

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 *).

Proposed changes to the MBSD Fees and the EPN Fees.

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

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 07/25/2017 Executive Director and Associate General Counsel
 By Donaldine B. Temple

(Name *)

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 *

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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

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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 Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules”) and the MBSD EPN Rules (the “EPN Rules”).¹

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change to the majority of fees were approved on April 13, 2017 by the Businesses, Technology and Operations Committee of FICC’s Board of Directors. The proposed rule change to the remaining fees were approved on July 19, 2017 by a Deputy General Counsel of FICC pursuant to delegated authority.

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

(a) Purpose

On July 31, 2017, FICC will implement proposed rule change SR-FICC-2017-012 (“Rule Filing 2017-012”).² Rule Filing 2017-012 will amend the MBSD Rules to (1) move the time that FICC novates and treats itself as the settlement counterparty for certain transactions, (2) guarantee and novate trades with stipulations (“Stipulated Trades”), and (3) establish new processes that promote operational efficiencies for Clearing Members.³ In connection with Rule Filing 2017-012, FICC is proposing with this filing to amend the fees in the MBSD Rules and the EPN Rules as further described below. The changes proposed in this filing would become effective on August 1, 2017, as described below.

¹ Capitalized terms not defined herein are defined in the MBSD Rules and the EPN Rules, available at <http://www.dtcc.com/legal/rules-and-procedures>.

² Securities Exchange Act Release No. 81051 (June 29, 2017), 82 FR 31378 (July 6, 2017) (SR-FICC-2017-012) (“Approval Order”).

³ Id. In connection with the changes in Rule Filing 2017-012, FICC will implement new processes that promote operational efficiencies for Clearing Members. The full text of Rule Filing 2017-012 may be obtained by visiting DTCC’s website at <http://www.dtcc.com/legal/sec-rule-filings>.

I. Proposed Changes to the MBSD Rules

FICC is proposing to amend the fees in the MBSD Rules' *Schedule of Charges Broker Account Group* as listed below.

1. The *Account Maintenance* section would be amended to eliminate the "Option Account" fee. This change is being proposed because FICC will eliminate the Broker "give-up" process from the MBSD Rules in connection with Rule Filing 2017-012.⁴ Because the submission of Broker Give-Up Trades (which includes Option Contracts) will be eliminated, the associated account maintenance fee for Option Accounts will be eliminated.

2. The *Trade Processing* section would be amended to change the name of the "Give-Up Trade Creates" fee to the "Trade Creates" fee. This change is being proposed because FICC will eliminate the Broker "give-up" process from the MBSD Rules in connection with Rule Filing 2017-012.⁵

3. The *Processing Fees* section would be amended to increase the "Trade Input Non-Compliance" fee to \$1,000 a month per Account from \$500 a month per Account. This change is being proposed in order to encourage Clearing Members to submit transactions into FICC's Real-Time Trade Matching ("RTTM") system in a timely manner. The timely submission of transactions is especially important because FICC will novate and become the settlement counterparty to all transactions (other than Option Contracts) pursuant to Rule Filing 2017-012.⁶

FICC is proposing to amend the fees in the MBSD Rules' *Schedule of Charges Dealer Account Group* as listed below.

1. The *Trade Processing* section would be amended to modify the tiering levels and the associated fees assigned to each tier for SBO-Destined Trades.⁷ In connection with Rule Filing 2017-012, MBSD's processing cost will not change; however, MBSD's operational cost will increase because of MBSD's new allocation

⁴ See Approval Order, 82 FR at 31382.

⁵ Id.

⁶ See Approval Order, *supra* note 2.

⁷ Pursuant to the MBSD Rules, the term "SBO-Destined Trade" means a TBA transaction in the Clearing System intended for TBA Netting in accordance with the provisions of the MBSD Rules. See MBSD Rule 1, *supra* note 1.

department.⁸ As a result, these proposed fee changes would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

Current Charge	Total par amount traded per month	Proposed Charge	Total par amount traded per month
\$1.93/MM	1,000,000 – 2,500,000,000	\$2.00/MM	01 – 2,500,000,000
\$1.77/MM	2,501,000,000 – 5,000,000,000	\$1.58/MM	2,500,000,001 – 7,500,000,000
\$1.60/MM	5,001,000,000 – 7,500,000,000	\$1.39/MM	7,500,000,001 – 12,500,000,000
\$1.49/MM	7,501,000,000 – 10,000,000,000	\$1.19/MM	12,500,000,001 – 300,000,000,000
\$1.32/MM	10,001,000,000 – 12,500,000,000	\$1.16/MM	300,000,000,001 and over
\$1.14/MM	12,501 and over		

2. The *Trade Processing* section would be amended to increase the fee for “TBA Netting Balance Orders” to \$1.00/MM from \$0.75/MM. In connection with Rule Filing 2017-012, MBSB’s processing cost will not change; however, MBSB’s operational cost will increase because of MBSB’s new allocation department. As a result, this proposed fee change would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process. FICC is also proposing to amend this section to eliminate the applicability of this fee to SBOO Trades because this trade type will be eliminated in connection with Rule Filing 2017-012.⁹

3. The *Trade Processing* section would be amended to establish fees for Stipulated Trades, which will be a new trade type eligible for processing at MBSB pursuant to Rule Filing 2017-012.¹⁰ The fees for Stipulated Trades would be the same fees that are in place for the processing of Trade-for-Trade Transactions¹¹ and Specified

⁸ The MBSB allocations department will monitor the transmission of pool information that is used to satisfy to-be-announced transactions. The team will also handle any exception processing that occurs.

⁹ See Approval Order, 82 FR at 31380.

¹⁰ See Approval Order, 82 FR at 31381.

Pool Trades.¹² FICC would amend the heading of this section to clarify that the fees would be applicable to Trade-for-Trade-Transactions, Specified Pool Trades and Stipulated Trades.

4. The *Trade Processing* section would be amended to increase the “Trade Creates” fee for Trade-for-Trade Transactions and Specified Pool Trades to \$1.16/MM from \$1.00/MM. This increased fee would also apply to Stipulated Trades. In connection with Rule Filing 2017-012, MBSD’s processing cost will not change; however, MBSD’s operational cost will increase because of MBSD’s new allocation department. As a result, this proposed fee change would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

5. FICC is proposing to include two new fees in connection with the proposed Do Not Allocate (“DNA”) process.¹³ One fee would be in the amount of \$1.25/MM per transaction in connection with a Clearing Member’s request to include eligible trades in the DNA process (such request would be referred to as a “DNA Request”). The second fee would be in the amount of \$4.00 per transaction in connection with a Clearing Member’s request to cancel its DNA Request (such cancellation would be referred to as a “DNA Request Cancel”).

6. The *Pool Netting Fees* section would be amended to increase the fee for “Matched Pool Instructs” to \$1.00 per side from \$0.60 per side. In connection with Rule Filing 2017-012, MBSD’s processing cost will not change; however, MBSD’s operational cost will increase because of MBSD’s new allocation department. As a result, this proposed fee change would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

7. The *Processing Fees* section would be amended to increase the “Trade Input Non-Compliance” fee to \$1,000 a month per Account from \$500 a month

¹¹ Pursuant to the MBSD Rules, the term “Trade-for-Trade Transaction” means a TBA Transaction submitted to MBSD not intended for TBA Netting in accordance with the provisions of the MBSD Rules. See MBSD Rule 1, supra note 1.

¹² Pursuant to the MBSD Rules, the term “Specified Pool Trade” means a trade in which all required pool data, including the pool number to be delivered on the Contractual Settlement Date, are agreed upon by Members at the time of execution. See MBSD Rule 1, supra note 1.

¹³ As described in Rule Filing 2017-012, the DNA process will permit offsets among SBON Trades and Trade-for-Trade Transactions. See Approval Order, 82 FR at 31381.

per Account. This change is being proposed in order to encourage Clearing Members to submit transactions into FICC's RTTM system in a timely manner. The timely submission of transactions is especially important because FICC will novate and become the settlement counterparty to all transactions (other than Option Contracts) pursuant to Rule Filing 2017-012.¹⁴

8. The *Notification of Settlement* fees would be eliminated because FICC will eliminate the Notification of Settlement process from the MBSD Rules in connection with Rule Filing 2017-012.¹⁵

II. Proposed Changes to the EPN Rules

FICC is proposing to amend the "Message Processing Fees" in the *EPN Schedule of Charges* as listed below. In connection with Rule Filing 2017-012, MBSD's processing cost will not change; however, MBSD's operational cost will increase because of MBSD's new allocation department. As a result, these proposed fee changes would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

¹⁴ See Approval Order, *supra* note 2.

¹⁵ See Approval Order, 82 FR at 31381.

EPN FEE SCHEDULE				
Fee Descriptions	Current Charge	Message submission times	New Charge	Message submission times
Messaging Processing Fees				
ON Send				
	\$0.17	Per MM Current Face (opening of business to 1:00 PM)	\$0.19	Per MM Current Face (opening of business to 1:00 PM)
	\$0.86	Per MM Current Face (1:00 PM to 2:00 PM)	\$0.95	Per MM Current Face (1:00 PM to 2:00 PM)
	\$1.73	Per MM Current Face (2:00 PM to 3:00 PM)	\$1.90	Per MM Current Face (2:00 PM to 3:00 PM)
	\$1.44	Per MM Current Face (3:00 PM to close of business)	\$1.58	Per MM Current Face (3:00 PM to close of business)
ON Receive				
	\$0.46	Per MM Current Face (opening of business to 1:00 PM)	\$0.51	Per MM Current Face (opening of business to 1:00 PM)
	\$0.23	Per MM Current Face (1:00 PM to 2:00 PM)	\$0.26	Per MM Current Face (1:00 PM to 2:00 PM)
	\$0.23	Per MM Current Face (2:00 PM to 3:00 PM)	\$0.26	Per MM Current Face (2:00 PM to 3:00 PM)
Cancel/Correct Send				
	\$0.17	Per MM Current Face (opening of business to 11:00 AM)	\$0.19	Per MM Current Face (opening of business to 11:00 AM)
	\$0.86	Per MM Current Face (11:00 AM to 12:00 PM)	\$0.95	Per MM Current Face (11:00 AM to 12:00 PM)
	\$1.73	Per MM Current Face (12:00 PM to 12:15 PM)	\$1.90	Per MM Current Face (12:00 PM to 12:15 PM)
	\$0.17	Per MM Current Face (12:15 PM to end of day)	\$0.19	Per MM Current Face (12:15 PM to end of day)

III. Delayed implementation of the proposed rule change

The proposed changes would become effective on August 1, 2017.¹⁶ Upon FICC's submission of this proposed rule change to the Commission, FICC would add a legend to the MBSD Rules and the EPN Rules, as applicable, to state that the specified changes have been filed with the Commission for immediate effectiveness, however, such changes are not yet implemented and to provide the date such changes would become implemented. The legend would also include the file number of the proposed rule change and would state that once implemented, the legend would automatically be removed from the MBSD Rules and EPN Rules as applicable.

(b) Statutory Basis

Section 17A(b)(3)(D) of the Securities Exchange Act of 1934, as amended ("Act") requires that the MBSD Rules and the EPN Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹⁷ FICC believes that the proposed (1) changes to the MBSD Trade Processing fees, MBSD Pool Netting fees and the EPN Message Processing fees (collectively, the "Processing Fees"), and (2) new fees for Stipulated Trades submissions and the DNA process (collectively, the "New Fees") are equitably allocated among Clearing Members and EPN Users, as applicable, because the fees would continue to be based on each Clearing Member's utilization of MBSD's services. Specifically, each Clearing Member or EPN User would be charged based on the volume of transactions and/or messages submitted to MBSD.

FICC believes that the proposed changes to the Processing Fees and the New Fees are reasonable because the proposed fee changes would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process. Additionally, MBSD's new allocation department will increase MBSD's operational cost. FICC believes that the proposed fee changes are reasonable because the fees would align with the cost of providing the benefits associated with the implementation of Rule Filing 2017-012.¹⁸

¹⁶ FICC will implement Rule Filing 2017-012 on July 31, 2017, however, the proposed fee changes would be implemented on August 1, 2017 because the billing cycle begins on the first day of each month.

¹⁷ 15 U.S.C. 78q-1(b)(3)(D).

¹⁸ These benefits include the following: (1) the submission of Pool Instructs by Clearing Members will become optional because FICC would be permitted to submit on behalf Clearing Members; (2) Clearing Members will no longer be required to fulfill Notification of Settlement obligations because transactions (except Option Contracts) would settle with FICC; (3) Clearing Members will have the ability to exclude TBA Obligations from the pool allocation process, netting, and securities settlement through

FICC believes that its proposal to increase the *Trade Input Non-Compliance* fee for Brokers and Dealers are reasonable because doubling the existing fee would be sufficient to encourage Clearing Members to submit transactions in a timely manner. This is especially important because FICC will novate and become the settlement counterparty to all transactions (except Option Contracts) at trade comparison pursuant to Rule Filing 2017-012.

FICC believes that the proposal to increase the *Trade Input Non-Compliance* fee for Brokers and Dealers are equitably allocated because the same fee would be applicable to the Accounts of all Clearing Members who do not submit transactions on a timely basis.

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 that the proposed (1) changes to the Processing Fees and (2) new fee for Stipulated Trades may impose a burden on competition. However, FICC believes any burden on competition that may result from the proposed fees increases would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.¹⁹

Specifically, FICC believes that the proposed (1) changes to the Processing Fees and (2) new fee for Stipulated Trades are necessary because the fees would provide FICC with the ability to achieve and maintain its operating margin. FICC believes that the proposed fee increases and the new fee for Stipulated Trades are appropriate because the fees would provide FICC with the ability to recover the cost of providing the services described in Rule Filing 2017-012. As discussed above, in connection with Rule Filing 2017-012, MBSB's processing cost will not change; however, MBSB's operational cost will increase because of MBSB's new allocation department. As a result, these proposed fee changes would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

FICC believes that the proposed changes to increase the *Trade Input Non-Compliance* fee for Brokers and Dealers will not impact competition because Clearing Members could avoid these fees by submitting their transactions on a timely basis in accordance with the MBSB Rules.

the DNA process; (4) Clearing Members will have the ability to net their pools via the Expanded Pool Netting process in the event that such Clearing Members miss the established deadline for the initial Pool Netting process; (5) Dealer Netting Members will remain anonymous with the elimination of the "give-up" process for Brokered Transactions; (6) Clearing Members will be allowed to submit SBO-Destined Trades in all trade sizes; and (7) Clearing Members will be allowed to submit Stipulated Trades as a new trade type. See Approval Order, 82 FR at 31378.

¹⁹ 15 U.S.C. 78q-1(b)(3)(I).

FICC believes that the proposed change to eliminate the Option Account fees and the Notification of Settlement fees will not impact competition because these fees are associated with processes that will be eliminated pursuant to Rule Filing 2017-012.²⁰

FICC believes that the proposed new fee for the DNA process will not impact competition because the DNA process is voluntary and Clearing Members could elect not to submit their transactions through the DNA process.²¹

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 Act²² 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 August 1, 2017 pursuant to paragraph A of Section 19(b)(3) of the Act.²³

(b) The proposed rule change establishes or changes a due, fee, or other charge.²⁴

(c) Not applicable.

(d) Not applicable.

²⁰ See Approval Order, 82 FR at 31381, 31382.

²¹ See Approval Order, 82 FR at 31381.

²² 15 U.S.C. 78s(b)(2).

²³ 15 U.S.C. 78s(b)(3)(A).

²⁴ 17 CFR 240.19b-4(f)(2).

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.

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 and the EPN Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-FICC-2017-018

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of and Immediate Effectiveness of a Proposed Rule Change to Amend the Fees in the Mortgage-Backed Securities Division Clearing Rules and the EPN Rules

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 July __, 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 Act³ and Rule 19b-4(f)(2) thereunder.⁴ 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

On July 31, 2017, FICC will implement proposed rule change SR-FICC-2017-012 (“Rule Filing 2017-012”).⁵ Rule Filing 2017-012 will amend the Mortgage-Backed

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ Securities Exchange Act Release No. 81051 (June 29, 2017), 82 FR 31378 (July 6, 2017) (SR-FICC-2017-012) (“Approval Order”).

Securities Division Clearing Rules (the “MBSD Rules”) to (1) move the time that FICC novates and treats itself as the settlement counterparty for certain transactions, (2) guarantee and novate trades with stipulations (“Stipulated Trades”), and (3) establish new processes that promote operational efficiencies for Clearing Members.⁶ In connection with Rule Filing 2017-012, FICC is proposing with this filing to amend the fees in the MBSD Rules and the EPN Rules (the “EPN Rules”) as further described below.⁷ The changes proposed in this filing would become effective on August 1, 2017, as described below.

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.

⁶ Id. In connection with the changes in Rule Filing 2017-012, FICC will implement new processes that promote operational efficiencies for Clearing Members. The full text of Rule Filing 2017-012 may be obtained by visiting DTCC’s website at <http://www.dtcc.com/legal/sec-rule-filings>.

⁷ Capitalized terms not defined herein are defined in the MBSD Rules and the EPN Rules, available at <http://www.dtcc.com/legal/rules-and-procedures>.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

On July 31, 2017, FICC will amend the MBSD Rules to (1) move the time that FICC novates and treats itself as the settlement counterparty for certain transactions, (2) guarantee and novate trades with stipulations (“Stipulated Trades”), and (3) establish new processes that promote operational efficiencies for Clearing Members.⁸ In connection with Rule Filing 2017-012, FICC is proposing with this filing to amend the fees in the MBSD Rules and the EPN Rules as further described below. The changes proposed in this filing would become effective on August 1, 2017, as described below.

I. Proposed Changes to the MBSD Rules

FICC is proposing to amend the fees in the MBSD Rules’ *Schedule of Charges Broker Account Group* as listed below.

1. The *Account Maintenance* section would be amended to eliminate the “Option Account” fee. This change is being proposed because FICC will eliminate the Broker “give-up” process from the MBSD Rules in connection with Rule Filing 2017-012.⁹ Because the submission of Broker Give-Up Trades (which includes Option Contracts) will be eliminated, the associated account maintenance fee for Option Accounts will be eliminated.

2. The *Trade Processing* section would be amended to change the name of the “Give-Up Trade Creates” fee to the “Trade Creates” fee. This

⁸ See Approval Order, supra note 5.

⁹ See Approval Order, 82 FR at 31382.

change is being proposed because FICC will eliminate the Broker “give-up” process from the MBSD Rules in connection with Rule Filing 2017-012.¹⁰

3. The *Processing Fees* section would be amended to increase the “Trade Input Non-Compliance” fee to \$1,000 a month per Account from \$500 a month per Account. This change is being proposed in order to encourage Clearing Members to submit transactions into FICC’s Real-Time Trade Matching (“RTTM”) system in a timely manner. The timely submission of transactions is especially important because FICC will novate and become the settlement counterparty to all transactions (other than Option Contracts) pursuant to Rule Filing 2017-012.¹¹

FICC is proposing to amend the fees in the MBSD Rules’ *Schedule of Charges Dealer Account Group* as listed below.

1. The *Trade Processing* section would be amended to modify the tiering levels and the associated fees assigned to each tier for SBO-Destined Trades.¹² In connection with Rule Filing 2017-012, MBSD’s processing cost will not change; however, MBSD’s operational cost will increase because of MBSD’s new allocation department.¹³ As a result, these proposed fee changes would

¹⁰ Id.

¹¹ See Approval Order, supra note 5.

¹² Pursuant to the MBSD Rules, the term “SBO-Destined Trade” means a TBA transaction in the Clearing System intended for TBA Netting in accordance with the provisions of the MBSD Rules. See MBSD Rule 1, supra note 7.

¹³ The MBSD allocations department will monitor the transmission of pool information that is used to satisfy to-be-announced transactions. The team will also handle any exception processing that occurs.

offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

Current Charge	Total par amount traded per month	Proposed Charge	Total par amount traded per month
\$1.93/MM	1,000,000 – 2,500,000,000	\$2.00/MM	01 – 2,500,000,000
\$1.77/MM	2,501,000,000 – 5,000,000,000	\$1.58/MM	2,500,000,001 – 7,500,000,000
\$1.60/MM	5,001,000,000 – 7,500,000,000	\$1.39/MM	7,500,000,001 – 12,500,000,000
\$1.49/MM	7,501,000,000 – 10,000,000,000	\$1.19/MM	12,500,000,001 – 300,000,000,000
\$1.32/MM	10,001,000,000 – 12,500,000,000	\$1.16/MM	300,000,000,001 and over
\$1.14/MM	12,501 and over		

2. The *Trade Processing* section would be amended to increase the fee for “TBA Netting Balance Orders” to \$1.00/MM from \$0.75/MM. In connection with Rule Filing 2017-012, MBSD’s processing cost will not change; however, MBSD’s operational cost will increase because of MBSD’s new allocation department. As a result, this proposed fee change would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process. FICC is also proposing to amend this section to eliminate the applicability of this fee to SBOO Trades because this trade type will be eliminated in connection with Rule Filing 2017-012.¹⁴

¹⁴ See Approval Order, 82 FR at 31380.

3. The *Trade Processing* section would be amended to establish fees for Stipulated Trades, which will be a new trade type eligible for processing at MBSD pursuant to Rule Filing 2017-012.¹⁵ The fees for Stipulated Trades would be the same fees that are in place for the processing of Trade-for-Trade Transactions¹⁶ and Specified Pool Trades.¹⁷ FICC would amend the heading of this section to clarify that the fees would be applicable to Trade-for-Trade-Transactions, Specified Pool Trades and Stipulated Trades.

4. The *Trade Processing* section would be amended to increase the “Trade Creates” fee for Trade-for-Trade Transactions and Specified Pool Trades to \$1.16/MM from \$1.00/MM. This increased fee would also apply to Stipulated Trades. In connection with Rule Filing 2017-012, MBSD’s processing cost will not change; however, MBSD’s operational cost will increase because of MBSD’s new allocation department. As a result, this proposed fee change would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to

¹⁵ See Approval Order, 82 FR at 31381.

¹⁶ Pursuant to the MBSD Rules, the term “Trade-for-Trade Transaction” means a TBA Transaction submitted to MBSD not intended for TBA Netting in accordance with the provisions of the MBSD Rules. See MBSD Rule 1, supra note 7.

¹⁷ Pursuant to the MBSD Rules, the term “Specified Pool Trade” means a trade in which all required pool data, including the pool number to be delivered on the Contractual Settlement Date, are agreed upon by Members at the time of execution. See MBSD Rule 1, supra note 7.

the introduction of the DNA process and the removal of the Notification of Settlement process.

5. FICC is proposing to include two new fees in connection with the proposed Do Not Allocate (“DNA”) process.¹⁸ One fee would be in the amount of \$1.25/MM per transaction in connection with a Clearing Member’s request to include eligible trades in the DNA process (such request would be referred to as a “DNA Request”). The second fee would be in the amount of \$4.00 per transaction in connection with a Clearing Member’s request to cancel its DNA Request (such cancellation would be referred to as a “DNA Request Cancel”).

6. *The Pool Netting Fees* section would be amended to increase the fee for “Matched Pool Instructs” to \$1.00 per side from \$0.60 per side. In connection with Rule Filing 2017-012, MBSD’s processing cost will not change; however, MBSD’s operational cost will increase because of MBSD’s new allocation department. As a result, this proposed fee change would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

7. *The Processing Fees* section would be amended to increase the “Trade Input Non-Compliance” fee to \$1,000 a month per Account from \$500 a month per Account. This change is being proposed in order to encourage

¹⁸ As described in Rule Filing 2017-012, the DNA process will permit offsets among SBON Trades and Trade-for-Trade Transactions. See Approval Order, 82 FR at 31381.

Clearing Members to submit transactions into FICC's RTTM system in a timely manner. The timely submission of transactions is especially important because FICC will novate and become the settlement counterparty to all transactions (other than Option Contracts) pursuant to Rule Filing 2017-012.¹⁹

8. The *Notification of Settlement* fees would be eliminated because FICC will eliminate the Notification of Settlement process from the MBSD Rules in connection with Rule Filing 2017-012.²⁰

II. Proposed Changes to the EPN Rules

FICC is proposing to amend the "Message Processing Fees" in the *EPN Schedule of Charges* as listed below. In connection with Rule Filing 2017-012, MBSD's processing cost will not change; however, MBSD's operational cost will increase because of MBSD's new allocation department. As a result, these proposed fee changes would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

¹⁹ See Approval Order, supra note 5.

²⁰ See Approval Order, 82 FR at 31381.

EPN FEE SCHEDULE				
Fee Descriptions	Current Charge	Message submission times	New Charge	Message submission times
Messaging Processing Fees				
ON Send				
	\$0.17	Per MM Current Face (opening of business to 1:00 PM)	\$0.19	Per MM Current Face (opening of business to 1:00 PM)
	\$0.86	Per MM Current Face (1:00 PM to 2:00 PM)	\$0.95	Per MM Current Face (1:00 PM to 2:00 PM)
	\$1.73	Per MM Current Face (2:00 PM to 3:00 PM)	\$1.90	Per MM Current Face (2:00 PM to 3:00 PM)
	\$1.44	Per MM Current Face (3:00 PM to close of business)	\$1.58	Per MM Current Face (3:00 PM to close of business)
ON Receive				
	\$0.46	Per MM Current Face (opening of business to 1:00 PM)	\$0.51	Per MM Current Face (opening of business to 1:00 PM)
	\$0.23	Per MM Current Face (1:00 PM to 2:00 PM)	\$0.26	Per MM Current Face (1:00 PM to 2:00 PM)
	\$0.23	Per MM Current Face (2:00 PM to 3:00 PM)	\$0.26	Per MM Current Face (2:00 PM to 3:00 PM)
Cancel/Correct Send				
	\$0.17	Per MM Current Face (opening of business to 11:00 AM)	\$0.19	Per MM Current Face (opening of business to 11:00 AM)
	\$0.86	Per MM Current Face (11:00 AM to 12:00 PM)	\$0.95	Per MM Current Face (11:00 AM to 12:00 PM)
	\$1.73	Per MM Current Face (12:00 PM to 12:15 PM)	\$1.90	Per MM Current Face (12:00 PM to 12:15 PM)
	\$0.17	Per MM Current Face (12:15 PM to end of day)	\$0.19	Per MM Current Face (12:15 PM to end of day)

III. Delayed implementation of the proposed rule change

The proposed changes would become effective on August 1, 2017.²¹ Upon FICC's submission of this proposed rule change to the Commission, FICC would add a legend to the MBSD Rules and the EPN Rules, as applicable, to state that the specified changes have been filed with the Commission for immediate effectiveness, however, such changes are not yet implemented and to provide the date such changes would become implemented. The legend would also include the file number of the proposed rule change and would state that once implemented, the legend would automatically be removed from the MBSD Rules and EPN Rules as applicable.

²¹ FICC will implement Rule Filing 2017-012 on July 31, 2017, however, the proposed fee changes would be implemented on August 1, 2017 because the billing cycle begins on the first day of each month.

2. Statutory Basis

Section 17A(b)(3)(D) of the Act requires that the MBSD Rules and the EPN Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.²² FICC believes that the proposed (1) changes to the MBSD Trade Processing fees, MBSD Pool Netting fees and the EPN Message Processing fees (collectively, the “Processing Fees”), and (2) new fees for Stipulated Trades submissions and the DNA process (collectively, the “New Fees”) are equitably allocated among Clearing Members and EPN Users, as applicable, because the fees would continue to be based on each Clearing Member’s utilization of MBSD’s services. Specifically, each Clearing Member or EPN User would be charged based on the volume of transactions and/or messages submitted to MBSD.

FICC believes that the proposed changes to the Processing Fees and the New Fees are reasonable because the proposed fee changes would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process. Additionally, MBSD’s new allocation department will increase MBSD’s operational cost. FICC believes that the proposed fee changes are reasonable because the fees would align with the cost of providing the benefits associated with the implementation of Rule Filing 2017-012.²³

²² 15 U.S.C. 78q-1(b)(3)(D).

²³ These benefits include the following: (1) the submission of Pool Instructs by Clearing Members will become optional because FICC would be permitted to submit on behalf Clearing Members; (2) Clearing Members will no longer be required to fulfill Notification of Settlement obligations because transactions (except Option Contracts) would settle with FICC; (3) Clearing Members will

FICC believes that its proposal to increase the *Trade Input Non-Compliance* fee for Brokers and Dealers are reasonable because doubling the existing fee would be sufficient to encourage Clearing Members to submit transactions in a timely manner. This is especially important because FICC will novate and become the settlement counterparty to all transactions (except Option Contracts) at trade comparison pursuant to Rule Filing 2017-012.

FICC believes that the proposal to increase the *Trade Input Non-Compliance* fee for Brokers and Dealers are equitably allocated because the same fee would be applicable to the Accounts of all Clearing Members who do not submit transactions on a timely basis.

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 that the proposed (1) changes to the Processing Fees and (2) new fee for Stipulated Trades may impose a burden on competition. However, FICC believes any burden on competition that may result from the proposed fees increases would be

have the ability to exclude TBA Obligations from the pool allocation process, netting, and securities settlement through the DNA process; (4) Clearing Members will have the ability to net their pools via the Expanded Pool Netting process in the event that such Clearing Members miss the established deadline for the initial Pool Netting process; (5) Dealer Netting Members will remain anonymous with the elimination of the "give-up" process for Brokered Transactions; (6) Clearing Members will be allowed to submit SBO-Destined Trades in all trade sizes; and (7) Clearing Members will be allowed to submit Stipulated Trades as a new trade type. See Approval Order, 82 FR at 31378.

necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.²⁴

Specifically, FICC believes that the proposed (1) changes to the Processing Fees and (2) new fee for Stipulated Trades are necessary because the fees would provide FICC with the ability to achieve and maintain its operating margin. FICC believes that the proposed fee increases and the new fee for Stipulated Trades are appropriate because the fees would provide FICC with the ability to recover the cost of providing the services described in Rule Filing 2017-012. As discussed above, in connection with Rule Filing 2017-012, MBSD's processing cost will not change; however, MBSD's operational cost will increase because of MBSD's new allocation department. As a result, these proposed fee changes would offset the loss of revenue attributed to the decrease in transaction volumes processed through the Pool Netting System and the EPN Service due to the introduction of the DNA process and the removal of the Notification of Settlement process.

FICC believes that the proposed changes to increase the Trade Input Non-Compliance fee for Brokers and Dealers will not impact competition because Clearing Members could avoid these fees by submitting their transactions on a timely basis in accordance with the MBSD Rules.

FICC believes that the proposed change to eliminate the Option Account fees for Brokers and the Notification of Settlement fees will not impact competition because these fees are associated with processes that will be eliminated pursuant to Rule Filing 2017-012.

²⁴ 15 U.S.C. 78q-1(b)(3)(I).

FICC believes that the proposed new fee for the DNA process will not impact competition because the DNA process is voluntary and Clearing Members could elect not to submit their transactions through the DNA process.

(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 Act²⁵ and paragraph (f) of Rule 19b-4 thereunder.²⁶ 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:

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f).

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-2017-018 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-2017-018. 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-2017-018 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.²⁷

Secretary

²⁷ 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
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

Changes to this Schedule, as amended by File No. SR-FICC-2017-018, are set forth below. These changes have been filed for immediate effectiveness with the Commission, but are not yet implemented. Bold and underlined text indicates added language. Bold and strikethrough text indicates deleted language. These changes will be implemented on August 1, 2017. Once implemented, this legend will automatically be removed from this Schedule and the formatting of the text of the changes in this Schedule will automatically be revised to reflect that these changes are implemented.

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

I. FEES

Important Note: It is the MBSD's policy to retain only those revenues necessary to fund current costs, enhancements and on-going development work for the benefit of its members and appropriate retained earnings as directed by the FICC Board of Directors.

As such, the FICC Board may determine to apply periodic discounts or surcharges to certain MBSD fees consistent with the financial performance of the MBSD.

Account Maintenance

Primary/Secondary Account	\$ 50/Mo./each
Option Account	\$ 50/Mo./each

Aggregate Maintenance

Single Aggregate	No Charge
Each Additional Aggregate	\$ 35/Mo./each

Communication Fees

Failure to migrate from legacy networks to SMART and/or SFTI	Cost*
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* The entire cost of supporting the legacy network connections will be allocated among remaining users pro rata.

Trade Processing¹

Give-up Trade Creates	\$.20/side
Unmatched Trade Deletes	\$ 1.00/side
Trade Cancels	\$ 1.00/side
Change Terms	\$ 1.00/side
DK and Modify	No Charge

Processing Fees

Trade Input Non-Compliance	\$500 <u>\$1,000</u> /month/Account
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* * * *

¹ Trades which are matched and canceled within the same processing pass are exempt from Trade Processing fees.

Changes to this Schedule, as amended by File No. SR-FICC-2017-018, are set forth below. These changes have been filed for immediate effectiveness with the Commission, but are not yet implemented. Bold and underlined text indicates added language. Bold and strikethrough text indicates deleted language. These changes will be implemented on August 1, 2017. Once implemented, this legend will automatically be removed from this Schedule and the formatting of the text of the changes in this Schedule will automatically be revised to reflect that these changes are implemented.

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

I. FEES

Important Note: It is the MBSD's policy to retain only those revenues necessary to fund current costs, enhancements and on-going development work for the benefit of its members and appropriate retained earnings as directed by the FICC Board of Directors.

As such, the FICC Board may determine to apply periodic discounts or surcharges to certain MBSD fees consistent with the financial performance of the MBSD.

Account Maintenance

Option Account	\$ 50/Mo./each
Trade Assignment Account	\$ 50/Mo./each

Aggregate Maintenance

Single Aggregate	No Charge
Each Additional Aggregate	\$ 35/Mo./each

Communication Fees

Failure to migrate from legacy networks to SMART and/or SFTI	Cost*
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* The entire cost of supporting the legacy network connections will be allocated among remaining users pro rata.

Trade Processing³

SBO Destined Trades

Par Value Millions/Mo.

Trade Creates	01-2,500	\$1.93/MM
	2,501-5,000	\$1.77/MM
	5,001-7,500	\$1.60/MM
	7,501-10,000	\$1.49/MM
	10,001-12,500	\$1.32/MM
	12,501& over	\$1.14/MM

<u>01 - 2,500,000,000</u>	<u>\$2.00/MM</u>
<u>2,500,000,001 - 7,500,000,000</u>	<u>\$1.58/MM</u>
<u>7,500,000,001 - 12,500,000,000</u>	<u>\$1.39/MM</u>
<u>12,500,000,001 - 300,000,000,000</u>	<u>\$1.19/MM</u>
<u>300,000,000,001 and over</u>	<u>\$1.16/MM</u>

TBA Netting Balance Orders (~~SBOO~~/SBON) ~~\$0.75/MM~~ **\$1.00/MM**

Unmatched Trade Deletes	\$1.00/side
Trade Cancels	\$4.00/side
Trade Netting Converts	\$1.00/side
DK and Modify	No Charge

Trade-for-Trade Transactions, (Including Specified Pool Trades Specified Pool Trades, and Stipulated Trades)

Trade Creates	\$1.00/MM <u>\$1.16/MM</u>
Unmatched Trade Deletes	\$1.00/side
Trade Cancels	\$4.00/side
DK and Modify	No Charge

Option Trades

Trade Creates	\$1.00/MM
Unmatched Trade Deletes	\$1.00/side
Trade Cancels	\$4.00/side
DK and Modify	No Charge

³ Trades which are matched and canceled within the same processing pass are exempt from Trade Processing fees.

Do Not Allocate Process

<u>DNA Request</u>	<u>\$1.25/MM</u>
<u>DNA Request Cancel (per DNA request)</u>	<u>\$4.00</u>

Pool Netting Fees

Matched Pool Instruct (per side)	\$0.60 <u>\$1.00</u>
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:

* * * *

Processing Fees

Trade Input Non-Compliance	\$500 <u>\$1,000</u> /month/Account
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~~Notification of Settlement~~

~~SBO Trades~~

NOS Creates	_____	No Charge
NOS Deletes	_____	\$1.00/side
NOS DK and Modify	_____	No Charge

~~Trade-for-Trade~~

NOS Creates	_____	No Charge
NOS Deletes	_____	\$1.00/side
NOS DK and Modify	_____	No Charge

~~Processing Fees~~

Delinquent DK's	_____	\$150/day
Delinquent Deletes, Affirms, Matches	_____	\$150/day

* * * *

* The monthly fee will be calculated based on the bank fee allocated to MBSD divided by the number of compared Pool Instructs.

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
EPN RULES

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**FICC
MORTGAGE-BACKED SECURITIES DIVISION (“MBSD”)
EPN SCHEDULE OF CHARGES**

ACCOUNT MAINTENANCE FEES

Direct Account:	\$1,000.00/month (per account)
Investment Manager Accounts ¹	
1 Account	\$ 1,000.00/Mo./each
2 or 3 Accounts	\$ 530.00/Mo./each
4 through 7 Accounts	\$ 430.00/Mo./each
8 through 10 Accounts	\$ 370.00/Mo./each
Greater than 10 Accounts	\$ 340.00/Mo./each

COMMUNICATION FEES

Failure to migrate from legacy networks to SMART and/or SFTI.	Cost*
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*The entire cost of supporting the legacy network connections will be allocated among remaining users pro rata.

MESSAGE PROCESSING FEES

ON Send:	\$1.17 /million Current Face (Opening of Business to 1:00 p.m.)
	\$1.95 <u>1.86</u> /million Current Face (1:00 p.m. to 2:00 p.m.)
	\$1.90 <u>1.73</u> /million Current Face (2:00 p.m. to 3:00 p.m.)
	\$1.58 <u>1.44</u> /million Current Face (3:00 p.m. to Close of Business)

¹ The Account Maintenance fee for a Participant or EPN User, as applicable, that uses a common investment manager to process trades with the MBSD is based on the total number of Accounts maintained by such Participant or EPN User, as applicable, with an investment manager.

ON Receive:	\$.51 .46 /million Current Face (Opening of Business to 1:00 p.m.) \$.26 .23 /million Current Face (1:00 p.m. to 2:00 p.m.) \$.26 .23 /million Current Face (2:00 p.m. to 3:00 p.m.) No Charge (3:00 p.m. to Close of Business)
DK Send or Receive:	No Charge
Cancel Send or Receive:	No Charge
Retransmission Request:	No Charge
Pool Substitution Cancel/Correct	
Cancel/Correct Send:	\$0.19 17 /million Current Face (Open of Business up to 11:00 a.m.) \$0.95 86 /million Current Face (11:00 a.m. up to 12:00 p.m.) \$1.90 1.73 /million Current Face (12:00 p.m. up to 12:15 p.m.) \$0.190.17 /million Current Face (12:15 p.m. to End of Day)
Cancel/Correct Receive:	No Charge
Cancel/Correct DK Send or Receive:	No Charge
Cancel/Correct Retransmission Request:	No Charge