

Required fields are shown with yellow backgrounds and asterisks.

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

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

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

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

Description

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

Allow CCIT Members to Elect to Pay Their Funds-Only Settlement Amount Debits Using a Different Process

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 * Kristen Last Name * Lam

Title * Director and Assistant General Counsel

E-mail * klam1@dtcc.com

Telephone * (212) 855-5258 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 10/15/2018 Managing Director and Deputy General Counsel

By Nikki Poulos

(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 *

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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

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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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 the Proposed Rule Change

(a) The proposed rule change of Fixed Income Clearing Corporation (“FICC”) is annexed hereto as Exhibit 5 and consists of proposed modifications to the FICC Government Securities Division (“GSD”) Rulebook (“Rules”)¹ that would allow CCIT Members to elect to pay their Funds-Only Settlement Amount debits using a process for debit payments that is different than the current required process described in Section 5 of Rule 13. Under this proposal, CCIT Members’ Funds-Only Settlement Amount credits would continue to be processed pursuant to Section 5 of Rule 13.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by FICC’s Deputy General Counsel on October 11, 2018, pursuant to delegated authority from the Board.

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

(a) Purpose

(i) **Background on the CCIT Service**

FICC received approval from the U.S. Securities and Exchange Commission (“Commission”) to implement its CCIT Service in May 2017.² The CCIT Service enables tri-party repurchase agreement transactions in GCF Repo Securities between Netting Members that participate in the GCF Repo Service and institutional cash lenders (other than investment companies registered under the Investment Company Act of 1940, as amended) (called “CCIT Members”).³ The CCIT Service is governed by Rule 3B, which includes provisions on the processing of Funds-Only Settlement Amount obligations of CCIT Members, which are the

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

² See Securities Exchange Act Release No. 80574 (May 2, 2017), 82 FR 21439 (May 8, 2017) (SR-FICC-2017-005) (“CCIT Approval Order”). See Rule 3B, Section 13(a), supra note 1.

³ See CCIT Approval Order, supra note 2. See Rule 3B, Section 13(a), supra note 1.

subject of the present filing.⁴ Under Section 13 of Rule 3B, CCIT Members are subject to the Invoice Amount,⁵ the Miscellaneous Adjustment Amount,⁶ and CCIT Repo Daily Interest.⁷

(ii) **Proposed Change to Rule 3B, Section 13 (Funds-Only Settlement)**

Currently, CCIT Members are required to satisfy their Funds-Only Settlement Amount obligations (both debits and credits) using the same process that Netting Members are required to use for the same purpose.⁸ This process is described in Rule 13.⁹ CCIT Members are required to appoint a Funds-Only Settling Bank to process their Funds-Only Settlement Amount obligations.

FICC understands that some prospective CCIT Members do not have business relationships established with Funds-Only Settling Banks that would permit the Funds-Only Settling Banks to settle such prospective CCIT Members' Funds-Only Settlement Amount debits. Therefore, such prospective CCIT Members are currently unable to participate in the CCIT Service unless an alternative mechanism for them to satisfy their Funds-Only Settlement Amount debits directly with FICC, rather than through a Funds-Only Settling Bank, is permitted by FICC. Specifically, FICC is proposing to allow prospective CCIT Members to satisfy their Funds-Only Settlement Amount debits with FICC through the invoicing process applicable to Comparison-Only Members under Rule 25 (the "invoicing process").¹⁰ Prospective CCIT Members would elect, as part of their onboarding process, to settle their Funds-Only Settlement Amount debits through the Funds-Only Settling Banks or the invoicing process. Furthermore, CCIT Members would also be permitted to change their initial election with respect to Funds-Only Settlement Amount debits after the onboarding process is completed. The proposal would not affect the calculation of the Funds-Only Settlement Amount obligations of CCIT Members, and all other

⁴ See Rule 3B, supra note 1.

⁵ See id. "Invoice Amount" means all fee amounts due and owing from a Netting Member or CCIT Member, as applicable, to FICC on a particular Business Day. See Rule 1, supra note 1.

⁶ See Rule 3B, supra note 1. "Miscellaneous Adjustment Amount" means the net total of all miscellaneous funds-only amounts that, on a particular Business Day, are required to be paid by a Netting Member or CCIT Member, as applicable, to FICC and/or are entitled to be collected by a Member (including a CCIT Member, as applicable) from FICC. See Rule 1, supra note 1.

⁷ See Rule 3B, supra note 1. The term "CCIT Daily Repo Interest" means the interest amount that is collected from or paid to a Netting Member, as applicable, and collected from or paid to a CCIT Member, as applicable, on a daily basis resulting from a CCIT Transaction. See Rule 1, supra note 1.

⁸ See Rule 3B, Section 13, supra note 1.

⁹ See Rule 13, supra note 1.

¹⁰ See Rule 25, supra note 1.

requirements set forth in Rule 13 would remain. In addition, Funds-Only Settlement Amount credits would continue to be processed through Funds-Only Settling Banks and the current process described in Rule 13.¹¹

In order to effectuate the proposed rule change, FICC proposes to revise Rule 3B, Section 13 to describe that a CCIT Member may elect to pay its Funds-Only Settlement Amount debits using the invoicing process applicable to Comparison-Only Members under Rule 25 in lieu of the process described in Section 5 of Rule 13. In addition, Rule 3B, Section 13 would be revised to state that, if the CCIT Member elects the invoicing process, the CCIT Member's Funds-Only Settling Bank shall no longer be responsible for processing Funds-Only Settlement Amounts that are debits for such CCIT Member.

(b) Statutory Basis

FICC believes that the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act") and the rules and regulations thereunder applicable to a registered clearing agency. In particular, FICC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.¹² Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.¹³ FICC believes that the proposed rule change described above to allow CCIT Members to elect to use the invoicing process to pay their Funds-Only Settlement Amount debits would remove an impediment for prospective CCIT Members to join the CCIT Service. Specifically, some prospective CCIT Members cannot join because they are unable to settle Funds-Only Settlement Amount debits under the current process because they do not have business relationships established with Funds-Only Settling Banks that would permit the Funds-Only Settling Banks to settle such prospective CCIT Members' Funds-Only Settlement Amount debits. The proposed rule change would remove this impediment by allowing CCIT Members to elect the invoicing process for settling their Funds-Only Settlement Amount debits and thereby would enable more entities to become CCIT Members and use the CCIT Service. As such, the proposed rule change would remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.¹⁴

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

FICC believes this proposed rule change to enable CCIT Members to elect the invoicing process to pay their Funds-Only Settlement Amount debits in connection with their CCIT Transactions could have an impact on competition. FICC believes that the proposed rule change

¹¹ See Rules 3B and 13, supra note 1.

¹² 15 U.S.C. 78q-1(b)(3)(F).

¹³ Id.

¹⁴ Id.

could promote competition. At this time, there are entities that have expressed an interest in becoming CCIT Members but cannot do so, as discussed above. The proposed rule change would allow such entities to join the CCIT Service. By enabling more entities to join the CCIT Service, the proposed rule change would promote competition by having more entities in central clearing.

FICC does not believe that not providing the alternative mechanism to Netting Members would create a burden on competition. Netting Members, as full-service Members, are able to avail themselves of the existing Funds-Only Settling Bank process for Funds-Only Settlement Amount debits and credits. This existing process is automated and efficient, and FICC does not believe that Netting Members would desire to switch to an invoicing process nor would FICC allow them to do so given their ability to participate in the current Funds-Only Settling Bank process.

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

Written comments relating to this 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

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

(a) The proposed rule change has become effective pursuant to paragraph (A) of Section 19(b)(3) of the Act.¹⁵

(b) The proposed rule change would effect a change in an existing service of FICC that does not adversely affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible, and does not significantly affect the respective rights or obligations of FICC or the persons using this service.¹⁶

(c) Not applicable.

(d) Not applicable.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f)(4)(i).

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 Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act of 2010

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 Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-FICC-2018-011)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Allow CCIT Members to Elect to Pay Their Funds-Only Settlement Amount Debits Using a Different Process

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on October __, 2018, 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)(4) 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

The proposed rule change consists of proposed modifications to the FICC Government Securities Division (“GSD”) Rulebook (“Rules”)⁵ that would to allow CCIT Members to elect to pay their Funds-Only Settlement Amount debits using a process for

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)(4).

⁵ Capitalized terms not defined herein are defined in the Rules, available at <http://dtcc.com/legal/rules-and-procedures>.

debit payments that is different than the current required process described in Section 5 of Rule 13. Under this proposal, CCIT Members' Funds-Only Settlement Amount credits would continue to be processed pursuant to Section 5 of Rule 13.

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

(i) **Background on the CCIT Service**

FICC received approval from the Commission to implement its CCIT Service in May 2017.⁶ The CCIT Service enables tri-party repurchase agreement transactions in GCF Repo Securities between Netting Members that participate in the GCF Repo Service and institutional cash lenders (other than investment companies registered under the Investment Company Act of 1940, as amended) (called "CCIT Members").⁷ The CCIT Service is governed by Rule 3B, which includes provisions on the processing of Funds-

⁶ See Securities Exchange Act Release No. 80574 (May 2, 2017), 82 FR 21439 (May 8, 2017) (SR-FICC-2017-005) ("CCIT Approval Order"). See Rule 3B, Section 13(a), supra note 5.

⁷ See CCIT Approval Order, supra note 2. See Rule 3B, Section 13(a), supra note 5.

Only Settlement Amount obligations of CCIT Members, which are the subject of the present filing.⁸ Under Section 13 of Rule 3B, CCIT Members are subject to the Invoice Amount,⁹ the Miscellaneous Adjustment Amount,¹⁰ and CCIT Repo Daily Interest.¹¹

(ii) **Proposed Change to Rule 3B, Section 13 (Funds-Only Settlement)**

Currently, CCIT Members are required to satisfy their Funds-Only Settlement Amount obligations (both debits and credits) using the same process that Netting Members are required to use for the same purpose.¹² This process is described in Rule 13.¹³ CCIT Members are required to appoint a Funds-Only Settling Bank to process their Funds-Only Settlement Amount obligations.

FICC understands that some prospective CCIT Members do not have business relationships established with Funds-Only Settling Banks that would permit the Funds-Only Settling Banks to settle such prospective CCIT Members' Funds-Only Settlement

⁸ See Rule 3B, supra note 5.

⁹ See id. “Invoice Amount” means all fee amounts due and owing from a Netting Member or CCIT Member, as applicable, to FICC on a particular Business Day. See Rule 1, supra note 5.

¹⁰ See Rule 3B, supra note 5. “Miscellaneous Adjustment Amount” means the net total of all miscellaneous funds-only amounts that, on a particular Business Day, are required to be paid by a Netting Member or CCIT Member, as applicable, to FICC and/or are entitled to be collected by a Member (including a CCIT Member, as applicable) from FICC. See Rule 1, supra note 5.

¹¹ See Rule 3B, supra note 5. The term “CCIT Daily Repo Interest” means the interest amount that is collected from or paid to a Netting Member, as applicable, and collected from or paid to a CCIT Member, as applicable, on a daily basis resulting from a CCIT Transaction. See Rule 1, supra note 5.

¹² See Rule 3B, Section 13, supra note 5.

¹³ See Rule 13, supra note 5.

Amount debits. Therefore, such prospective CCIT Members are currently unable to participate in the CCIT Service unless an alternative mechanism for them to satisfy their Funds-Only Settlement Amount debits directly with FICC, rather than through a Funds-Only Settling Bank, is permitted by FICC. Specifically, FICC is proposing to allow prospective CCIT Members to satisfy their Funds-Only Settlement Amount debits with FICC through the invoicing process applicable to Comparison-Only Members under Rule 25 (the “invoicing process”).¹⁴ Prospective CCIT Members would elect, as part of their onboarding process, to settle their Funds-Only Settlement Amount debits through the Funds-Only Settling Banks or the invoicing process. Furthermore, CCIT Members would also be permitted to change their initial election with respect to Funds-Only Settlement Amount debits after the onboarding process is completed. The proposal would not affect the calculation of the Funds-Only Settlement Amount obligations of CCIT Members, and all other requirements set forth in Rule 13 would remain. In addition, Funds-Only Settlement Amount credits would continue to be processed through Funds-Only Settling Banks and the current process described in Rule 13.¹⁵

In order to effectuate the proposed rule change, FICC proposes to revise Rule 3B, Section 13 to describe that a CCIT Member may elect to pay its Funds-Only Settlement Amount debits using the invoicing process applicable to Comparison-Only Members under Rule 25 in lieu of the process described in Section 5 of Rule 13. In addition, Rule 3B, Section 13 would be revised to state that, if the CCIT Member elects the invoicing process, the CCIT Member’s Funds-Only Settling Bank shall no longer be

¹⁴ See Rule 25, supra note 5.

¹⁵ See Rules 3B and 13, supra note 5.

responsible for processing Funds-Only Settlement Amounts that are debits for such CCIT Member.

2. Statutory Basis

FICC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, FICC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.¹⁶ Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.¹⁷ FICC believes that the proposed rule change described above to allow CCIT Members to elect to use the invoicing process to pay their Funds-Only Settlement Amount debits would remove an impediment for prospective CCIT Members to join the CCIT Service. Specifically, some prospective CCIT Members cannot join because they are unable to settle Funds-Only Settlement Amount debits under the current process because they do not have business relationships established with Funds-Only Settling Banks that would permit the Funds-Only Settling Banks to settle such prospective CCIT Members' Funds-Only Settlement Amount debits. The proposed rule change would remove this impediment by allowing CCIT Members to elect the invoicing process for settling their Funds-Only Settlement Amount debits and thereby would enable more entities to become CCIT Members and use the CCIT Service. As such, the proposed rule change would remove impediments to and perfect the mechanism of a national system for the prompt

¹⁶ 15 U.S.C. 78q-1(b)(3)(F).

¹⁷ Id.

and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.¹⁸

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

FICC believes this proposed rule change to enable CCIT Members to elect the invoicing process to pay their Funds-Only Settlement Amount debits in connection with their CCIT Transactions could have an impact on competition. FICC believes that the proposed rule change could promote competition. At this time, there are entities that have expressed an interest in becoming CCIT Members but cannot do so, as discussed above. The proposed rule change would allow such entities to join the CCIT Service. By enabling more entities to join the CCIT Service, the proposed rule change would promote competition by having more entities in central clearing.

FICC does not believe that not providing the alternative mechanism to Netting Members would create a burden on competition. Netting Members, as full-service Members, are able to avail themselves of the existing Funds-Only Settling Bank process for Funds-Only Settlement Amount debits and credits. This existing process is automated and efficient, and FICC does not believe that Netting Members would desire to switch to an invoicing process nor would FICC allow them do so given their ability to participate in the current Funds-Only Settling Bank process.

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

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

¹⁸

Id.

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 Act¹⁹ and paragraph (f) of Rule 19b-4 thereunder.²⁰ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2018-011 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-FICC-2018-011. This file number should be included on the subject line if e-mail is used. To help the Commission process

¹⁹ 15 U.S.C. 78s(b)(3)(A).

²⁰ 17 CFR 240.19b-4(f).

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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FICC-2018-011 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Secretary

²¹ 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

**RULE 3B – CENTRALLY CLEARED INSTITUTIONAL
TRIPARTY SERVICE**

* * * *

Section 13 – Funds-Only Settlement

(a) A CCIT Member, or Joint Account (as applicable), shall have the same Funds-Only Settlement Amount obligations as a Netting Member pursuant to Rule 13 (Funds-Only Settlement), and Rule 13 shall apply in its entirety to CCIT Members in the same way as it applies to Netting Members except that only the following components of Section 1 of Rule 13 shall apply to CCIT Members with respect to their CCIT Transactions:

- (i) Invoice Amount; and
- (ii) Miscellaneous Adjustment Amount.

(b) The following components of Section 1 of Rule 13 shall apply to Netting Members with respect to their CCIT Transactions (such components shall apply as they apply to GCF Repo Transactions except as noted below):

- (i) Transaction Adjustment Payment;
- (ii) GCF Interest Rate Mark, provided that Netting Members shall be obligated to pay debits but shall not be entitled to collect credits for GCF Interest Rate Mark with respect to their CCIT Transactions;
- (iii) Interest Rate Mark, provided that Netting Members shall be obligated to pay debits but shall not be entitled to collect credits for Interest Rate Mark with respect to their CCIT Transactions;
- (iv) Interest Rate Mark Adjustment Payment;
- (v) Invoice Amount as it relates to CCIT Transactions; and
- (vi) Miscellaneous Adjustment Amount as it relates to CCIT Transactions.

(c) CCIT Daily Repo Interest shall also apply to CCIT Members (or Joint Accounts as applicable) and Netting Members with respect to their CCIT Transactions.

(d) Notwithstanding the above, a CCIT Member may elect to pay its Funds-Only Settlement Amount debits directly to the Corporation using the invoicing process applicable to Comparison-Only Members under Rule 25 (“invoicing process”) in lieu of the process described in Section 5 of Rule 13. If the CCIT Member elects the invoicing process, the CCIT Member’s Funds-Only Settling Bank shall no longer be responsible for processing Funds-Only Settlement Amounts that are debits for such CCIT Member.

* * * *