,000 minimum monthly fee; and
- (ii) Applicable non-transaction-based fees.

For purposes of this Fee Structure, the Corporation will consider a Member's primary account to be the account with the most activity in the applicable month. All other accounts maintained by the Member shall be considered additional accounts.

\* \* \* \*

VIII. DEFINITION

For purposes of this fee structure, a "side" of a trade or a transaction, and a Start Leg or a Close Leg of a Repo Transaction other than a GCF Repo Transaction **or a CCIT Transaction**, shall be limited to \$50 million increments. Thus, if the aggregate amount of a side of a trade, or of a Start Leg or Close Leg of a Repo Transaction other than a GCF Repo Transaction **or a CCIT Transaction**, is greater than \$50 million, each \$50 million portion of that aggregate amount (including the final, residual portion if that is less than \$50 million) shall be considered as a separate "side" or Leg for purposes of this Fee Structure. A Term GCF Repo Transaction shall be considered to have only one Start Leg and one Close Leg during its term.

\* \* \* \*