



Important Notice

Fixed Income Clearing Corporation - GOV

GOV #:	GOV415-18
Date:	May 8, 2018
To:	Government Securities Division Members
Category:	Service Updates
Subject:	Submission of Rule Filing SR-FICC-2018-004 – Introduction of a Floor to the Calculation of the Fails Charges and Other Changes

On May 7, 2018, Fixed Income Clearing Corporation (“FICC”) filed a proposed rule change filing (SR-FICC-2018-004) (“Rule Filing”) with the Securities and Exchange Commission (“SEC”) pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934, as amended. The purpose of the Rule Filing is to update (a) both the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”) and the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules”) to (i) introduce a floor of one (1) percent to the calculation of the existing fails charge rules; (ii) clarify the target rate that may be used in the fails charge calculations under certain circumstances; (iii) add two defined terms to effectuate the proposed target-rate clarification; and (iv) make certain technical changes to the fails-charge provisions to ensure consistent use of defined terms; and (b) the MBSD Rules only, to clarify that a cap applies to the MBSD fails charge.

The full text of the Rule Filing may be obtained by visiting the DTCC website at www.dtcc.com/legal/sec-rule-filings.aspx. Written comments on the Rule Filing may be addressed to Fixed Income Clearing Corporation, c/o General Counsel’s Office, 55 Water Street, New York, New York 10041, Attention: Kristen Lam, Director and Assistant General Counsel, and your comments will be forwarded to the SEC.

You may also address your written comments to the Secretary, Securities and Exchange Commission, 100 F Street NE, Washington DC 20549. Electronic comments may be submitted by using the SEC’s Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or by sending an email to rule-comments@sec.gov. Please include File Number SR-FICC-2018-004 on the subject line. We request that you provide FICC with a copy of your comments.

Questions regarding this Important Notice may be addressed to your Relationship Manager. Questions regarding this Rule Filing may be addressed to Kristen Lam, Director and Assistant General Counsel, at (212) 855-5258.