



Important Notice

Fixed Income Clearing Corporation - GOV

GOV #:	GOV815-19
Date:	December 27, 2019
To:	Government Securities Division Members
Category:	Service Updates
Subject:	Submission of Rule Filing SR-FICC-2019-007 – Sponsoring Member/Sponsored Member Service – Proposed Changes to Close-out and Funds-Only Settlement Processes

On December 27, 2019, Fixed Income Clearing Corporation (“FICC”) filed a proposed rule change (SR-FICC-2019-007) (“Rule Filing”) with the Securities and Exchange Commission (“SEC”) pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934.

The Rule Filing would revise the FICC Government Securities Division Rulebook in order to facilitate the submission of repurchase transactions (“repos”) with a scheduled final settlement date beyond the next Business Day after the initial settlement date (“term repo activity”) through the Sponsoring Member/Sponsored Member Service by: (i) providing a mechanism by which a Sponsoring Member may cause the termination and liquidation of a Sponsored Member’s positions arising from Sponsored Member Trades between the Sponsoring Member and its Sponsored Member that have been novated to FICC and (ii) revising how FICC calculates the funds-only settlement obligations of Sponsored Members and Sponsoring Members with respect to Sponsored Member Trades that have haircuts in order to ensure that the calculation does not result in a return of the haircuts until final settlement. In addition, the proposed rule change would make a correction and certain clarifications and conforming changes.

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-2019-007 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 the Rule Filing may be addressed to Kristen Lam, Director and Assistant General Counsel, at (212) 855-5258.