

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="31"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2018"/> - * <input type="text" value="012"/>	Amendment No. (req. for Amendments *) <input type="text"/>
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Filing by Fixed Income Clearing Corporation  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Remove Certain Fees from the Mortgage-Backed Securities Division Clearing Rules and Electronic Pool Notification Rules

**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 * <input type="text" value="Jacqueline"/>	Last Name * <input type="text" value="Chezar"/>
Title * <input type="text" value="Executive Director and Associate General Counsel"/>	
E-mail * <input type="text" value="jfarinella@dtcc.com"/>	
Telephone * <input type="text" value="(212) 855-3216"/>	Fax <input type="text"/>

**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 <input type="text" value="11/26/2018"/>	<input type="text" value="Managing Director and Deputy General Counsel"/>
By <input type="text" value="Nikki Poulos"/>	<input type="text" value="npoulos@dtcc.com"/>
(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**

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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 FICC’s Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“Clearing Rules”) and the MBSD electronic pool notification (“EPN”) Rules (“EPN Rules,” and together with the Clearing Rules, “Rules”) to remove certain fees, as described below.<sup>1</sup>

(b) Not applicable.

(c) Not applicable.

## **2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Business, Technology & Operations Committee of the Board of Directors of FICC at a meeting duly called and held on September 12, 2018.

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

### **(a) Purpose**

FICC recently completed a strategic review of its revenue and pricing strategy. The goal of the review was to enhance pricing for the Clearing Members and EPN Users (collectively referred to herein as “participants”) of MBSD and participants of FICC’s Government Securities Division (“GSD”).<sup>2</sup> This effort was intended to align fees for services with the cost of providing those services, reduce the complexity of fee structures, and increase the overall transparency of the fees charged for services.

As a result of this review, FICC is proposing to revise the Rules to remove the following fees: (1) MBSD’s Surcharge for Submission Method (“Surcharge”), which is a percent surcharge on post discount trade recording fees as recorded on a Clearing Member’s monthly bill that is charged to Clearing Members that submit trade data either on a single batch or multi-batch

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<sup>1</sup> Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Rules, as applicable, available at <http://www.dtcc.com/legal/rules-and-procedures>.

<sup>2</sup> Earlier this year, FICC implemented changes to the fee structure of GSD in connection with this initiative. See Securities Exchange Act Release No. 83401 (June 8, 2018), 83 FR 27812 (June 14, 2018) (SR-FICC-2018-003). FICC’s affiliates, The Depository Trust Company and National Securities Clearing Corporation, are also proposing changes to their respective fees.

method; (2) MBSD's account maintenance fee (\$50 per month for each trade assignment account); and (3) fees for late payments of EPN bills.

As described further below, FICC has determined that the Surcharge and the fees for late payment of EPN bills are no longer necessary to encourage alternatives to batch processing or prompt payment of bills, respectively. As also described below, FICC is proposing to remove MBSD's account maintenance fee for trade assignment accounts does not offer trade assignment accounts.

Each of these proposed changes is described below.

*(i) Surcharge for Submission Method*

FICC is proposing to remove the Surcharge from the Clearing Rules' Schedule of Charges for the Broker Account Group ("Broker Schedule") and the Schedule of Charges for the Dealer Account Group ("Dealer Schedule").<sup>3</sup>

In 2006, FICC implemented the Surcharge to be imposed on Clearing Members that are either single batch submitters or multi-batch submitters of transaction data.<sup>4</sup> The surcharge is (1) fifty percent (with a minimum of \$500) on the post discount trade recording fees, as recorded on the monthly bill of single batch submitters, and (2) twenty percent (with a minimum of \$500) on the post discount trade recording fees, as recorded on the monthly bill of multi-batch submitters.<sup>5</sup> The Surcharge was introduced to encourage Clearing Members to submit trades using the interactive messaging submission method through FICC's Real-Time Trade Matching ("RTTM") Web service, encourage submission of transaction data on a timely basis, and cover the costs of batch processing.<sup>6</sup> The rationale for encouraging the use of interactive messaging through RTTM Web included mitigating (1) the risk associated with the longer time to complete trade comparison and confirmation in batch processing; and (2) the operational risk introduced when the parties to a trade submit trade data through different submission methods.<sup>7</sup>

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<sup>3</sup> Supra note 1.

<sup>4</sup> See Securities Exchange Act Release No. 53061 (January 5, 2006), 71 FR 2078 (January 12, 2006) (SR-FICC-2005-20).

<sup>5</sup> See Broker Schedule and Dealer Schedule, supra note 1.

<sup>6</sup> Where Clearing Members previously submitted trades to FICC either once or multiple times during the day in batches (referred to as "batch submission"), interactive messaging through RTTM Web involves the submission of trades to FICC on a real-time basis and allows Clearing Members to, for example, receive trade status messages and cancel or modify trades.

<sup>7</sup> See supra note 4.

Since the introduction of the Surcharge, the use of the interactive trade submission method through RTTM Web has expanded. As of May 2005, thirty-five percent of Clearing Members used interactive messaging through RTTM Web, representing approximately eighty percent of total par and seventy-four percent of total sides of transactions processed.<sup>8</sup> As of June 2018, all Clearing Members were using interactive messaging through RTTM Web for transaction data submission and, while some Clearing Members submit certain files by batch method from time to time, approximately ninety-seven percent of MBSB's total par and total sides of transactions processed were submitted using interactive messaging through RTTM Web. Given that all Clearing Members have now adopted the technology necessary to submit transaction data using the interactive messaging submission method through RTTM Web, FICC does not anticipate that Clearing Members will revert to using solely a batch submission method.

Therefore, FICC believes the Surcharge is no longer necessary and is proposing to remove it from the Clearing Rules. In order to implement this proposed change, FICC would remove the Surcharge from (1) MBSB Clearing Rules, Brokers Schedule, "I. Fees," and (2) MBSB Clearing Rules, Dealers Schedule, "I. Fees."

***(ii) Account Maintenance Fee for Trade Assignment Accounts***

FICC is proposing to remove the account maintenance fee for "Trade Assignment Accounts" from the Dealer Schedule.

While the Dealer Schedule includes an account maintenance fee for trade assignment accounts, FICC does not offer trade assignment accounts, and has not been able to identify any records relating to the establishment, maintenance, or termination of this service. Therefore, the proposed change to remove the related account maintenance fee would merely update the Dealer Schedule to reflect current services available to Clearing Members.

In order to implement this proposed change, FICC would remove the "Trade Assignment Account" fee from MBSB Clearing Rules, Dealer Schedule, "I. Fees, Account Maintenance."

***(iii) Fees for Late Payment of EPN Bills***

FICC is proposing to remove the "Additional Fees for Late Payment of EPN Bills" from the EPN Schedule of Fees in the EPN Rules.

In 1998, FICC implemented a schedule of fees for late payment of financial obligations to FICC in order to motivate participants to pay their obligations to FICC before the applicable deadlines and compensate MBSB for the costs associated with monitoring such late payments.<sup>9</sup> When these fees were implemented, they were added to the Broker Schedule and Dealer

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<sup>8</sup> Id. at FN 3.

<sup>9</sup> See Securities Exchange Act Release No. 39849 (April 10, 1998), 63 FR 19546 (April 20, 1998) (SR-MBSCC-97-09).

Schedule in the Clearing Rules, and to the EPN Schedule of Charges in the EPN Rules. Within the EPN Rules, these fees range from \$50 to \$500, and are scaled based on whether the late payment is a first, second, third, or fourth occurrence.

In 2004, FICC revised the Broker Schedule and the Dealer Schedule of the Clearing Rules to characterize these fees as fines.<sup>10</sup> While late payment of financial obligations under the Clearing Rules could represent late payment of margin charges, which create risk to FICC, late payments of EPN bills do not present FICC with the same risk. Therefore, similar changes were not made to the EPN Rules in 2004 and these fees remained unchanged. In connection with its recent review of fees, FICC has determined that late payment of EPN bills are rarely applied.<sup>11</sup> In general, EPN users promptly pay their EPN bills. FICC has determined that it is no longer necessary to retain this fee because, as stated above, such late payments do not present FICC with the same risk as late payment of bills under the Clearing Rules. Therefore, FICC is proposing to remove this fee from the EPN Rules.

In order to implement this proposed change, FICC would remove the “ADDITIONAL FEES FOR LATE PAYMENT OF EPN BILLS” from the EPN Rules, EPN Schedule of Charges.

### ***Member Outreach***

Beginning in June 2018, FICC has conducted ongoing outreach to participants in order to provide them with notice of the proposed changes. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Securities and Exchange Commission (“Commission”) will be notified of any written comments received.

### ***Implementation Timeframe***

FICC would implement this proposal on January 1, 2019. As proposed, a legend would be added to the Broker Schedule and the Dealer Schedule in the Clearing Rules and to the EPN Schedule of Charges in the EPN Rules, as appropriate, stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include the date on which such changes would be implemented and the file number of this proposal, and would state that, once this proposal is implemented, the legend would automatically be removed from each of the Broker Schedule, the Dealer Schedule, and the EPN Schedule of Charges.

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<sup>10</sup> See Securities Exchange Act Release No. 50965 (January 5, 2005), 70 FR 2201 (January 12, 2005) (SR-FICC-2004-06).

<sup>11</sup> FICC has not charged these fees to any EPN Users for at least four years as of the date of this filing.

(b) Statutory Basis

FICC believes the proposed changes are consistent with the Section 17A(b)(3)(D) of the Securities Exchange Act of 1934 (“Act”), which requires, in part, that the Rules provide for the equitable allocation of reasonable dues, fees, and other charges among participants.<sup>12</sup> The proposed change to remove the Surcharge from the Broker Schedule and the Dealer Schedule would provide for the equitable allocation of fees among participants because the proposal would apply to all participants, such that no Clearing Members would be subject to this fee following the implementation of the proposed change. The proposed change to remove the fee for late EPN bills from the EPN Schedule of Fees would also provide for the equitable allocation of fees among participants because this proposal would apply to all participants, such that no EPN Users would be subject to this fee following the implementation of the proposed change. Further, FICC believes these two proposed changes are reasonable because they would eliminate two fees that are no longer necessary, for the reasons described above. Therefore, these proposed changes are consistent with Section 17A(b)(3)(D).<sup>13</sup>

The proposed change to remove the account maintenance fee for trade assignment accounts from the Dealer Schedule would provide for the equitable allocation of fees among participants because removing this fee, which does not relate to a service provided by FICC, would improve the accuracy of the Dealer Schedule for all Clearing Members. FICC believes this proposed change is reasonable because, following implementation of the proposed change, the Dealer Schedule would only include fees that relate to existing services provided by FICC. Therefore, this proposed change is also consistent with Section 17A(b)(3)(D).<sup>14</sup>

Rule 17Ad-22(e)(21) under the Act requires, in part, that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves.<sup>15</sup> The proposed change to eliminate the Surcharge would eliminate a fee that is no longer necessary to discourage batch submission of trades, for the reasons described above. The proposed change to eliminate the late payment for EPN bills would also eliminate a fee that is no longer necessary to discourage late payment of such bills, for the reasons described above. Finally, the proposed change to remove the account maintenance fee for trade assignment accounts from the Dealer Schedule would remove a fee from the Dealer Schedule that does not relate to a service offered by FICC. Each of these proposed changes would simplify and update the Rules, thereby improving the clarity of the Rules and enhancing their transparency to participants. By removing fees that are no longer necessary or do not relate to FICC’s services, and improving the clarity of

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<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>13</sup> Id.

<sup>14</sup> Id.

<sup>15</sup> 17 CFR 240.17Ad-22(e)(21).

the Rules, the proposed changes would allow FICC to more efficiently and effectively meet the requirements of its participants. Therefore, FICC believes this proposed rule change is also consistent with Rule 17Ad-22(e)(21).<sup>16</sup>

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

FICC does not believe that the proposed rule changes would have any impact, or impose any burden, on competition. The proposed changes would eliminate fees that are no longer necessary, for the reasons described above, and would remove a fee from the Clearing Rules that does not relate to a service provided by FICC. Each of the proposed changes would apply equally to all participants such that no participants would be subject to the eliminated fees following the implementation of the proposed changes, and the Clearing Rules would no longer identify a fee that does not relate to an FICC service. Therefore, FICC does not believe these proposed changes would not have any impact on competition.

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

FICC has not solicited or received any written comments relating to this proposal. FICC will notify the Commission of any written comments that it receives.

**6. Extension of Time Period for Commission Action**

FICC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act for Commission action.<sup>17</sup>

**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 is to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3) of the Act.<sup>18</sup>

(b) The proposed rule change establishes or changes a due, fee, or other charge.<sup>19</sup>

(c) Not applicable.

(d) Not applicable.

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<sup>16</sup> Id.

<sup>17</sup> 15 U.S.C. 78s(b)(2).

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 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 changes are not based on the rules of another self-regulatory organization or of 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 Rules.

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-FICC-2018-012)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of and Immediate Effectiveness of a Proposed Rule Change to Remove Certain Fees from the Mortgage-Backed Securities Division Clearing Rules and Electronic Pool Notification Rules

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 November \_\_, 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 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 FICC’s Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“Clearing Rules”) and the MBSD

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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)(4).

electronic pool notification (“EPN”) Rules (“EPN Rules,” and together with the Clearing Rules, “Rules”) to remove certain fees, as described below.<sup>5</sup>

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 recently completed a strategic review of its revenue and pricing strategy. The goal of the review was to enhance pricing for the Clearing Members and EPN Users (collectively referred to herein as “participants”) of MBSD and participants of FICC’s Government Securities Division (“GSD”).<sup>6</sup> This effort was intended to align fees for services with the cost of providing those services, reduce the complexity of fee structures, and increase the overall transparency of the fees charged for services.

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<sup>5</sup> Available at <http://www.dtcc.com/legal/rules-and-procedures>. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Rules.

<sup>6</sup> Earlier this year, FICC implemented changes to the fee structure of GSD in connection with this initiative. See Securities Exchange Act Release No. 83401 (June 8, 2018), 83 FR 27812 (June 14, 2018) (SR-FICC-2018-003). FICC’s affiliates, The Depository Trust Company and National Securities Clearing Corporation, are also proposing changes to their respective fees.

As a result of this review, FICC is proposing to revise the Rules to remove the following fees: (1) MBSD's Surcharge for Submission Method ("Surcharge"), which is a percent surcharge on post discount trade recording fees as recorded on a Clearing Member's monthly bill that is charged to Clearing Members that submit trade data either on a single batch or multi-batch method; (2) MBSD's account maintenance fee (\$50 per month for each trade assignment account); and (3) fees for late payments of EPN bills.

As described further below, FICC has determined that the Surcharge and the fees for late payment of EPN bills are no longer necessary to encourage alternatives to batch processing or prompt payment of bills, respectively. As also described below, FICC is proposing to remove MBSD's account maintenance fee for trade assignment accounts does not offer trade assignment accounts.

Each of these proposed changes is described below.

*(i) Surcharge for Submission Method*

FICC is proposing to remove the Surcharge from the Clearing Rules' Schedule of Charges for the Broker Account Group ("Broker Schedule") and the Schedule of Charges for the Dealer Account Group ("Dealer Schedule").<sup>7</sup>

In 2006, FICC implemented the Surcharge to be imposed on Clearing Members that are either single batch submitters or multi-batch submitters of transaction data.<sup>8</sup> The surcharge is (1) fifty percent (with a minimum of \$500) on the post discount trade recording fees, as recorded on the monthly bill of single batch submitters, and (2) twenty percent (with a minimum of \$500) on the post discount trade recording fees, as recorded

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<sup>7</sup> Supra note 5.

<sup>8</sup> See Securities Exchange Act Release No. 53061 (January 5, 2006), 71 FR 2078 (January 12, 2006) (SR-FICC-2005-20).

on the monthly bill of multi-batch submitters.<sup>9</sup> The Surcharge was introduced to encourage Clearing Members to submit trades using the interactive messaging submission method through FICC’s Real-Time Trade Matching (“RTTM”) Web service, encourage submission of transaction data on a timely basis, and cover the costs of batch processing.<sup>10</sup> The rationale for encouraging the use of interactive messaging through RTTM Web included mitigating (1) the risk associated with the longer time to complete trade comparison and confirmation in batch processing; and (2) the operational risk introduced when the parties to a trade submit trade data through different submission methods.<sup>11</sup>

Since the introduction of the Surcharge, the use of the interactive trade submission method through RTTM Web has expanded. As of May 2005, thirty-five percent of Clearing Members used interactive messaging through RTTM Web, representing approximately eighty percent of total par and seventy-four percent of total sides of transactions processed.<sup>12</sup> As of June 2018, all Clearing Members were using interactive messaging through RTTM Web for transaction data submission and, while some Clearing Members submit certain files by batch method from time to time, approximately ninety-seven percent of MBSB’s total par and total sides of transactions

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<sup>9</sup> See Broker Schedule and Dealer Schedule, supra note 5.

<sup>10</sup> Where Clearing Members previously submitted trades to FICC either once or multiple times during the day in batches (referred to as “batch submission”), interactive messaging through RTTM Web involves the submission of trades to FICC on a real-time basis and allows Clearing Members to, for example, receive trade status messages and cancel or modify trades.

<sup>11</sup> See supra note 8.

<sup>12</sup> Id. at FN 3.

processed were submitted using interactive messaging through RTTM Web. Given that all Clearing Members have now adopted the technology necessary to submit transaction data using the interactive messaging submission method through RTTM Web, FICC does not anticipate that Clearing Members will revert to using solely a batch submission method.

Therefore, FICC believes the Surcharge is no longer necessary and is proposing to remove it from the Clearing Rules. In order to implement this proposed change, FICC would remove the Surcharge from (1) MBSD Clearing Rules, Brokers Schedule, “I. Fees,” and (2) MBSD Clearing Rules, Dealers Schedule, “I. Fees.”

*(i) Account Maintenance Fee for Trade Assignment Accounts*

FICC is proposing to remove the account maintenance fee for “Trade Assignment Accounts” from the Dealer Schedule.

While the Dealer Schedule includes an account maintenance fee for trade assignment accounts, FICC does not offer trade assignment accounts, and has not been able to identify any records relating to the establishment, maintenance, or termination of this service. Therefore, the proposed change to remove the related account maintenance fee would merely update the Dealer Schedule to reflect current services available to Clearing Members.

In order to implement this proposed change, FICC would remove the “Trade Assignment Account” fee from MBSD Clearing Rules, Dealer Schedule, “I. Fees, Account Maintenance.”

*(ii) Fees for Late Payment of EPN Bills*

FICC is proposing to remove the “Additional Fees for Late Payment of EPN Bills” from the EPN Schedule of Fees in the EPN Rules.

In 1998, FICC implemented a schedule of fees for late payment of financial obligations to FICC in order to motivate participants to pay their obligations to FICC before the applicable deadlines and compensate MBSB for the costs associated with monitoring such late payments.<sup>13</sup> When these fees were implemented, they were added to the Broker Schedule and Dealer Schedule in the Clearing Rules, and to the EPN Schedule of Charges in the EPN Rules. Within the EPN Rules, these fees range from \$50 to \$500, and are scaled based on whether the late payment is a first, second, third, or fourth occurrence.

In 2004, FICC revised the Broker Schedule and the Dealer Schedule of the Clearing Rules to characterize these fees as fines.<sup>14</sup> While late payment of financial obligations under the Clearing Rules could represent late payment of margin charges, which create risk to FICC, late payments of EPN bills do not present FICC with the same risk. Therefore, similar changes were not made to the EPN Rules in 2004 and these fees remained unchanged. In connection with its recent review of fees, FICC has determined that late payment of EPN bills are rarely applied.<sup>15</sup> In general, EPN users promptly pay their EPN bills. FICC has determined that it is no longer necessary to retain this fee

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<sup>13</sup> See Securities Exchange Act Release No. 39849 (April 10, 1998), 63 FR 19546 (April 20, 1998) (SR-MBSCC-97-09).

<sup>14</sup> See Securities Exchange Act Release No. 50965 (January 5, 2005), 70 FR 2201 (January 12, 2005) (SR-FICC-2004-06).

<sup>15</sup> FICC has not charged these fees to any EPN Users for at least four years as of the date of this filing.

because, as stated above, such late payments do not present FICC with the same risk as late payment of bills under the Clearing Rules. Therefore, FICC is proposing to remove this fee from the EPN Rules.

In order to implement this proposed change, FICC would remove the “ADDITIONAL FEES FOR LATE PAYMENT OF EPN BILLS” from the EPN Rules, EPN Schedule of Charges.

***Member Outreach***

Beginning in June 2018, FICC has conducted ongoing outreach to participants in order to provide them with notice of the proposed changes. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

***Implementation Timeframe***

FICC would implement this proposal on January 1, 2019. As proposed, a legend would be added to the Broker Schedule and the Dealer Schedule in the Clearing Rules and to the EPN Schedule of Charges in the EPN Rules, as appropriate, stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include the date on which such changes would be implemented and the file number of this proposal, and would state that, once this proposal is implemented, the legend would automatically be removed from each of the Broker Schedule, the Dealer Schedule, and the EPN Schedule of Charges..

2. Statutory Basis

FICC believes the proposed changes are consistent with the Section 17A(b)(3)(D) of the Act, which requires, in part, that the Rules provide for the equitable allocation of

reasonable dues, fees, and other charges among participants.<sup>16</sup> The proposed change to remove the Surcharge from the Broker Schedule and the Dealer Schedule would provide for the equitable allocation of fees among participants because the proposal would apply to all participants, such that no Clearing Members would be subject to this fee following the implementation of the proposed change. The proposed change to remove the fee for late EPN bills from the EPN Schedule of Fees would also provide for the equitable allocation of fees among participants because this proposal would apply to all participants, such that no EPN Users would be subject to this fee following the implementation of the proposed change. Further, FICC believes these two proposed changes are reasonable because they would eliminate two fees that are no longer necessary, for the reasons described above. Therefore, these proposed changes are consistent with Section 17A(b)(3)(D).<sup>17</sup>

The proposed change to remove the account maintenance fee for trade assignment accounts from the Dealer Schedule would provide for the equitable allocation of fees among participants because removing this fee, which does not relate to a service provided by FICC, would improve the accuracy of the Dealer Schedule for all Clearing Members. FICC believes this proposed change is reasonable because, following implementation of the proposed change, the Dealer Schedule would only include fees that relate to existing services provided by FICC. Therefore, this proposed change is also consistent with Section 17A(b)(3)(D).<sup>18</sup>

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<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>17</sup> Id.

<sup>18</sup> Id.

Rule 17Ad-22(e)(21) under the Act requires, in part, that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves.<sup>19</sup> The proposed change to eliminate the Surcharge would eliminate a fee that is no longer necessary to discourage batch submission of trades, for the reasons described above. The proposed change to eliminate the late payment for EPN bills would also eliminate a fee that is no longer necessary to discourage late payment of such bills, for the reasons described above. Finally, the proposed change to remove the account maintenance fee for trade assignment accounts from the Dealer Schedule would remove a fee from the Dealer Schedule that does not relate to a service offered by FICC. Each of these proposed changes would simplify and update the Rules, thereby improving the clarity of the Rules and enhancing their transparency to participants. By removing fees that are no longer necessary or do not relate to FICC's services, and improving the clarity of the Rules, the proposed changes would allow FICC to more efficiently and effectively meet the requirements of its participants. Therefore, FICC believes this proposed rule change is also consistent with Rule 17Ad-22(e)(21).<sup>20</sup>

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

FICC does not believe that the proposed rule changes would have any impact, or impose any burden, on competition. The proposed changes would eliminate fees that are no longer necessary, for the reasons described above, and would remove a fee from the Clearing Rules that does not relate to a service provided by FICC. Each of the proposed

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<sup>19</sup> 17 CFR 240.17Ad-22(e)(21).

<sup>20</sup> Id.

changes would apply equally to all participants such that no participants would be subject to the eliminated fees following the implementation of the proposed changes, and the Clearing Rules would no longer identify a fee that does not relate to an FICC service. Therefore, FICC does not believe these proposed changes would not have any impact on competition.

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

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

FICC will notify the Commission of any written comments that it receives.

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>21</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>22</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.

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:

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<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2018-012 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-2018-012. 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. 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-2018-012 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>23</sup>

Secretary

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<sup>23</sup> 17 CFR 200.30-3(a)(12).

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

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

**MORTGAGE-BACKED SECURITIES DIVISION**

**CLEARING RULES**

\* \* \*

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

**[Changes to this Schedule of Charges, as amended by File No. SR-FICC-2018-012, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2018/FICC/SR-FICC-2018-012.pdf](http://dtcc.com/~media/Files/Downloads/legal/rule-filings/2018/FICC/SR-FICC-2018-012.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. On January 1, 2019, these changes will be implemented and this legend will automatically be removed from this Schedule of Charges.]**

**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
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**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 Processing<sup>1</sup>

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	\$1,000/month/Account
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### ~~Surcharge for Submission Method (Effective April 1, 2006)~~

~~At the end of a month, and with respect to each Participant account, a Participant that submits any trade data to the Corporation during that month using a single batch or multi-batch method shall be subject to a surcharge as follows:~~

- ~~(a) Single batch submitters shall be subject to a 50 percent surcharge (with a minimum of \$500) on their post discount trade recording fees as recorded on their monthly bill, and~~
- ~~(b) Multi-batch submitters shall be subject to a 20 percent surcharge (with a minimum of \$500) on their post discount trade recording fees as recorded on their monthly bill.~~

~~— The MBSD will reserve the right to waive the surcharges for a particular Participant if it determines that the Participant's classification as a single or multi-batch user in a particular month is due to a non-recurring system or operational problem. Surcharge revenues will be paid through to individual interactive messaging and terminal service submitters pro rata, based upon such submitters' ratio of trade recording fees to system-wide trade recording fees.~~

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

### **Clearing Fund Maintenance Fee**

On a monthly basis, the Clearing Member shall be charged, in arrears, a fee calculated as the product of 0.25% and the average of each Clearing Member's cash deposit balance in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360; provided that, the investment rate of return on investment of the cash deposit balance in the Clearing Fund for that month is either equal to or greater than 0.25%. No fee will be charged for any month in which the monthly rate of return on investment of the cash deposit balance in the Clearing Fund is less than 0.25%.

**Broker Commission Collection/Audit Trail**                      No Charge

In addition to the above, FICC may also bill Participants for, and include on the Participants' billing statements, fees and charges which may be imposed on such Participants by third parties such as: (a) other subsidiaries of The Depository Trust & Clearing Corporation; (b) self-regulatory organizations and other securities industry organizations or entities of which such Participant is a member, where such third party has represented to FICC that it has an agreement with the Participant allowing the Participant's payment of such fees and charges; and (c) other organizations and entities which provide services or equipment to Participants which are integral to services provided by FICC. Any amounts so collected will be remitted to the entity imposing such fee or charge.

Such fees and charges may include those of companies that identify themselves as being an affiliate of the Participant. Participants should check their billing statements, which shall reflect all such charges, and report any problems to FICC immediately.

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

**[Changes to this Schedule of Charges, as amended by File No. SR-FICC-2018-012, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2018/FICC/SR-FICC-2018-012.pdf](http://dtcc.com/~media/Files/Downloads/legal/rule-filings/2018/FICC/SR-FICC-2018-012.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. On January 1, 2019, these changes will be implemented and this legend will automatically be removed from this Schedule of Charges.]**

#### **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
<del>Trade Assignment Account</del>	<del>\$ 50/Mo./each</del>

**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 Processing<sup>3</sup>**

SBO Destined Trades	Par Value Millions/Mo.
Trade Creates	
01 - 2,500,000,000	\$2.00/MM
2,500,000,001 - 7,500,000,000	\$1.58/MM
7,500,000,001 - 12,500,000,000	\$1.39/MM
12,500,000,001 - 300,000,000,000	\$1.19/MM
300,000,000,001 and over	\$1.16/MM
TBA Netting Balance Orders (SBON)	\$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

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

**Trade-for-Trade Transactions, Specified Pool Trades, and Stipulated Trades**

Trade Creates	\$1.16/MM
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

**Do Not Allocate Process**

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

**Pool Netting Fees**

Matched Pool Instruct (per side)	\$1.00
CDR Pool Instruct Fee	\$0.20
Cancel of Matched Pool Instruct	\$0.40
Post Net Subs	\$0.20
MBSD Bank Allocation Fee	Calculated monthly based on MBSD bank clearance fees*

**BNY Daylight Overdraft Fees on Securities Settlement Obligations:**

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

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

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

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

**Financing Charges Associated with Pool Netting:**

For each other Pool Netting Member, a pass-through charge calculated on a percentage of the total of all such costs incurred by the Corporation, allocated by agency product, which percentage is calculated as follows:

Total dollar value of deliver and receive obligations of  
such Pool Netting Member in such agency product

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Total dollar value of deliver and receive obligations of  
all Pool Netting Members in such agency product

Notwithstanding the above, if, after providing to a Pool Netting Member appropriate notice and opportunity to be heard, the Corporation determines that such Pool Netting Member has, on a recurring basis and without good cause, caused the Corporation to incur financing costs, such Member will be obligated to pay for the entire amount of any financing costs incurred by the Corporation as the result of deliveries by such Member to the Corporation.

**Processing Fees**

Trade Input Non-Compliance                      \$1,000/month/Account

~~**Surcharge for Submission Method (Effective April 1, 2006)**~~

~~At the end of a month, and with respect to each Participant account, a Participant that submits any trade data to the Corporation during that month using a single batch or multi-batch method shall be subject to a surcharge as follows:~~

- ~~(a) — Single batch submitters shall be subject to a 50 percent surcharge (with a minimum of \$500) on their post discount trade recording fees as recorded on their monthly bill, and~~
- ~~(b) — Multi-batch submitters shall be subject to a 20 percent surcharge (with a minimum of \$500) on their post discount trade recording fees as recorded on their monthly bill.~~

~~The MBSD will reserve the right to waive the surcharges for a particular Participant if it determines that the Participant's classification as a single or multi-batch user in a particular month is due to a non-recurring system or operational problem. Surcharge revenues will be paid through to individual interactive messaging and terminal service submitters pro rata, based upon such submitters' ratio of trade recording fees to system-wide trade recording fees.~~

### **Clearing Fund Maintenance Fee**

On a monthly basis, the Clearing Member shall be charged a fee, in arrears, calculated as the product of 0.25% and the average of each Clearing Member's cash deposit balance in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360; provided that, the investment rate of return on investment of the cash deposit balance in the Clearing Fund for that month is either equal to or greater than 0.25%. No fee will be charged for any month in which the monthly rate of return on investment of the cash deposit balance in the Clearing Fund is less than 0.25%.

### **Broker Commission Collection/Audit Trail**            No Charge

In addition to the above, FICC may also bill Participants for, and include on the Participants' billing statements, fees and charges which may be imposed on such Participants by third parties such as: (a) other subsidiaries of The Depository Trust & Clearing Corporation; (b) self-regulatory organizations and other securities industry organizations or entities of which such Participant is a member, where such third party has represented to FICC that it has an agreement with the Participant allowing the Participant's payment of such fees and charges; and (c) other organizations and entities which provide services or equipment to Participants which are integral to services provided by FICC. Any amounts so collected will be remitted to the entity imposing such fee or charge.

Such fees and charges may include those of companies that identify themselves as being an affiliate of the Participant. Participants should check their billing statements, which shall reflect all such charges, and report any problems to FICC immediately.

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**MORTGAGE-BACKED SECURITIES DIVISION**

**EPN RULES**

\* \* \*

**EPN SCHEDULE OF CHARGES**

**[Changes to this Schedule of Charges, as amended by File No. SR-FICC-2018-012, are available at [dtcc.com/~media/Files/Downloads/legal/rule-filings/2018/FICC/SR-FICC-2018-012.pdf](http://dtcc.com/~media/Files/Downloads/legal/rule-filings/2018/FICC/SR-FICC-2018-012.pdf). These changes became effective upon filing with the SEC but have not yet been implemented. On January 1, 2019, these changes will be implemented and this legend will automatically be removed from this Schedule of Charges.]**

**ACCOUNT MAINTENANCE FEES**

Direct Account: \$1,000.00/month (per account)

Investment Manager Accounts<sup>1</sup>

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\*

\* The entire cost of supporting the legacy network connections will be allocated among remaining users pro rata.

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<sup>1</sup> 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.

MESSAGE PROCESSING FEES

ON Send:	\$ .19/million Current Face (Opening of Business to 1:00 p.m.) \$.95/million Current Face (1:00 p.m. to 2:00 p.m.) \$1.90/million Current Face (2:00 p.m. to 3:00 p.m.) \$1.58/million Current Face (3:00 p.m. to Close of Business)
ON Receive:	\$.51/million Current Face (Opening of Business to 1:00 p.m.) \$.26/million Current Face (1:00 p.m. to 2:00 p.m.) \$.26/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/million Current Face (Open of Business up to 11:00 a.m.) \$0.95/million Current Face (11:00 a.m. up to 12:00 p.m.) \$1.90/million Current Face (12:00 p.m. up to 12:15 p.m.) \$0.19/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

**ADDITIONAL FEES FOR LATE PAYMENT OF EPN BILLS**

<b>Payable Cash Obligation</b>	<b>1st Occurrence*</b>	<b>2nd Occurrence</b>	<b>3rd Occurrence</b>	<b>4th Occurrence</b>
<b>\$50.00 – \$100,000.00</b>	<b>\$50.00</b>	<b>\$100.00</b>	<b>\$250.00</b>	<b>\$500.00</b>

~~\* The number of occurrences are calculated based on a rolling 90-day basis, with any one day on which a late payment is made counted as a separate occurrence, even if such participant incurred a late fee on the prior day. A Participant who fails to timely satisfy its Cash Obligations on more than four occasions within a rolling 90-day period will be subject to additional late fees for each such occurrence in an amount equal to the fee for the fourth occurrence up to twice the fee for the fourth occurrence determined at FICC's discretion depending on the magnitude and history of the Participant's late payments. FICC reserves the discretion to waive or reduce late fees when a particular occurrence is not deemed to be the fault of the Participant or the Participant has provided FICC with evidence that it is taking appropriate corrective action to prevent reoccurrence.~~

**THIRD PARTY FEES AND CHARGES**

FICC may also bill EPN Users for, and include on the EPN Users' billing statements, fees and charges which may be imposed on such EPN Users by third parties such as: (a) other subsidiaries of The Depository Trust Corporation; (b) self-regulatory organizations and other securities industry organizations or entities of which such EPN User is a member, where such third party has represented to the Corporation that it has an agreement with the EPN User allowing the EPN User's payment of such fees and charges; and (c) other organizations and entities which provide services or equipment to EPN Users which are integral to services provided by FICC. Any amounts so collected will be remitted to the entity imposing such fee or charge.

Such fees and charges may include those of companies that identify themselves as being an affiliate of the EPN User. EPN Users should check their billing statements, which shall reflect all such charges, and report any problems to FICC immediately.