

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2014 - * 03	Amendment No. (req. for Amendments *)
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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 \*).

The purpose of this filing is to amend the fee schedule in the GSD Rulebook, MBSD Cliring Rules and the MBSD EPN 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 \* Donaldine Last Name \* Temple

Title \* Vice President

E-mail \* dtemple@dtcc.com

Telephone \* (212) 855-3277 Fax (201) 533-6632

**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 05/21/2014

By Nikki Poulos

Managing Director and General Counsel

Persona Not Validated - 1398177138289,

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**

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 is filed by Fixed Income Clearing Corporation (“FICC”) and consists of modifications to the Fee Schedule in the Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (the “MBSD Clearing Rules”), the MBSD EPN Rules (the “EPN Rules”, together with the MBSD Clearing Rules, the “MBSD Rules”) and the Government Securities Division (“GSD”) Rulebook (the “GSD Rules”), as applicable.

(b) Not applicable.

(c) Not applicable.

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

(a) The proposed changes to the GSD Fee Structure were approved by FICC management on February 12, 2014 pursuant to delegated authority from FICC’s Board of Directors. The proposed changes to the MBSD Fee Structure were approved by FICC’s Board of Directors on April 2, 2014.

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

(a) The purpose of this filing is to modify the GSD Fee Schedule, the MBSD Fee Schedule for dealers, and the MBSD EPN Fee Schedule. The fee changes are effective as of July 1, 2014.

To guard against fluctuations in trading volume and size, FICC is proposing a revised GSD fee structure which reduces its fees associated with comparison and netting and increases the fee for obligation par, a revenue category deemed to be more stable. The proposed changes in their totality are revenue neutral.

With respect to MBSD, over the last 18 months, FICC has experienced a significant decrease in the volume of transactions that MBSD processes. FICC believes that this decrease represents a fundamental shift in the MBS market. FICC’s discussions with member firms indicate that the change in the mortgage-backed securities market will be more long term than originally anticipated. As a result, FICC is proposing to increase the MBSD fees.

FICC has discussed the proposed fee changes with the majority of the GSD, MBSD and MBSD EPN members. FICC will discuss the proposed changes with the remainder of its members over the next several weeks.

The proposed changes to the GSD Fee Schedule, the MBSD Fee Schedule for dealers, and the MBSD EPN Fee Schedule are outlined below.

**GSD Fee Schedule****TRADE SUBMISSION SCHEDULE**

Current Tiers	Current Charge per Submission	New Breakpoint Schedule	New Charge per Submission
		(Charge is applied to all submissions if breakpoint is reached)	
Per submission for up to 50,000 per month	\$0.27	Per submission for total monthly submissions up to 49,999	\$0.250
Per submission for 50,001 to 100,000 per month	\$0.15	Per submission for total monthly submissions between 50,000 to 99,999	\$0.200
Per submission for 100,001 or greater per month	\$0.01	Per submission for total monthly submissions between 100,000 to 249,999	\$0.150
		Per submission for total monthly submissions between 250,000 to 399,999	\$0.125
		Per submission for total monthly submissions between 400,000 to 499,999	\$0.100
		Per submission for total monthly submissions 500,000 and greater	\$0.085

**NETTING SCHEDULE**

Current Charge	Current Charge per Side	New Breakpoint Schedule	New Charge per Side
		(Charge is applied to all sides if breakpoint is reached)	
Per side that is netted	\$0.18	Per side for total monthly sides up to 49,999	\$0.150
		Per side for total monthly sides between 50,000 to 99,999	\$0.125
		Per side for total monthly sides between 100,000 to 249,999	\$0.125
		Per side for total monthly sides between 250,000 to 399,999	\$0.100
		Per side for total monthly sides between 400,000 to 999,999	\$0.050
		Per side for total monthly sides that are 1MM and greater	\$0.035

Current charge per 1 MM of par value that is Netted	\$0.018 per MM	New charge per 1 MM of par value that is Netted	\$0.015 per MM
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**OBLIGATION SCHEDULE**

Current charge per 1 MM of Obligation par value	\$0.15 per MM	New charge per 1 MM of Obligation par value	\$0.17 per MM
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**MBSD Fee Schedule for dealers**

<b>CLEARING FEES</b>				
Fee Description	Current Charge	Measurement	New Charge	Measurement
Account Maintenance Fee (dealer) Primary/Secondary Account				
	\$350.00	Per account	\$0.00	N/A
Account Maintenance Fee (dealer) Investment Manager Accounts				
	\$350.00	1 account	\$0.00	N/A
	\$185.00	2-3 accounts	\$0.00	N/A
	\$150.00	4-7 accounts	\$0.00	N/A
	\$130.00	8-10 accounts	\$0.00	N/A
	\$120.00	Greater than 10 accounts	\$0.00	N/A
SBO Destined Processing – Trade Creates (dealer)				
	\$1.68/MM	01-2,500	\$1.93/MM	01-2,500
	\$1.54/MM	2,501-5,000	\$1.77/MM	2,501-5,000
	\$1.39/MM	5,001-7,500	\$1.60/MM	5,001-7,500
	\$1.30/MM	7,501-10,000	\$1.49/MM	7,501-10,000
	\$1.15/MM	10,001-12,500	\$1.32/MM	10,001-12,500
	\$0.99/MM	12,501 and over	\$1.14/MM	12,501 and over
TBA Netting Balance Orders (SBON and SBOO) (dealer)				
	\$0.00	N/A	\$0.75	Per MM Par value
Trade-for-Trade (including TBA and SPT) – Trade Creates (dealer)				
	\$0.50	Per side	\$1.00	Per MM par value
Option Trade Creates (dealer)				
	\$2.25	Per side	\$1.00	Per MM par value

<b>POOL NETTING FEES</b>				
Fee Description	Current Charge	Measurement	New Charge	Measurement
Matched Pool Instructs (dealer)				
	\$0.20	Per side	\$0.60	Per side
Pool Obligations (dealer)				
	\$0.50	Per side	\$0.00	N/A
Clearance Pool vs. FICC (dealer)				
	\$1.25	Per pool	\$0.00	N/A

<b>MBSD Bank Allocation</b>	Current Charge	Measurement	New Charge	Measurement
	\$0.00	N/A	Calculated Monthly	Calculated monthly based on MBSD bank clearance fees

**EPN Fee Schedule**

Fee Description	Current Charge	Measurement	New Charge	Measurement
Account Maintenance Fee Direct Account				
	\$250.00	Month (per account)	\$1,000.00	Month (per account)
Account Maintenance Fee Investment Manager Accounts				
	\$0.00	N/A	\$1,000.00	Month/ per account
	\$0.00	N/A	\$530.00	2-3 accounts/mo./each
	\$0.00	N/A	\$430.00	4-7 accounts/mo./each
	\$0.00	N/A	\$370.00	8-10 accounts/mo./each
	\$0.00	N/A	\$340.00	Greater than 10 accounts/mo./each
Message Processing Fee ON Send				
	\$0.15	Per MM current face Opening of Business to 1:00 PM	\$0.17	Per MM current face Opening of Business to 1:00 PM
	\$0.75	Per MM current face 1:00 PM to 2:00 PM	\$0.86	Per MM current face 1:00 PM to 2:00 PM
	\$1.50	Per MM current face 2:00 PM to 3:00 PM	\$1.73	Per MM current face 2:00 PM to 3:00 PM
	\$1.25	Per MM current face 3:00 PM to Close of Business	\$1.44	Per MM current face 3:00 PM to Close of Business
Message Processing Fee ON Receive				
	\$0.40	Per MM current face Opening of Business to 1:00 PM	\$0.46	Per MM current face Opening of Business to 1:00 PM
	\$0.20	Per MM current face 1:00 PM to 2:00 PM	\$0.23	Per MM current face 1:00 PM to 2:00 PM
	\$0.20	Per MM current face 2:00 PM to 3:00 PM	\$0.23	Per MM current face 2:00 PM to 3:00 PM
	\$0.00	Per MM current face 3:00 PM to Close of Business	\$0.00	3:00 PM to Close of Business

Cancel/Correct Send				
	\$0.15	Per MM current face Opening of Business to 11:00 AM	\$0.17	Per MM current face Opening of Business to 11:00 AM
	\$0.75	Per MM current face 11:00 AM to 12:00 PM	\$0.86	Per MM current face 11:00 AM to 12:00 PM
	\$1.50	Per MM current face 12:00 PM to 12:15 PM	\$1.73	Per MM current face 12:00 PM to 12:15 PM
	\$0.15	Per MM current face 12:15 PM to End of Day	\$0.17	Per MM current face 12:15 PM to End of Day

(b) The proposed rule change will align the GSD fees and the MBSD fees with the costs of delivering services. Therefore, FICC believes the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (“Act”) and the rules and regulations thereunder applicable to FICC, in particular Section 17A(b)(3)(D) of the Act<sup>1</sup>, which requires that the GSD Rules and the MBSD Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members, respectively.

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

FICC does not believe that the proposed rule change will have any impact, or impose any burden, on competition. As stated above, the proposed changes will align the fees in the GSD Rules and the MBSD Rules with the costs of delivering services to its members.

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

FICC has discussed the proposed fee changes with the majority of the GSD, MBSD and MBSD EPN members. FICC will discuss the proposed changes with the remainder of its members over the next several weeks. Written comments relating to the proposed rule change have not yet been solicited or received. FICC will notify the Commission of any written comments received by FICC.

#### **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>1</sup> 5 U.S.C. 78q-1(b)(3)(D).



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

(a) The proposed rule change is to take effect on July 1, 2014 pursuant to paragraph A of Section 19(b)(3) of the Act.

(b) The proposed rule change establishes or changes a due, fee, or other charge applicable only to FICC participants.

(c) Not applicable.

(d) Not applicable.

**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 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 and advance notice for publication in the Federal Register

Exhibit 2 – Not applicable

Exhibit 3 – Not applicable

Exhibit 4 – Not applicable

Exhibit 5 – Proposed Changes to the GSD Rules, MBSB Clearing Rules and MBSB EPN Rules.

**EXHIBIT 1A**

**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-[\_\_\_\_\_]; File No. FICC SR-FICC-2014-03]**

**[DATE]**

**SELF-REGULATORY ORGANIZATIONS;** Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Modify the Government Securities Division Fee Schedule, the Mortgage-Backed Securities Division Fee Schedule for dealers and the Mortgage-Backed Securities Division EPN Fee Schedule

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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 \_\_\_\_\_, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Item I, II and III below, which Items have been prepared primarily by the clearing agency. 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 amendments to the Fee Schedule in the Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (the “MBSD Clearing Rules”), the MBSD EPN Rules (the “EPN Rules”, together with the MBSD Clearing Rules, the “MBSD Rules”) and the Government Securities Division (“GSD”) Rulebook (the “GSD Rules”), as applicable.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

## **II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, FICC 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. FICC 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**

(i) The purpose of this filing is to modify the GSD Fee Schedule, the MBSD Fee Schedule for dealers, and the MBSD EPN Fee Schedule. The fee changes are effective as of July 1, 2014.

To guard against fluctuations in trading volume and size, FICC is proposing a revised GSD fee structure which reduces its fees associated with comparison and netting and increases the fee for obligation par, a revenue category deemed to be more stable. The proposed changes in their totality are revenue neutral.

With respect to MBSD, over the last 18 months, FICC has experienced a significant decrease in the volume of transactions that MBSD processes. FICC believes that this decrease represents a fundamental shift in the MBS market. FICC's discussions with member firms indicate that the change in the mortgage-backed securities market will be more long term than originally anticipated. As a result, FICC is proposing to increase the MBSD fees.

FICC has discussed the proposed fee changes with the majority of the GSD, MBSD and MBSD EPN members. FICC will discuss the proposed changes with the remainder of its members over the next several weeks.

The proposed changes to the GSD Fee Schedule, the MBSD Fee Schedule for dealers, and the MBSD EPN Fee Schedule are outlined below.

**GSD Fee Schedule**

**TRADE SUBMISSION SCHEDULE**

Current Tiers	Current Charge per Submission	New Breakpoint Schedule (Charge is applied to all submissions if breakpoint is reached)	New Charge per Submission
Per submission for up to 50,000 per month	\$0.27	Per submission for total monthly submissions up to 49,999	\$0.250
Per submission for 50,001 to 100,000 per month	\$0.15	Per submission for total monthly submissions between 50,000 to 99,999	\$0.200
Per submission for 100,001 or greater per month	\$0.01	Per submission for total monthly submissions between 100,000 to 249,999	\$0.150
		Per submission for total monthly submissions between 250,000 to 399,999	\$0.125
		Per submission for total monthly submissions between 400,000 to 499,999	\$0.100
		Per submission for total monthly submissions 500,000 and greater	\$0.085

**NETTING SCHEDULE**

Current Charge	Current Charge per Side	New Breakpoint Schedule	New Charge per Side
		(Charge is applied to all sides if breakpoint is reached)	
Per side that is netted	\$0.18	Per side for total monthly sides up to 49,999	\$0.150
		Per side for total monthly sides between 50,000 to 99,999	\$0.125
		Per side for total monthly sides between 100,000 to 249,999	\$0.125
		Per side for total monthly sides between 250,000 to 399,999	\$0.100
		Per side for total monthly sides between 400,000 to 999,999	\$0.050
		Per side for total monthly sides that are 1MM and greater	\$0.035

Current charge per 1 MM of par value that is Netted	\$0.018 per MM	New charge per 1 MM of par value that is Netted	\$0.015 per MM
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**OBLIGATION SCHEDULE**

Current charge per 1 MM of Obligation par value	\$0.15 per MM	New charge per 1 MM of Obligation par value	\$0.17 per MM
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**MBSD Fee Schedule for dealers**

<b>CLEARING FEES</b>				
Fee Description	Current Charge	Measurement	New Charge	Measurement
Account Maintenance Fee (dealer) Primary/Secondary Account				
	\$350.00	Per account	\$0.00	N/A
Account Maintenance Fee (dealer) Investment Manager Accounts				
	\$350.00	1 account	\$0.00	N/A
	\$185.00	2-3 accounts	\$0.00	N/A
	\$150.00	4-7 accounts	\$0.00	N/A
	\$130.00	8-10 accounts	\$0.00	N/A
	\$120.00	Greater than 10 accounts	\$0.00	N/A
SBO Destined Processing – Trade Creates (dealer)				
	\$1.68/MM	01-2,500	\$1.93/MM	01-2,500
	\$1.54/MM	2,501-5,000	\$1.77/MM	2,501-5,000
	\$1.39/MM	5,001-7,500	\$1.60/MM	5,001-7,500
	\$1.30/MM	7,501-10,000	\$1.49/MM	7,501-10,000
	\$1.15/MM	10,001-12,500	\$1.32/MM	10,001-12,500
	\$0.99/MM	12,501 and over	\$1.14/MM	12,501 and over
TBA Netting Balance Orders (SBON and SBOO) (dealer)				
	\$0.00	N/A	\$0.75	Per MM Par value
Trade-for-Trade (including TBA and SPT) – Trade Creates (dealer)				
	\$0.50	Per side	\$1.00	Per MM par value
Option Trade Creates (dealer)				
	\$2.25	Per side	\$1.00	Per MM par value

<b>POOL NETTING FEES</b>				
Fee Description	Current Charge	Measurement	New Charge	Measurement
Matched Pool Instructs (dealer)				
	\$0.20	Per side	\$0.60	Per side
Pool Obligations (dealer)				
	\$0.50	Per side	\$0.00	N/A
Clearance Pool vs. FICC (dealer)				
	\$1.25	Per pool	\$0.00	N/A

<b>MBSD Bank Allocation</b>	Current Charge	Measurement	New Charge	Measurement
	\$0.00	N/A	Calculated Monthly	Calculated monthly based on MBSD bank clearance fees

**EPN Fee Schedule**

Fee Description	Current Charge	Measurement	New Charge	Measurement
Account Maintenance Fee Direct Account				
	\$250.00	Month (per account)	\$1,000.00	Month (per account)
Account Maintenance Fee Investment Manager Accounts				
	\$0.00	N/A	\$1,000.00	Month/ per account
	\$0.00	N/A	\$530.00	2-3 accounts/mo./each
	\$0.00	N/A	\$430.00	4-7 accounts/mo./each
	\$0.00	N/A	\$370.00	8-10 accounts/mo./each
	\$0.00	N/A	\$340.00	Greater than 10 accounts/mo./each
Message Processing Fee ON Send				
	\$0.15	Per MM current face Opening of Business to 1:00 PM	\$0.17	Per MM current face Opening of Business to 1:00 PM
	\$0.75	Per MM current face 1:00 PM to 2:00 PM	\$0.86	Per MM current face 1:00 PM to 2:00 PM
	\$1.50	Per MM current face 2:00 PM to 3:00 PM	\$1.73	Per MM current face 2:00 PM to 3:00 PM
	\$1.25	Per MM current face 3:00 PM to Close of Business	\$1.44	Per MM current face 3:00 PM to Close of Business
Message Processing Fee ON Receive				
	\$0.40	Per MM current face Opening of Business to 1:00 PM	\$0.46	Per MM current face Opening of Business to 1:00 PM
	\$0.20	Per MM current face 1:00 PM to 2:00 PM	\$0.23	Per MM current face 1:00 PM to 2:00 PM
	\$0.20	Per MM current face 2:00 PM to 3:00 PM	\$0.23	Per MM current face 2:00 PM to 3:00 PM



	\$0.00	Per MM current face 3:00 PM to Close of Business	\$0.00	3:00 PM to Close of Business
Cancel/Correct Send				
	\$0.15	Per MM current face Opening of Business to 11:00 AM	\$0.17	Per MM current face Opening of Business to 11:00 AM
	\$0.75	Per MM current face 11:00 AM to 12:00 PM	\$0.86	Per MM current face 11:00 AM to 12:00 PM
	\$1.50	Per MM current face 12:00 PM to 12:15 PM	\$1.73	Per MM current face 12:00 PM to 12:15 PM
	\$0.15	Per MM current face 12:15 PM to End of Day	\$0.17	Per MM current face 12:15 PM to End of Day

(ii) The proposed rule change will align the GSD fees and the MBSD fees with the costs of delivering services. Therefore, FICC believes the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (“Act”) and the rules and regulations thereunder applicable to FICC, in particular Section 17A(b)(3)(D) of the Act<sup>3</sup>, which requires that the GSD Rules and the MBSD Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members, respectively.

<sup>3</sup>

5 U.S.C. 78q-1(b)(3)(D).

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

FICC does not believe that the proposed rule change will have any impact, or impose any burden, on competition. As stated above, the proposed changes will align the fees in the GSD Rules and the MBSD Rules with the costs of delivering services to its members.

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

FICC has discussed the proposed fee changes with the majority of the GSD, MBSD and MBSD EPN members. FICC will discuss the proposed changes with the remainder of its members over the next several weeks. Written comments relating to the proposed rule change have not yet been solicited or received. FICC will notify the Commission of any written comments received by FICC.

**III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action**

The forgoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>4</sup> and Rule 19b-4(f)(2)<sup>5</sup> thereunder. 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.

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<sup>4</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>5</sup> 17 CFR 240.19b-4(f)(2).

#### **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](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2014-03 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FICC-2014-03. 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 am and

3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of FICC. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FICC-2014-03 and should be submitted on or before \_\_\_\_\_.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

Elizabeth M. Murphy  
Secretary

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<sup>6</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

**Bold underlined text** indicates proposed additions  
~~Strikethrough bold text~~ indicates proposed deletions

**FIXED COME CLEARING CORPORATION  
GOVERNMENT SECURITIES DIVISION RULEBOOK**

\* \* \* \*

**FEE STRUCTURE**

(effective ~~January 2, 2013~~ July 1, 2014)

I. TRADE COMPARISON FEES

A. Trade Submission

A trade submission is a submission of a side of a trade, submission of a Repo Transaction, bilateral or demand.

The fee for trade submission is as follows:

~~\$ .27 per submission for up to 50,000 submissions per month~~

~~\$ .15 per submission for 50,001 to 100,000 submissions per month~~

~~\$ .01 per submission for 100,001 or greater submissions per month~~

\$0.250            per submission for total monthly submissions up to 49,999

\$0.200            per submission for total monthly submissions between 50,000 to 99,999

\$0.150            per submission for total monthly submissions between 100,000 to 249,999

\$0.125            per submission for total monthly submissions between 250,000 to 399,999

\$0.100            per submission for total monthly submissions between 400,000 to 499,999

\$0.085            per submission for total monthly submissions 500,000 and greater

A submission that is rejected by the Corporation because it failed to pass the necessary edit checks other than valid contra side will not be charged the submission fee, but will be charged a fee of \$.50 for the rejection.

The Corporation will charge an additional fee for modifications and cancellations as set forth below in subsection D.

\* \* \* \*

III. NETTING FEE AND CHARGES (in addition to the comparison fee)

A. Netting Fee

1. For each side of a Compared Trade, Start Leg of a Repo Transaction, Close Leg of a Repo Transaction, Fail Deliver Obligation and Fail Receive Obligation, other than a GCF Repo Transaction, that is netted, a fee equaling the sum (~~in addition to the comparison fee~~) of:

- (i) ~~— \$0.18; and~~
- (ii) ~~— \$0.018 per 1 million of par value.~~

(i) as applicable, in accordance with the table below:

<u>\$0.150</u>	<u>Per side for total monthly sides up to 49,999</u>
<u>\$0.125</u>	<u>Per side for total monthly sides between 50,000 to 99,999</u>
<u>\$0.125</u>	<u>Per side for total monthly sides between 100,000 to 249,999 submissions per month</u>
<u>\$0.100</u>	<u>Per side for total monthly sides between 250,000 to 399,999 submissions per month</u>
<u>\$0.050</u>	<u>Per side for total monthly sides between 400,000 to 999,999 submissions per month</u>
<u>\$0.035</u>	<u>Per side for total monthly sides that are 1,000,000 and greater submissions</u>

and

**(ii) For each one million of par value of a Compared Trade, Start Leg of a Repo Transaction, Close Leg of a Repo Transaction, Fail Deliver Obligation and Fail Receive Obligation, other than a GCF Repo Transaction, and that is netted, a fee of \$0.015 per 1 million of par value.**

**~~2. For each Start Leg or Close Leg of a Repo Transaction other than a GCF Repo Transaction that is netted, a fee equaling the sum (in addition to the comparison fee) of:~~**

~~\_\_\_\_\_ (i) \$0.18; and~~

~~\_\_\_\_\_ (ii) \$0.018 per 1 million of par value.~~

**~~3. For each Fail Deliver Obligation and Fail Receive Obligation that is netted, a fee equaling the sum (in addition to the comparison fee) of:~~**

~~\_\_\_\_\_ (i) \$0.18; and~~

~~\_\_\_\_\_ (ii) \$0.018 per 1 million of par value.~~

**2.3**— In addition to the above, for each Deliver Obligation and Receive Obligation created as a result of the netting process, a fee of \$0.1715 per 1 million of par value.

\* \* \* \*

**FIXED COME CLEARING CORPORATION  
MORTGAGE-BACKED SECURITIES DIVISION  
CLEARING RULES**

\* \* \* \*

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

**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**

<b>Primary/Secondary Account</b>	<b>\$ 350/Mo./each</b>
<b>Investment Manager Accounts<sup>1</sup></b>	
<b>1 Account</b>	<b>\$ 350/Mo./each</b>
<b>2 or 3 Accounts</b>	<b>\$ 185/Mo./each</b>
<b>4 through 7 Accounts</b>	<b>\$ 150/Mo./each</b>
<b>8 through 10 Accounts</b>	<b>\$ 130/Mo./each</b>
<b>Greater than 10 Accounts</b>	<b>\$ 120/Mo./each</b>
Option Account	\$ 50/Mo./each
Trade Assignment Account	\$ 50/Mo./each

**Aggregate Maintenance**

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<sup>1</sup> ~~The Account Maintenance fee for a Participant that uses a common investment manager to process trades with the MBSD is based on the total number of Accounts maintained by Participants with an investment manager.~~



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	\$1. <del>9368</del> /MM
2,501-5,000	\$1. <del>7754</del> /MM
5,001-7,500	\$1. <del>6039</del> /MM
7,501-10,000	\$1. <del>4930</del> /MM
10,001-12,500	\$1. <del>3215</del> /MM
12,501& over	\$ <u>1.140.99</u> /MM

**TBA Netting Balance Orders (SBOO/SBON) \$0.75MM**

Unmatched Trade Deletes	\$1.00/side
Trade Cancels	\$4.00/side
Trade Netting Converts	\$1.00/side
DK and Modify	No Charge

**Trade-for-Trade** (Including Specified Pool Trades)

Trade Creates	\$ <u>1.00 MM</u> <del>0.50</del>
Unmatched Trade Deletes	\$1.00/side
Trade Cancels	\$4.00/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.

**Option Trades**

Trade Creates	<del>\$1.00MM</del> <b>2.25</b>
Unmatched Trade Deletes	\$1.00/side
Trade Cancels	\$4.00/side
DK and Modify	No Charge

**Pool Netting Fees**

Matched Pool Instruct (per side)	<del>\$0.60</del> <b>20</b>
CDR Pool Instruct Fee	\$0.20
Cancel of Matched Pool Instruct	\$0.40
<del><b>Pool Obligation</b></del>	<del><b>\$0.50</b></del>
Post Net Subs	\$0.20
<del><b>Clearance of Pool vs. FICC</b></del>	<del><b>\$1.25</b></del>

**MBSD Bank Allocation Fee** **Calculated monthly based on MBSD bank clearance fees\***

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:

$$\frac{\text{Total dollar value of deliver and receive obligations of such Pool Netting Member in such agency product}}{\text{Total dollar value of deliver and receive obligations of all Pool Netting Members in such agency product}}$$

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

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.

\* \* \* \*

**FIXED COME CLEARING CORPORATION  
MORTGAGE-BACKED SECURITIES DIVISION  
EPN RULES**

\* \* \* \*

**FICC  
MORTGAGE-BACKED SECURITIES DIVISION (“MBSD”)  
EPN SCHEDULE OF CHARGES**

**ACCOUNT MAINTENANCE FEES**

Direct Account: ~~\$1,000.00~~250.00/month (per account)

**Investment Manager Accounts<sup>1</sup>**

<b><u>1 Account</u></b>	<b><u>\$ 1,000.00/Mo./each</u></b>
<b><u>2 or 3 Accounts</u></b>	<b><u>\$ 530.00/Mo./each</u></b>
<b><u>4 through 7 Accounts</u></b>	<b><u>\$ 430.00/Mo./each</u></b>
<b><u>8 through 10 Accounts</u></b>	<b><u>\$ 370.00/Mo./each</u></b>
<b><u>Greater than 10 Accounts</u></b>	<b><u>\$ 340.00/Mo./each</u></b>

**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.

**MESSAGE PROCESSING FEES**

ON Send: ~~\$0.1715~~/million Current Face (Opening of Business to 1:00 p.m.)  
~~\$0.86.75~~/million Current Face (1:00 p.m. to 2:00 p.m.)

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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.**

~~\$1,731.50~~/million Current Face (2:00 p.m. to 3:00 p.m.)  
~~\$1,441.25~~/million Current Face (3:00 p.m. to Close of Business)

ON Receive: ~~\$0,4640~~/million Current Face (Opening of Business to 1:00 p.m.)  
~~\$0,2320~~/million Current Face (1:00 p.m. to 2:00 p.m.)  
~~\$0,23,20~~/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: ~~\$0,17,15~~/million Current Face (Open of Business up to 11:00 a.m.)  
~~\$0,860.75~~/million Current Face (11:00 a.m. up to 12:00 p.m.)  
~~\$1,731.50~~/million Current Face (12:00 p.m. up to 12:15 p.m.)  
~~\$0,170.15~~/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