

*Required fields are shown with yellow backgrounds and asterisks.*

Page 1 of * 18	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No.* SR - 2015 - * 004	Amendment No. (req. for Amendments *)	
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"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" 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"/>			
<b>Description</b>					
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).					
To provide additional details regarding the requirement that MBSD and GSD Members participate in annual testing of business continuity and disaster recovery plans.					
<b>Contact Information</b>					
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 * Jacqueline		Last Name * Jacqueline			
Title * Vice President, Assistant General Counsel					
E-mail * jfarinella@dtcc.com					
Telephone * (212) 855-3216		Fax <input type="text"/>			
<b>Signature</b>					
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	10/26/2015	Managing Director and General Counsel			
By	Nikki Poulos				
(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.					
Persona Not Validated - 1429718904366,					

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 Proposed Rule Change

(a) The proposed rule change consists of a change to Rule 3 of the Clearing Rules of the Mortgage-Backed Securities Division (“MBSD,” and its Clearing Rules, “MBSD Rules”) of Fixed Income Clearing Corporation (“FICC”) and Rule 3 of the Rulebook of the Government Securities Division (“GSD,” and its Rulebook, “GSD Rules”) of FICC to provide additional details regarding the requirement that MBSD and GSD Members participate in annual testing of FICC’s business continuity and disaster recovery plans (“BCP Testing”).<sup>1</sup>

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

(a) The proposed rule change was approved by FICC management pursuant to delegated authority from FICC’s Board of Directors.

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

### (a) Purpose

The proposed rule change would amend Rule 3 (Ongoing Membership Requirements) of the MBSD Rules and Rule 3 (Ongoing Membership Requirements) of the GSD Rules to provide additional details regarding the requirement that MBSD and GSD Members participate in FICC’s annual BCP Testing. Currently, pursuant to Rule 2A (Initial Membership Requirements) of the MBSD Rules and Rule 2A (Initial Membership Requirements) of the GSD Rules, each applicant for membership of either MBSD or GSD must fulfill operational testing requirements, as established by FICC, that may be imposed to ensure the operational capability of the applicant.”<sup>2</sup> Once a firm becomes a Member of GSD or MBSD, MBSD Rule 3 and GSD Rule 3 each provide that Members may be required to fulfill certain operational testing requirements that may be imposed by FICC to test and monitor the continuing operational capability of the Members.<sup>3</sup>

Recently, the Commission promulgated Regulation Systems Compliance and Integrity (“Reg. SCI”), which requires FICC to establish standards to designate members<sup>4</sup> and requires

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<sup>1</sup> Terms not otherwise defined herein have the meaning set forth in the MBSD Rules and GSD Rules, available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

<sup>2</sup> Rule 2A, Section 2 of MBSD Rules and Rule 2A, Section 5 of GSD Rules, supra, note 1.

<sup>3</sup> Rule 3, Section 6 of MBSD Rules and Rule 3 Section 5 of GSD Rules, supra, note 1.

<sup>4</sup> 17 CFR 242.1004(a). In adopting Reg. SCI, the Commission determined not to require covered entities to notify the Commission of its designations or the standards that will be used in designating members, recognizing instead that each entity’s standards, designations, and updates, if applicable, would be part of its records and, therefore,

participation by such designated members in scheduled BCP Testing with FICC on an annual basis.<sup>5</sup> Although FICC already conducts annual BCP Testing with certain MBSD and GSD Members,<sup>6</sup> FICC is proposing to amend Rule 3 of the MBSD Rules and Rule 3 of the GSD Rules to further describe the requirement with respect to BCP Testing.

The proposed amendments to Rule 3 of the MBSD Rules and Rule 3 of the GSD Rules would increase transparency regarding BCP Testing, and ensure FICC's practice with respect to such testing is consistent with Reg. SCI by setting forth FICC's rights to: (i) designate MBSD and GSD Members required to participate in BCP Testing using established standards; (ii) determine the scope and reporting of such BCP Testing; and (iii) require MBSD and GSD Members to comply with such BCP Testing within specified timeframes. In connection with these proposed amendments, FICC would refine the factors that it currently uses to designate MBSD and GSD Members for BCP Testing. For example, while FICC would continue to rely on activity-based thresholds to mandate participation with annual BCP Testing, FICC would also take into account additional factors when designating firms for BCP Testing, including, but not limited to: (i) significant operational issues of the MBSD or GSD Member during the past twelve months; and (ii) past performance of the MBSD or GSD Member with respect to BCP Testing. MBSD and GSD Members would be informed of the specific standards that would be used by FICC, along with any updates or changes to these standards, which would be applied on a prospective basis, through established methods of communication between FICC and the Members of MBSD and GSD. Likewise, MBSD and GSD Members would be notified in advance that they have been designated to participate in BCP Testing for the upcoming year, and would be provided details concerning the nature of such testing as the particular test plans are determined.

FICC believes the proposed rule change would have no impact on MBSD and GSD Members relative to what those Members are currently required to do. As described above, FICC already requires certain MBSD and GSD Members to participate in BCP Testing on an annual basis. The proposed rule change would provide further clarity with respect to these requirements for consistency with Reg. SCI.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934, as amended, ("Act") requires, in part, that the MBSD Rules and GSD Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and to protect investors and the public interest.<sup>7</sup>

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available to the Commission and its staff upon request. See Securities and Exchange Act Release No. 73639 (November 19, 2014), 79 FR 72252 (December 5, 2014) (File No. S7-01-13).

<sup>5</sup> 17 CFR 242.1004(a) and (b).

<sup>6</sup> Rule 3, Section 6 of MBSD Rules and Rule 3 Section 5 of GSD Rules, supra, note 1.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

Rule 17Ad-22(d)(2), promulgated under the Act, requires FICC to require that MBSD and GSD Members have robust operational capacity to meet obligations arising from participation in the clearing agency, to monitor that its participation requirements are met on an ongoing basis, and to have participation requirements that are objective and publicly disclosed.<sup>8</sup> Rule 17Ad-22(d)(4), promulgated under the Act, requires FICC to identify sources of operational risk and minimize them through the development of appropriate systems, controls, and procedures, and have business continuity plans that allow for timely recovery of operations and fulfillment of the clearing agency's obligations.<sup>9</sup>

Rule 1004(a) and (b) of Reg. SCI requires FICC to establish standards for the designation of those MBSD and GSD Members that FICC reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of its business continuity and disaster recovery plans, and to designate MBSD and GSD Members pursuant to those standards and require participation by such designated firms in scheduled BCP Testing annually.<sup>10</sup>

By facilitating the testing of how business continuity and disaster recovery plans function between FICC and the MBSD and GSD Members during an emergency, the proposed rule change would facilitate the prompt and accurate clearance and settlement of securities transactions and protect investors and the public interest consistent with of the Act. The proposed rule change would provide additional details to the MBSD Rules and GSD Rules regarding the requirement for MBSD and GSD Members to take part in its BCP Testing annually, strengthening its compliance with Rule 17Ad-22(d)(2) and (4).<sup>11</sup> Further, the proposed rule change would foster the objectives of the Commission under Reg. SCI by helping to ensure resilient and available markets.<sup>12</sup>

As such, FICC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act, Rule 17Ad-22(d)(2) and (d)(4), promulgated under the Act, and Rule 1004(a) and (b) of Reg. SCI, cited above.

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

FICC does not believe that the proposed rule change would impose any burden on competition because the proposed rule change would apply to all MBSD and GSD Members and only provides additional details regarding an existing requirement.

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<sup>8</sup> 17 CFR 240.17Ad-22(d)(2).

<sup>9</sup> 17 CFR 240.17Ad-22(d)(4).

<sup>10</sup> 17 CFR 242.1004(a) and (b).

<sup>11</sup> 17 CFR 240.17Ad-22(d)(2) and (4).

<sup>12</sup> 17 CFR 242.1004(a) and (b).

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

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

**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.<sup>13</sup>

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

Pursuant to Section 19(b)(3)(A)<sup>14</sup> and Rule 19b-4(f)(6),<sup>15</sup> the proposed rule change is filed for immediate effectiveness because it does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) by its terms would not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate.

Additionally, FICC has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

As described above, MBSD and GSD Members currently participate in BCP Testing with FICC on an annual basis in order to demonstrate the continuing maintenance of their operational capabilities as required by MBSD Rule 3 and GSD Rule 3. The proposed change to MBSD Rule 3 and GSD Rule 3 would provide additional details regarding these requirements with respect to BCP Testing and would facilitate the testing of how business continuity and disaster recovery plans function between FICC and MBSD and GSD Members during an emergency. Furthermore, FICC believes that the proposed rule change is either consistent with, or generally mandated by, Reg. SCI.<sup>16</sup>

For the foregoing reasons, this proposed rule change qualifies as a “non-controversial” rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission.<sup>17</sup> At any time within 60 days of the filing of this proposed rule change,

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<sup>13</sup> 15 U.S.C. 78s(b)(2).

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 17 CFR 242.1004(a) and (b).

<sup>17</sup> 17 CFR 240.19b-4(f)(6).

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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved. In addition, FICC respectfully requests that the Commission waive the 30 day operative delay period after which a proposed rule change under Rule 19b-4(f)(6)<sup>18</sup> becomes effective in order to allow operability of this filing prior to the November 3, 2015 compliance date of Reg. SCI.<sup>19</sup>

**8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**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 Rule changes

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<sup>18</sup> 15 U.S.C. 78s(b)(2).

<sup>19</sup> See Securities and Exchange Act Release No. 73639 (November 19, 2014), 79 FR 72252 (December 5, 2014) (File No. S7-01-13).

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-FICC-2015-\_\_\_\_)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Provide Additional Details Regarding the Requirement that Members Participate in Annual Testing of Business Continuity and Disaster Recovery Plans

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on October \_\_, 2015, 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 FICC. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(6)<sup>4</sup> thereunder. 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 a change to Rule 3 of the Clearing Rules of the Mortgage-Backed Securities Division (“MBSD,” and its Clearing Rules, “MBSD Rules”) of FICC and Rule 3 of the Rulebook of the Government Securities Division (“GSD,” and its Rulebook, “GSD Rules”) of FICC to provide additional details regarding

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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)(6).



the requirement that MBSD and GSD Members participate in annual testing of FICC's business continuity and disaster recovery plans ("BCP Testing").<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, 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

1. Purpose

The proposed rule change would amend Rule 3 (Ongoing Membership Requirements) of the MBSD Rules and Rule 3 (Ongoing Membership Requirements) of the GSD Rules to provide additional details regarding the requirement that MBSD and GSD Members participate in FICC's annual BCP Testing. Currently, pursuant to Rule 2A (Initial Membership Requirements) of the MBSD Rules and Rule 2A (Initial Membership Requirements) of the GSD Rules, each applicant for membership of either MBSD or GSD must fulfill operational testing requirements, as established by FICC, that may be imposed to ensure the operational capability of the applicant."<sup>6</sup> Once a firm becomes a Member of GSD or MBSD, MBSD Rule 3 and GSD Rule 3 each of their

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<sup>5</sup> Terms not otherwise defined herein have the meaning set forth in the MBSD Rules and GSD Rules available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

<sup>6</sup> Rule 2A, Section 2 of MBSD Rules and Rule 2A, Section 5 of GSD Rules, supra, note 5.

respective provides that Members may be required to fulfill certain operational testing requirements that may be imposed by FICC to test and monitor the continuing operational capability of the Members.<sup>7</sup>

Recently, the Commission promulgated Regulation Systems Compliance and Integrity (“Reg. SCI”), which requires FICC to establish standards to designate members<sup>8</sup> and requires participation by such designated members in scheduled BCP Testing with FICC on an annual basis.<sup>9</sup> Although FICC already conducts annual BCP Testing with certain MBSD and GSD Members,<sup>10</sup> FICC is proposing to amend Rule 3 of the MBSD Rules and Rule 3 of the GSD Rules to further describe the requirement with respect to BCP Testing.

The proposed amendments to Rule 3 of the MBSD Rules and Rule 3 of the GSD Rules would increase transparency regarding BCP Testing, and ensure FICC’s practice with respect to such testing is consistent with Reg. SCI by setting forth FICC’s rights to: (i) designate MBSD and GSD Members required to participate in BCP Testing using established standards; (ii) determine the scope and reporting of such BCP Testing; and

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<sup>7</sup> Rule 3, Section 6 of MBSD Rules and Rule 3 Section 5 of GSD Rules, supra, note 5.

<sup>8</sup> 17 CFR 242.1004(a). In adopting Reg. SCI, the Commission determined not to require covered entities to notify the Commission of its designations or the standards that will be used in designating members, recognizing instead that each entity’s standards, designations, and updates, if applicable, would be part of its records and, therefore, available to the Commission and its staff upon request. See Securities and Exchange Act Release No. 73639 (November 19, 2014), 79 FR 72252 (December 5, 2014) (File No. S7-01-13).

<sup>9</sup> 17 CFR 242.1004(a) and (b).

<sup>10</sup> Rule 3, Section 6 of MBSD Rules and Rule 3 Section 5 of GSD Rules, supra, note 5.

(iii) require MBSD and GSD Members to comply with such BCP Testing within specified timeframes. In connection with these proposed amendments, FICC would refine the factors that it currently uses to designate MBSD and GSD Members for BCP Testing. For example, while FICC would continue to rely on activity-based thresholds to mandate participation with annual BCP Testing, FICC would also take into account additional factors when designating firms for BCP Testing, including, but not limited to: (i) significant operational issues of the MBSD or GSD Member during the past twelve months; and (ii) past performance of the MBSD or GSD Member with respect to BCP Testing. MBSD and GSD Members would be informed of the specific standards that would be used by FICC, along with any updates or changes to these standards, which would be applied on a prospective basis, through established methods of communication between FICC and the Members of MBSD and GSD. Likewise, MBSD and GSD Members would be notified in advance that they have been designated to participate in BCP Testing for the upcoming year, and would be provided details concerning the nature of such testing as the particular test plans are determined.

FICC believes the proposed rule change would have no impact on MBSD and GSD Members relative to what those Members are currently required to do. As described above, FICC already requires certain MBSD and GSD Members to participate in BCP Testing on an annual basis. The proposed rule change provides further clarity with respect to these requirements for consistency with Reg. SCI.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the MBSD Rules and GSD Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and to protect investors and the public interest.<sup>11</sup>

Rule 17Ad-22(d)(2), promulgated under the Act, requires FICC to require that MBSD and GSD Members have robust operational capacity to meet obligations arising from participation in the clearing agency, to monitor that its participation requirements are met on an ongoing basis, and to have participation requirements that are objective and publicly disclosed.<sup>12</sup> Rule 17Ad-22(d)(4), promulgated under the Act, requires FICC to identify sources of operational risk and minimize them through the development of appropriate systems, controls, and procedures, and have business continuity plans that allow for timely recovery of operations and fulfillment of the clearing agency's obligations.<sup>13</sup>

Rule 1004(a) and (b) of Reg. SCI requires FICC to establish standards for the designation of those MBSD and GSD Members that FICC reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event of the activation of its business continuity and disaster recovery plans, and to designate MBSD and GSD Members pursuant to those standards and require participation by such designated firms in scheduled BCP Testing annually.<sup>14</sup>

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<sup>11</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>12</sup> 17 CFR 240.17Ad-22(d)(2).

<sup>13</sup> 17 CFR 240.17Ad-22(d)(4).

<sup>14</sup> 17 CFR 242.1004(a) and (b).

By facilitating the testing of how business continuity and disaster recovery plans function between FICC and the MBSD and GSD Members during an emergency, the proposed rule change would facilitate the prompt and accurate clearance and settlement of securities transactions and protect investors and the public interest consistent with of the Act. The proposed rule change would provide additional details to the MBSD Rules and GSD Rules regarding the requirement for MBSD and GSD Members to take part in its BCP Testing annually, strengthening its compliance with Rule 17Ad-22(d)(2) and (4).<sup>15</sup> Further, the proposed rule change would foster the objectives of the Commission under Reg. SCI by helping to ensure resilient and available markets.<sup>16</sup>

As such, FICC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act, Rule 17Ad-22(d)(2) and (d)(4), promulgated under the Act, and Rule 1004(a) and (b) of Reg. SCI, cited above.

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

FICC does not believe that the proposed rule change would impose any burden on competition because the proposed rule change would apply to all MBSD and GSD Members and only provides additional details regarding an existing requirement.

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

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

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<sup>15</sup> 17 CFR 240.17Ad-22(d)(2) and (4).

<sup>16</sup> 17 CFR 242.1004(a) and (b).

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

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)<sup>17</sup> of the Act and Rule 19b-4(f)(6) thereunder.<sup>18</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:

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-2015-\_\_\_ on the subject line.

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<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

Paper Comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FICC-2015-\_\_\_\_. 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 and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-2015-\_\_\_\_ 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>19</sup>

Brent J. Fields  
Secretary

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<sup>19</sup> 17 CFR 200.30-3(a)(12).



## EXHIBIT 5

**Bold underlined text** indicates proposed additions

**Striked bold text** indicates proposed deletions

### FIXED INCOME CLEARING CORPORATION GOVERNMENT SECURITIES DIVISION RULEBOOK

\* \* \*

#### RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

\* \* \*

##### Section 6 – Operational Testing Requirements

**(a)** The Corporation may, from time to time, require Members to fulfill, within the time frames established by the Corporation, certain operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the Member. The Corporation will assess a fine or terminate the membership of any Member that does not fulfill any such operational testing and related reporting requirements within the time frames established by the Corporation.

**(b) The Corporation has established standards for designating those Members who shall be required to participate in annual business continuity and disaster recovery testing that the Corporation reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event that business continuity and disaster recovery plans are required to be activated. The standards shall take into account factors such as: (1) activity-based thresholds; (2) significant operational issues of the Member during the twelve months prior to the designation; and (3) past performance of the Member with respect to operational testing. The specific standards adopted by the Corporation and any updates or modifications thereto shall be published to Members and applied on a prospective basis.**

**Upon notification that the Member has been designated to participate in the annual business continuity and disaster recovery testing, as described above, Members shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation.**

## MORTGAGE-BACKED SECURITIES DIVISION

### CLEARING RULES

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#### RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

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##### Section 5 – Operational Testing Requirements

**(a)** The Corporation may, from time to time, require Members to fulfill, within the time frames established by the Corporation, certain operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the Member. The Corporation may assess a fine or terminate the membership of any Member that does not fulfill any such operational testing and related reporting requirements within the time frames established by the Corporation.

**(b) The Corporation has established standards for designating those Members who shall be required to participate in annual business continuity and disaster recovery testing that the Corporation reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event that business continuity and disaster recovery plans are required to be activated. The standards shall take into account factors such as: (1) activity-based thresholds; (2) significant operational issues of the Member during the twelve months prior to the designation; and (3) past performance of the Member with respect to operational testing. The specific standards adopted by the Corporation and any updates or modifications thereto shall be published to Members and applied on a prospective basis.**

**Upon notification that the Member has been designated to participate in the annual business continuity and disaster recovery testing, as described above, Members shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation.**