



GOV #:	GOV012-15
Date:	January 15, 2015
To:	Government Securities Division Members
Category:	Service Updates
Subject:	Notice of Rule Filing Approval — SR-FICC-2014-06 — to Amend the GSD Rules on Insolvency and Ceasing to Act

On January 13, 2015, the Securities and Exchange Commission approved proposed rule change SR-FICC-2014-06 of Fixed Income Clearing Corporation (“FICC”) pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934, as amended.

The approved rule change amends the Government Securities Division (“GSD”) Rules on insolvency and ceasing to act in order to simplify FICC’s process in a cease to act situation and provide greater legal certainty for FICC and its members as to FICC’s obligations with respect to pending transactions involving an insolvent or otherwise defaulted member, particularly in an intra-day cease to act situation.

Specifically, this rule change removes the “Time of Insolvency” and “Cut-Off Time” concepts from the GSD Rules, as well as the provisions of the GSD Rules which provide that, in certain circumstances, trades involving a defaulting member may be deemed compared based solely on data submitted by a non-defaulting member based on a multi-pronged facts and circumstances-based test. Pursuant to this rule change, FICC will instead rely on the time it ceases to act for a defaulted member and on its “Compared Trade” definition for purposes of determining its obligations with respect to pending transactions involving the defaulted member, subject to the discretion of the Board of Directors of FICC to determine otherwise in order to promote orderly settlement with respect to transactions the data on which have been submitted only by non-defaulting members.

Please be advised that this change to the GSD Rules will become effective immediately.

This rule filing (SR-FICC-2014-06) was described in Important Notice GOV071-14 dated September 30, 2014 and Important Notice GOV093-14 dated December 9, 2014. The full text of the filing may be obtained by visiting The Depository Trust & Clearing Corporation’s website at www.dtcc.com.

Questions regarding the rule filing should be addressed to Laura Klimpel, Vice President and Assistant General Counsel, at (212) 855-5230 or lklimpel@dtcc.com.

Nikki Poulos
Managing Director and General Counsel