

Required fields are shown with yellow backgrounds and asterisks.

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| Page 1 of * 45 | SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4 | | File No.* SR - 2015 - * 005 | 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"/> | |
| | | | 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"/> | | | |
| Description | | | | |
| Provide a brief description of the action (limit 250 characters, required when Initial is checked *). | | | | |
| <input type="text" value="Modifications to the GSD Fee Structure"/> | | | | |
| 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 * | <input type="text" value="Donaldine"/> | Last Name * | <input type="text" value="Temple"/> | |
| Title * | <input type="text" value="Vice President"/> | | | |
| E-mail * | <input type="text" value="dtemple@dtcc.com"/> | | | |
| Telephone * | <input type="text" value="(212) 855-3277"/> | Fax | <input type="text"/> | |
| 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 | <input type="text" value="12/30/2015"/> | <input type="text" value="Managing Director and General Counsel"/> | | |
| By | <input type="text" value="Nikki Poulos"/> | <input type="text"/> | | |
| (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. | | | | |
| <input type="button" value="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 *

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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

Add Remove View

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) Fixed Income Clearing Corporation (“FICC” or the “Corporation”) is filing proposed rule changes in order to make modifications to the fee structure in the Government Securities Division (“GSD”) Rulebook¹ (the “GSD Rules”). The fee changes will be effective as of January 1, 2016. The proposed rule changes are attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed changes were approved by the Businesses, Technology and Operations Committee of FICC’s Board of Directors on October 20, 2015.

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

(a) PURPOSE

FICC is modifying the GSD fee structure to (1) change the fees for the existing services that GSD provides to its Members² and (2) permit the pass-through of new and existing fees imposed on FICC by its clearing banks and the Federal Reserve’s Fedwire Service (“Fedwire®”) (collectively, “third party”) with respect to the services that FICC provides to its Members.

A. Describe the reasons for adopting the proposed rule change

Based on the revenue that GSD generated in 2015, GSD requires fee modifications in order to meet the budgeted expenses associated with providing its services to Members. Thus, FICC is adopting the proposed rule changes in order to ensure that FICC can achieve and maintain GSD’s operating margin.

B. Describe any problems the proposed rule change is intended to address

GSD’s ability to achieve its operating margin has been negatively impacted by (i) a decline in the dollar values of transactions; (ii) increased infrastructure costs; (iii) increased risk management costs and (iv) increased third party fees, which GSD has historically absorbed. In addition, GSD also anticipates that the clearing banks will impose new fees for the services that FICC provides to its Members.

¹ The GSD Rulebook is available at <http://www.dtcc.com/legal/rules-and-procedures>.

² The term “Member” means a comparison-only member or a Netting Member. The term “Member” shall include a sponsoring member in its capacity as a sponsoring member and a sponsored member, each to the extent specified in Rule 3A. GSD Rule 1, Definitions.

C. Describe the manner in which the proposed rule change will operate to resolve those problems

The proposed fee modifications to GSD's services and the pass through of existing and new third party fees are expected to aide FICC's ability to achieve and maintain its operating margin because all of the fees will be aligned to FICC's cost of delivering its services to Members.

D. Describe the manner in which the proposed rule change will affect various persons (e.g., brokers, dealers, issuers, and investors)

The proposed rule changes will establish different trade submission and netting fee structures for Broker Accounts³ and Dealer Accounts⁴ because Members who utilize each of these accounts represent two different types of functions that are performed in the market served by the GSD. The Broker Accounts provide the marketplace with the blind-brokered screens through which Dealer Accounts are matched as counterparties (on a blind basis) to the transactions that are submitted to GSD. The Broker Accounts submit two sets of transaction details for every one set that the Dealer Account submits; for example, if Broker A matches Dealer A and Dealer B in a transaction to be submitted to the GSD, each Dealer will submit one transaction as between the Dealer Account and the Broker Account. However, Broker A will submit two transactions, one between the Broker and Dealer A and one between the Broker and Dealer B. The Broker Account will net out for purposes of GSD's processing of the transaction. However, as the trade submission and netting fees are currently structured, the Broker pays for the two sets of transactions (as opposed to the one set paid by the Dealer Account). FICC is proposing to recognize this difference between the Broker Accounts and the Dealer Accounts by charging the Broker Accounts less with respect to the trade submission and netting fees. This approach is consistent with the way in which GSD currently applies its Repo Transaction Processing Fee which is contained in Section III.E of the GSD Fee Structure; specifically, GSD charges Repo Brokers less than other Netting Members.

FICC's pass-through of fees imposed on FICC by third parties will affect all Members based on their activity.

³ Pursuant to the GSD Rules, the term "Broker Account" means an account maintained for an Inter-Dealer Broker Netting Member or a segregated broker account of a non-inter dealer broker. GSD Rule 1, Definitions.

⁴ Pursuant to the GSD Rules, the term "Dealer Account" means an account of a Netting Member that is not a Broker Account. GSD Rule 1, Definitions.

E. Describe any significant problems known to the self-regulatory organization that persons affected are likely to have in complying with the proposed rule change

FICC is not aware of any significant problems that the affected Members are likely to have in complying with the proposed rule changes.

F. The proposed rule changes are described below

(1) Trade Submission

Currently, the comparison fees for trade submissions are structured to reflect a uniform fee structure based on a Member's total monthly volume. FICC is proposing to change this approach to a structure whereby each incremental number of trades is charged a different price based on tiers with declining marginal rates. In addition, GSD is proposing to establish different fees for Dealer Accounts and Broker Accounts.

(2) Locked-In Trade Data

In connection with the charge to Members for data received by FICC from a Locked-In Trade Source,⁵ FICC is proposing to eliminate the existing fee for the processing and reporting of this data and instead charge Members in accordance with the proposed trade submission schedule in the GSD Rules.

In connection with the charge to non-Inter-Dealer Broker Netting Members⁶ for FICC's processing and reporting of GCF Repo® Transactions,⁷ FICC is proposing to increase the amount of the onetime recording fee.

(3) Netting Fee

⁵ Pursuant to the GSD Rules, the term "Locked-In Trade Source" means a source of data on locked-in trades that the Corporation has so designated, subject to such terms and conditions as to which the Locked-In Trade Source and the Corporation may agree. GSD Rule 1, Definitions.

⁶ Pursuant to the GSD Rules, the term "Inter-Dealer Broker Netting Member" has the meaning set forth in Section 2 of GSD Rule 2A. GSD Rule 1, Definitions.

⁷ Pursuant to the GSD Rules, the term "GCF Repo Transaction" means a Repo Transaction involving Generic CUSIP Numbers the data on which are submitted to the Corporation on a locked-in-trade basis pursuant to the provisions of GSD Rule 6C, for netting and settlement by the Corporation pursuant to the provisions of GSD Rule 20. GSD Rule 1, Definitions.

- (a) 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, the fee structure is currently based on a Member's total monthly number of sides.⁸ FICC is proposing to change this approach to a

⁸ Pursuant to the GSD Rules, the terms used in the referenced clause are defined below. GSD Rule 1, Definitions.

- The term “Compared Trade” means a trade, including a Repo Transaction, the data on which has been compared or deemed compared in the Comparison System pursuant to the GSD Rules, as the result of any one of the following methods: (1) bilateral comparison, which requires the matching by the Corporation of data submitted by two Members, (2) demand comparison, which requires that data to be submitted to the Corporation by a demand trade source, or (3) locked-in comparison, which requires the data to be submitted to the Corporation by a locked-in trade source.
- The term “Close Leg” means, as regards a Repo Transaction other than a GCF Repo Transaction, the concluding settlement aspects of the transaction, involving the retransfer of the underlying eligible netting securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking back of such eligible securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term “Close Leg” means, as regards a GCF Repo Transaction, the concluding settlement aspects of the transaction, involving the retransfer of the underlying eligible netting securities by the Netting Member that is in the GCF net funds lender position and the taking back of such eligible netting securities by the Netting Member that is in the GCF net funds borrower position.
- The term “Fail Deliver Obligation” means a Deliver Obligation with respect to a fail net short position.
- The term “Fail Receive Obligation” means a Receive Obligation with respect to a fail net long position.
- The term “Repo Transaction” means: (1) an agreement of a party to transfer eligible securities to another party in exchange for the receipt of cash, and the simultaneous agreement of the former party to later take back the same eligible securities (or any subsequently substituted eligible securities) from the latter party in exchange for the payment of cash, or (2) an agreement of a party to take in eligible securities from another party in exchange for the payment of cash, and the

structure whereby each incremental number of sides is charged a different price based on tiers with declining marginal rates. In addition, GSD is proposing to establish different fees for Dealer Accounts and Broker Accounts.

- (b) For each one million par 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, the existing fee will be applicable to Broker Accounts and a new fee will be established for Dealer Accounts.
- (c) For each one million par of Deliver Obligation⁹ and Receive Obligation¹⁰ created as a result of the netting process, fees will be increased.

simultaneous agreement of the former party to later transfer back the same eligible securities (or any subsequently substituted eligible securities) to the latter party in exchange for the receipt of cash, as the context may indicate, the data on which have been submitted to the Corporation pursuant to the GSD Rules. A "Repo Transaction" includes a GCF Repo Transaction, unless the context indicates otherwise.

- The term "Start Leg" means, as regards a Repo Transaction other than a GCF Repo Transaction, the initial settlement aspects of the Transaction, involving the transfer of the underlying eligible netting securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking in of such eligible securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term "Start Leg" means, as regards a GCF Repo Transaction, the initial settlement aspects of the Transaction, involving the transfer of the underlying eligible netting securities by the Netting Member that is in the GCF net funds borrower position and the taking in of such eligible netting securities by the Netting Member that is in the GCF net funds lender position.

⁹ The term "Deliver Obligation" means a Netting Member's obligation to deliver eligible netting securities to the Corporation at the appropriate settlement value either in satisfaction of all or a part of a Net Short Position or to implement a collateral substitution in connection with a Repo Transaction with a right of substitution. GSD Rule 1, Definitions.

¹⁰ The term "Receive Obligation" means a Netting Member's obligation to receive eligible netting securities from the Corporation at the appropriate settlement value either in satisfaction of all or a part of a Net Long Position or to implement a collateral

(4) Auction Takedown Process

In connection with the auction takedown Service, FICC is proposing to eliminate the existing fee for locked-in trades and charge Members in accordance with the proposed trade submission schedule in the GSD Rules.

(5) Clearance Charges

Currently, FICC charges a flat standard charge of \$2.35, a portion of which is used to cover the settlement fees of its Deliver Obligations and Receive Obligations. These fees consist of the clearing banks' fees and the Federal Reserve's Fedwire Service ("Fedwire®") fees that are incurred by FICC for the services that it provides to Members related to settling obligations at the clearing banks. At the time of this rule filing, the fees are as follows:

1. Fees for the settlement of each Receive Obligation and each Deliver Obligation in the actual amount charged by the applicable clearing bank.
2. Fedwire® fee for the settlement of each treasury security in an amount of \$0.92 and for the settlement of each agency security in an amount of \$0.65.

FICC is proposing to reduce the amount of this flat charge, which is currently \$2.35 and bill Netting Members as a separate item on their billing statement for the applicable clearing bank fees and Fedwire® fees listed above. In addition, FICC will pass-through to Netting Members, new fees that will be imposed by the clearing banks on FICC as well as other existing fees that the clearing banks have imposed on FICC but which FICC has not historically passed through to its Netting Members. These fees are as follows:

1. The Bank of New York Mellon ("BNY") fee of 1 basis point (1bp) per annum on each GCF Repo Deliver Obligation that FICC creates from its BNY account, inclusive of inter-bank.¹¹

This fee will be allocated to Dealer Accounts at BNY and to Dealer Accounts at JPMorgan Chase ("JPM"), as follows:

- a. For Dealer Accounts at BNY, a pass-through fee is calculated as 1bp per annum on a dollar amount of such Netting

substitution in connection with a Repo Transaction with a right of substitution. GSD Rule 1, Definitions.

¹¹ This is a new fee that BNY intends to charge as of January 1, 2016.

Member's¹² GCF Repo Receive Obligation from FICC in each Generic CUSIP Number.¹³

- b. For Dealer Accounts at JPM, a pass-through charge is calculated as 1bp per annum on a prorated dollar amount of FICC's interbank GCF Repo Deliver Obligation from BNY to JPM in each Generic CUSIP Number. The proration is calculated as follows:

(Dollar amount of such Netting Member's GCF Repo Receive Obligation in a given Generic CUSIP Number at JPM)

(Aggregate dollar amount of all GCF Repo Receive Obligations in a given Generic CUSIP Number for all Netting Members at JPM)

2. BNY fees for daylight over drafts for FICC's interbank GCF Repo Deliver Obligations.

This pass-through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of GCF Repo Deliver Obligations of such Dealer Account at BNY)

(Total dollar value of GCF Repo Deliver Obligations of all Dealer Accounts at BNY)

3. BNY fees for daylight over drafts on securities settlement obligations.

This pass-through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs

¹² The term "Netting Member" means a Member that is a Member of the Comparison System and the Netting System. GSD Rule 1, Definitions.

¹³ The term "Generic CUSIP Number" means a Committee on Uniform Securities Identification Procedures identifying number established for a category of securities, as opposed to a specific security. The Corporation shall use separate Generic CUSIP Numbers for general collateral Repo Transactions and GCF Repo Transactions. GSD Rule 1, Definitions.

incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of Deliver and Receive Obligations of each
Netting Member at BNY)

(Total dollar value of Deliver and Receive Obligations in all Dealer
Accounts at BNY)

FICC will inform Members via Important Notice if there are any changes to the referenced fees and charges imposed by the clearing banks and/or Fedwire.

(6) Repo Transaction Processing Fee

FICC is proposing to increase certain fees for its processing of Repo Transactions.

The above-referenced modifications to GSD's fees are noted below.

| TRADE SUBMISSION SCHEDULE | | | | |
|--|-------------------------------|---|-----------------------------|----------------|
| Current Breakpoint Schedule | Current Charge per Submission | Proposed Tiered Schedule | Proposed Fee per Submission | |
| (Charge is applied to all submissions if breakpoint is reached) | For all Netting Members | (Charge is applied to all submissions within tier) | Dealer Account | Broker Account |
| Per submission for total monthly submissions up to 49,999 | \$0.250 | Per submission for the initial 49,999 submissions per month | \$0.270 | \$0.250 |
| Per submission for total monthly submissions between 50,000 to 99,999 | \$0.200 | Per submission for those submissions between 50,000 to 99,999 submissions per month | \$0.190 | \$0.150 |
| Per submission for total monthly submissions between 100,000 to 249,999 | \$0.150 | Per submission for those submissions between 100,000 to 249,999 submissions per month | \$0.140 | \$0.100 |
| Per submission for total monthly submissions between 250,000 to 399,999 | \$0.125 | Per submission for those submissions between 250,000 to 399,999 submissions per month | \$0.100 | \$0.075 |
| Per submission for total monthly submissions between 400,000 to 499,999 | \$0.100 | Per submission for those submissions between 400,000 to 499,999 submissions per month | \$0.080 | \$0.035 |
| Per submission for total monthly submissions between 500,000 and 999,999 | \$0.085 | Per submission for those submissions between 500,000 to 999,999 submissions per month | \$0.010 | \$0.025 |
| Per submission for total monthly submissions 1M and greater | \$0.085 | Per submission for those submissions at 1M or greater submissions per month | \$0.010 | \$0.010 |

| LOCKED-IN TRADE DATA | | |
|---|--------------------|--|
| Fee Description | Current Fee | Proposed Fee |
| Non-GCF Repo trade processing from Locked-In Trade Data Source | \$0.16/M | In accordance with the trade submission fee schedule |
| GCF Repo trade comparison for non-Inter Dealer Broker Netting Members | \$0.05/M | \$0.07/M |

| NETTING FEES SCHEDULE | | | | |
|--|--------------------------------|---|------------------------------|-----------------------|
| Current Breakpoint Schedule | Current Charge per Side | Proposed Tiered Schedule | Proposed Fee per Side | |
| (Charge is applied to all sides if breakpoint is reached) | For all Netting Members | (Charge is applied to all sides within tier) | Dealer Account | Broker Account |
| Per side for total monthly sides up to 49,999 | \$0.150 | Per side for the initial 49,999 sides per month | \$0.170 | \$0.150 |
| Per side for total monthly sides between 50,000 to 99,999 | \$0.125 | Per side for those sides between 50,000 to 99,999 sides per month | \$0.120 | \$0.110 |
| Per side for total monthly sides between 100,000 to 249,999 | \$0.125 | Per side for those sides between 100,000 to 249,999 sides per month | \$0.100 | \$0.090 |
| Per side for total monthly sides between 250,000 to 399,999 | \$0.100 | Per side for those sides between 250,000 to 399,999 sides per month | \$0.070 | \$0.040 |
| Per side for total monthly sides between 400,000 to 499,999 | \$0.050 | Per side for those sides between 400,000 to 499,999 sides per month | \$0.040 | \$0.025 |
| Per side for total monthly sides between 500,000 and 999,999 | \$0.050 | Per side for those sides between 500,000 to 999,999 sides per month | \$0.030 | \$0.010 |
| Per side for total monthly sides 1M and greater | \$0.035 | Per side for those sides at 1M or greater sides per month | \$0.010 | \$0.010 |

| Fee Description | Current Fee | Proposed Fee |
|--|-------------------|---|
| Into-the-net par per month – Dealer Account | \$0.015/M | \$0.016/M |
| Clearance (out-of-the-net) par per month | \$0.17/M | \$0.175/M |
| Auction takedown processing | \$0.50/50M | In accordance with the trade submission fee schedule. |
| Clearance (out-of-the-net) items per month | \$2.35/obligation | \$0.25/obligation |
| Clearance (non-GSD) items per month | \$2.35/obligation | \$0.25/obligation |
| DVP Repo Transaction Processing Fees (cost of carry) | | |
| Fee for gross dollar amount | | |
| Other Netting Members and Repo Brokers with respect to their non-brokered transactions | 0.025bps | 0.04bps |
| Fee for net dollar amount | 0.060bps | 0.08bps |
| GCF Repo Processing Fees (cost of carry) | | |
| Fee for gross dollar amount | | |
| Netting Members that are not Repo Brokers | 0.025bps | 0.04bps |
| Fee for net dollar amount | 0.060bps | 0.08bps |

(b) STATUTORY BASIS

FICC believes that the proposed fees are reasonable because the fees are correlated to each Member's use of GSD's services and will allow FICC to recover the cost of providing its services to Members. In addition, the proposed change will allow FICC to further recover the cost of providing its services to its Members by passing through certain third-party fees that FICC is incurring and/or will be incurring to provide its services to its Members. 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,¹⁴ which requires that the GSD Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Members that use those services.

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

The proposed filing could have an impact on competition based on the fact that fees will increase for certain services, but because of the following reasons, FICC believes that any burden

¹⁴ 5 U.S.C. 78q-1(b)(3)(D).

on competition would be necessary and appropriate in furtherance of the purposes of the Act. These reasons are as follows: The proposed change modifies the fees for existing services provided by GSD in order to meet GSD's budgeted expenses and allow GSD to achieve and maintain its operating margin and recover the cost of providing its services. The proposed change also allows FICC to recover the cost of providing its services to Members by passing through certain third-party fees that FICC is incurring and/or will be incurring to provide its services to its Members. Finally, the proposed change also establishes different comparison and netting fee structures for Brokers Accounts and Dealer Accounts for the reasons more fully described above.

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

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.

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 January 1, 2016 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.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-[_____]; File No. SR-FICC-2015-005]

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the Government Securities Division Fee Schedule

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² 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 Items I, II and III below, which Items have been prepared primarily by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(2)⁴ thereunder. The proposed rule change was effective upon filing with the Commission. 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 C.F.R. 240.19b-4(f)(2).

The proposed rule change consists of amendments to the Fee Schedule in the Government Securities Division (“GSD”) Rulebook⁵ (the “GSD Rules”). The fee changes will be effective as of January 1, 2016.

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) PURPOSE

FICC is modifying the GSD fee structure to (1) change the fees for the existing services that GSD provides to its Members⁶ and (2) permit the pass-through of new and existing fees imposed on FICC by its clearing banks and the Federal Reserve’s Fedwire Service (“Fedwire®”) (collectively, “third party”) with respect to the services that FICC provides to its Members.

A. Describe the reasons for adopting the proposed rule change

Based on the revenue that GSD generated in 2015, GSD requires fee modifications in order to meet the budgeted expenses associated with providing its services to

⁵ The GSD Rulebook is available at <http://www.dtcc.com/legal/rules-and-procedures>.

⁶ The term “Member” means a comparison-only member or a Netting Member. The term “Member” shall include a sponsoring member in its capacity as a sponsoring member and a sponsored member, each to the extent specified in Rule 3A. GSD Rule 1, Definitions.

Members. Thus, FICC is adopting the proposed rule changes in order to ensure that FICC can achieve and maintain GSD's operating margin.

B. Describe any problems the proposed rule change is intended to address

GSD's ability to achieve its operating margin has been negatively impacted by (i) a decline in the dollar values of transactions; (ii) increased infrastructure costs; (iii) increased risk management costs and (iv) increased third party fees, which GSD has historically absorbed. In addition, GSD also anticipates that the clearing banks will impose new fees for the services that FICC provides to its Members.

C. Describe the manner in which the proposed rule change will operate to resolve those problems

The proposed fee modifications to GSD's services and the pass through of existing and new third party fees are expected to aide FICC's ability to achieve and maintain its operating margin because all of the fees will be aligned to FICC's cost of delivering its services to Members.

D. Describe the manner in which the proposed rule change will affect various persons (e.g., brokers, dealers, issuers, and investors)

The proposed rule changes will establish different trade submission and netting fee structures for Broker Accounts and Dealer Accounts because Members who utilize each of these accounts represent two different types of functions that are performed in the market served by the GSD. The Broker Accounts provide the marketplace with the blind-brokered screens through which Dealer Accounts are matched as counterparties (on a blind basis) to the transactions that are submitted to GSD. The Broker Accounts submit two sets of transaction details for every one set that the

Dealer Account submits; for example, if Broker A matches Dealer A and Dealer B in a transaction to be submitted to the GSD, each Dealer will submit one transaction as between the Dealer Account and the Broker Account. However, Broker A will submit two transactions, one between the Broker and Dealer A and one between the Broker and Dealer B. The Broker Account will net out for purposes of GSD's processing of the transaction. However, as the trade submission and netting fees are currently structured, the Broker pays for the two sets of transactions (as opposed to the one set paid by the Dealer Account). FICC is proposing to recognize this difference between the Broker Accounts and the Dealer Accounts by charging the Broker Accounts less with respect to the trade submission and netting fees. This approach is consistent with the way in which GSD currently applies its Repo Transaction Processing Fee which is contained in Section III.E of the GSD Fee Structure; specifically, GSD charges Repo Brokers less than other Netting Members. FICC's pass-through of fees imposed on FICC by third parties will affect all Members based on their activity.

E. Describe any significant problems known to the self-regulatory organization that persons affected are likely to have in complying with the proposed rule change

FICC is not aware of any significant problems that the affected Members are likely to have in complying with the proposed rule changes.

F. The proposed rule changes are described below

(1) Trade Submission

Currently, the comparison fees for trade submissions are structured to reflect a uniform fee structure based on a Member's total monthly volume. FICC is proposing

to change this approach to a structure whereby each incremental number of trades is charged a different price based on tiers with declining marginal rates. In addition, GSD is proposing to establish different fees for Dealer Accounts and Broker Accounts.

(2) *Locked-In Trade Data*

In connection with the charge to Members for data received by FICC from a Locked-In Trade Source,⁷ FICC is proposing to eliminate the existing fee for the processing and reporting of this data and instead charge Members in accordance with the proposed trade submission schedule in the GSD Rules.

In connection with the charge to non-Inter-Dealer Broker Netting Members⁸ for FICC's processing and reporting of GCF Repo® Transactions,⁹ FICC is proposing to increase the amount of the onetime recording fee.

(3) *Netting Fee*

- (a) 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,

⁷ Pursuant to the GSD Rules, the term "Locked-In Trade Source" means a source of data on locked-in trades that the Corporation has so designated, subject to such terms and conditions as to which the Locked-In Trade Source and the Corporation may agree. GSD Rule 1, Definitions.

⁸ Pursuant to the GSD Rules, the term "Inter-Dealer Broker Netting Member" has the meaning set forth in Section 2 of GSD Rule 2A. GSD Rule 1, Definitions.

⁹ Pursuant to the GSD Rules, the term "GCF Repo Transaction" means a Repo Transaction involving Generic CUSIP Numbers the data on which are submitted to the Corporation on a locked-in-trade basis pursuant to the provisions of GSD Rule 6C, for netting and settlement by the Corporation pursuant to the provisions of GSD Rule 20. GSD Rule 1, Definitions.

the fee structure is currently based on a Member's total monthly number of sides.¹⁰ FICC is proposing to change this approach to a

¹⁰ Pursuant to the GSD Rules, the terms used in the referenced clause are defined below. GSD Rule 1, Definitions.

- The term “Compared Trade” means a trade, including a Repo Transaction, the data on which has been compared or deemed compared in the Comparison System pursuant to the GSD Rules, as the result of any one of the following methods: (1) bilateral comparison, which requires the matching by the Corporation of data submitted by two Members, (2) demand comparison, which requires that data to be submitted to the Corporation by a demand trade source, or (3) locked-in comparison, which requires the data to be submitted to the Corporation by a locked-in trade source.
- The term “Close Leg” means, as regards a Repo Transaction other than a GCF Repo Transaction, the concluding settlement aspects of the transaction, involving the retransfer of the underlying eligible netting securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking back of such eligible securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term “Close Leg” means, as regards a GCF Repo Transaction, the concluding settlement aspects of the transaction, involving the retransfer of the underlying eligible netting securities by the Netting Member that is in the GCF net funds lender position and the taking back of such eligible netting securities by the Netting Member that is in the GCF net funds borrower position.
- The term “Fail Deliver Obligation” means a Deliver Obligation with respect to a fail net short position.
- The term “Fail Receive Obligation” means a Receive Obligation with respect to a fail net long position.
- The term “Repo Transaction” means: (1) an agreement of a party to transfer eligible securities to another party in exchange for the receipt of cash, and the simultaneous agreement of the former party to later take back the same eligible securities (or any subsequently substituted eligible securities) from the latter party in exchange for the payment of cash, or (2) an agreement of a party to take in eligible securities from another party in exchange for the payment of cash, and the simultaneous agreement of the former party to later transfer back the same eligible securities (or any subsequently substituted eligible securities) to the latter

structure whereby each incremental number of sides is charged a different price based on tiers with declining marginal rates. In addition, GSD is proposing to establish different fees for Dealer Accounts and Broker Accounts.

- (b) For each one million par 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, the existing fee will be applicable to Broker Accounts and a new fee will be established for Dealer Accounts.
- (c) For each one million par of Deliver Obligation¹¹ and Receive Obligation¹² created as a result of the netting process, fees will be increased.

party in exchange for the receipt of cash, as the context may indicate, the data on which have been submitted to the Corporation pursuant to the GSD Rules. A "Repo Transaction" includes a GCF Repo Transaction, unless the context indicates otherwise.

- The term "Start Leg" means, as regards a Repo Transaction other than a GCF Repo Transaction, the initial settlement aspects of the Transaction, involving the transfer of the underlying eligible netting securities by the Netting Member that is, or is submitting data on behalf of, the funds borrower (through satisfaction of the applicable Deliver Obligation generated by the Corporation) and the taking in of such eligible securities by the Netting Member that is, or is submitting data on behalf of, the funds lender (if netting eligible, through satisfaction of the applicable Receive Obligation generated by the Corporation). The term "Start Leg" means, as regards a GCF Repo Transaction, the initial settlement aspects of the Transaction, involving the transfer of the underlying eligible netting securities by the Netting Member that is in the GCF net funds borrower position and the taking in of such eligible netting securities by the Netting Member that is in the GCF net funds lender position.

¹¹ The term "Deliver Obligation" means a Netting Member's obligation to deliver eligible netting securities to the Corporation at the appropriate settlement value either in

(4) *Auction Takedown Process*

In connection with the auction takedown Service, FICC is proposing to eliminate the existing fee for locked-in trades and charge Members in accordance with the proposed trade submission schedule in the GSD Rules.

(5) *Clearance Charges*

Currently, FICC charges a flat standard charge of \$2.35, a portion of which is used to cover the settlement fees of its Deliver Obligations and Receive Obligations. These fees consist of the clearing banks' fees and the Federal Reserve's Fedwire Service ("Fedwire®") fees that are incurred by FICC for the services that it provides to Members related to settling obligations at the clearing banks. At the time of this rule filing, the fees are as follows:

1. Fees for the settlement of each Receive Obligation and each Deliver Obligation in the actual amount charged by the applicable clearing bank.
2. Fedwire® fee for the settlement of each treasury security in an amount of \$0.92 and for the settlement of each agency security in an amount of \$0.65.

FICC is proposing to reduce the amount of this flat charge, which is currently \$2.35 and bill Netting Members as a separate item on their billing statement for the

satisfaction of all or a part of a Net Short Position or to implement a collateral substitution in connection with a Repo Transaction with a right of substitution. GSD Rule 1, Definitions.

¹² The term "Receive Obligation" means a Netting Member's obligation to receive eligible netting securities from the Corporation at the appropriate settlement value either in satisfaction of all or a part of a Net Long Position or to implement a collateral substitution in connection with a Repo Transaction with a right of substitution. GSD Rule 1, Definitions.

applicable clearing bank fees and Fedwire® fees listed above. In addition, FICC will pass-through to Netting Members, new fees that will be imposed by the clearing banks on FICC as well as other existing fees that the clearing banks have imposed on FICC but which FICC has not historically passed through to its Netting Members. These fees are as follows:

1. The Bank of New York Mellon (“BNY”) fee of 1 basis point (1bp) per annum on each GCF Repo Deliver Obligation that FICC creates from its BNY account, inclusive of inter-bank.¹³

This fee will be allocated to Dealer Accounts at BNY and to Dealer Accounts at JPMorgan Chase (“JPM”), as follows:

- a. For Dealer Accounts at BNY, a pass-through fee is calculated as 1bp per annum on a dollar amount of such Netting Member’s¹⁴ GCF Repo Receive Obligation from FICC in each Generic CUSIP Number.¹⁵
- b. For Dealer Accounts at JPM, a pass-through charge is calculated as 1bp per annum on a prorated dollar amount of FICC’s interbank GCF Repo Deliver Obligation from BNY to JPM in each Generic CUSIP Number.

The proration is calculated as follows:

¹³ This is a new fee that BNY intends to charge as of January 1, 2016.

¹⁴ The term “Netting Member” means a Member that is a Member of the Comparison System and the Netting System. GSD Rule 1, Definitions.

¹⁵ The term “Generic CUSIP Number” means a Committee on Uniform Securities Identification Procedures identifying number established for a category of securities, as opposed to a specific security. The Corporation shall use separate Generic CUSIP Numbers for general collateral Repo Transactions and GCF Repo Transactions. GSD Rule 1, Definitions.

(Dollar amount of such Netting Member's GCF Repo Receive Obligation
in a given Generic CUSIP Number at JPM)

(Aggregate dollar amount of all GCF Repo Receive Obligations in a given
Generic CUSIP Number for all Netting Members at JPM)

2. BNY fees for daylight over drafts for FICC's interbank GCF Repo Deliver Obligations.

This pass-through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of GCF Repo Deliver Obligations of such Dealer Account at
BNY)

(Total dollar value of GCF Repo Deliver Obligations of all Dealer Accounts at
BNY)

3. BNY fees for daylight over drafts on securities settlement obligations.

This pass-through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of Deliver and Receive Obligations of each Netting Member at
BNY)

(Total dollar value of Deliver and Receive Obligations in all Dealer Accounts at
BNY)

FICC will inform Members via Important Notice if there are any changes to the referenced fees and charges imposed by the clearing banks and/or Fedwire.

(6) *Repo Transaction Processing Fee*

FICC is proposing to increase certain fees for its processing of Repo Transactions.

The above-referenced modifications to GSD's fees are noted below.

| TRADE SUBMISSION SCHEDULE | | | | |
|--|-------------------------------|---|-----------------------------|----------------|
| Current Breakpoint Schedule | Current Charge per Submission | Proposed Tiered Schedule | Proposed Fee per Submission | |
| (Charge is applied to all submissions if breakpoint is reached) | For all Netting Members | (Charge is applied to all submissions within tier) | Dealer Account | Broker Account |
| Per submission for total monthly submissions up to 49,999 | \$0.250 | Per submission for the initial 49,999 submissions per month | \$0.270 | \$0.250 |
| Per submission for total monthly submissions between 50,000 to 99,999 | \$0.200 | Per submission for those submissions between 50,000 to 99,999 submissions per month | \$0.190 | \$0.150 |
| Per submission for total monthly submissions between 100,000 to 249,999 | \$0.150 | Per submission for those submissions between 100,000 to 249,999 submissions per month | \$0.140 | \$0.100 |
| Per submission for total monthly submissions between 250,000 to 399,999 | \$0.125 | Per submission for those submissions between 250,000 to 399,999 submissions per month | \$0.100 | \$0.075 |
| Per submission for total monthly submissions between 400,000 to 499,999 | \$0.100 | Per submission for those submissions between 400,000 to 499,999 submissions per month | \$0.080 | \$0.035 |
| Per submission for total monthly submissions between 500,000 and 999,999 | \$0.085 | Per submission for those submissions between 500,000 to 999,999 submissions per month | \$0.010 | \$0.025 |
| Per submission for total monthly submissions 1M and greater | \$0.085 | Per submission for those submissions at 1M or greater submissions per month | \$0.010 | \$0.010 |

| LOCKED-IN TRADE DATA | | |
|---|--------------------|--|
| Fee Description | Current Fee | Proposed Fee |
| Non-GCF Repo trade processing from Locked-In Trade Data Source | \$0.16/M | In accordance with the trade submission fee schedule |
| GCF Repo trade comparison for non-Inter Dealer Broker Netting Members | \$0.05/M | \$0.07/M |

| NETTING FEES SCHEDULE | | | | | |
|--|------------|-------------------------|---|-----------------------|----------------|
| Current Schedule | Breakpoint | Current Charge per Side | Proposed Tiered Schedule | Proposed Fee per Side | |
| (Charge is applied to all sides if breakpoint is reached) | | For all Netting Members | (Charge is applied to all sides within tier) | Dealer Account | Broker Account |
| Per side for total monthly sides up to 49,999 | | \$0.150 | Per side for the initial 49,999 sides per month | \$0.170 | \$0.150 |
| Per side for total monthly sides between 50,000 to 99,999 | | \$0.125 | Per side for those sides between 50,000 to 99,999 sides per month | \$0.120 | \$0.110 |
| Per side for total monthly sides between 100,000 to 249,999 | | \$0.125 | Per side for those sides between 100,000 to 249,999 sides per month | \$0.100 | \$0.090 |
| Per side for total monthly sides between 250,000 to 399,999 | | \$0.100 | Per side for those sides between 250,000 to 399,999 sides per month | \$0.070 | \$0.040 |
| Per side for total monthly sides between 400,000 to 499,999 | | \$0.050 | Per side for those sides between 400,000 to 499,999 sides per month | \$0.040 | \$0.025 |
| Per side for total monthly sides between 500,000 and 999,999 | | \$0.050 | Per side for those sides between 500,000 to 999,999 sides per month | \$0.030 | \$0.010 |
| Per side for total monthly sides 1M and greater | | \$0.035 | Per side for those sides at 1M or greater sides per month | \$0.010 | \$0.010 |

| Fee Description | Current Fee | Proposed Fee |
|--|--------------------|---|
| Into-the-net par per month – Dealer Account | \$0.015/M | \$0.016/M |
| Clearance (out-of-the-net) par per month | \$0.17/M | \$0.175/M |
| Auction takedown processing | \$0.50/50M | In accordance with the trade submission fee schedule. |
| Clearance (out-of-the-net) items per month | \$2.35/obligation | \$0.25/obligation |
| Clearance (non-GSD) items per month | \$2.35/obligation | \$0.25/obligation |
| | | |
| DVP Repo Transaction Processing Fees (cost of carry) | | |
| Fee for gross dollar amount | | |
| Other Netting Members and Repo Brokers with respect to their non-brokered transactions | 0.025bps | 0.04bps |
| Fee for net dollar amount | 0.060bps | 0.08bps |
| | | |
| GCF Repo Processing Fees (cost of carry) | | |
| Fee for gross dollar amount | | |
| Netting Members that are not Repo Brokers | 0.025bps | 0.04bps |
| Fee for net dollar amount | 0.060bps | 0.08bps |

(ii) STATUTORY BASIS

FICC believes that the proposed fees are reasonable because the fees are correlated to each Member's use of GSD's services and will allow FICC to recover the cost of providing its services to Members. In addition, the proposed change will allow FICC to further recover the cost of providing its services to its Members by passing through certain third-party fees that FICC is incurring and/or will be incurring to provide its services to its Members. 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,¹⁶ which requires that the GSD Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Members that use those services.

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

The proposed filing could have an impact on competition based on the fact that fees will increase for certain services, but because of the following reasons, FICC believes that any burden on competition would be necessary and appropriate in furtherance of the purposes of the Act. These reasons are as follows: The proposed change modifies the fees for existing services provided by GSD in order to meet GSD’s budgeted expenses and allow GSD to achieve and maintain its operating margin and recover the cost of providing its services. The proposed change also allows FICC to recover the cost of providing its services to Members by passing through certain third-party fees that FICC is incurring and/or will be incurring to provide its services to its Members. Finally, the proposed change also establishes different comparison and netting fee structures for Brokers Accounts and Dealer Accounts for the reasons more fully described above.

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

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.

¹⁶ 5 U.S.C. 78q-1(b)(3)(D).

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 Act¹⁷ and Rule 19b-4(f)(2)¹⁸ 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.

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. Please include File Number SR-FICC-2015-005 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FICC-2015-005. 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

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁸ 17 CFR 240.19b-4(f)(2).

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-2015-005 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.¹⁹

Secretary

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

indicates proposed additions.

indicates proposed deletions.

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

FEE STRUCTURE

(effective July 1, 2014 January 1, 2016)

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:

Dealer Accounts will be charged for trade submission in accordance with the following schedule:

- ~~\$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~~

| <u>Fee</u> | <u>Applied to all submissions within referenced tier</u> |
|----------------|--|
| <u>\$0.270</u> | <u>Per submission for up to 49,999 submissions per month</u> |
| <u>\$0.190</u> | <u>Per submission for 50,000 to 99,999 submissions per month</u> |
| <u>\$0.140</u> | <u>Per submission for 100,000 to 249,999 submissions per month</u> |
| <u>\$0.100</u> | <u>Per submission for 250,000 to 399,999 submissions per month</u> |
| <u>\$0.080</u> | <u>Per submission for 400,000 to 499,999 submissions per month</u> |
| <u>\$0.010</u> | <u>Per submission for 500,000 to 999,999 submissions per month</u> |
| <u>\$0.010</u> | <u>Per submission for 1M or greater submissions per month</u> |

Broker Accounts will be charged for trade submission in accordance with the following schedule:

| <u>Fee</u> | <u>Applied to all submissions within referenced tier</u> |
|-----------------------|---|
| <u>\$0.250</u> | <u>Per submission for up to 49,999 submissions per month</u> |
| <u>\$0.150</u> | <u>Per submission for 50,000 to 99,999 submissions per month</u> |
| <u>\$0.100</u> | <u>Per submission for 100,000 to 249,999 submissions per month</u> |
| <u>\$0.075</u> | <u>Per submission for 250,000 to 399,999 submissions per month</u> |
| <u>\$0.035</u> | <u>Per submission for 400,000 to 499,999 submissions per month</u> |
| <u>\$0.025</u> | <u>Per submission for 500,000 to 999,999 submissions per month</u> |
| <u>\$0.010</u> | <u>Per submission for 1M or greater submissions per month</u> |

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.

B. Surcharge for Submission Method

At the end of a month, and with respect to each Member account, a Member that did not submit trade data to the Corporation during that month using the Interactive Submission Method shall be charged: (a) an additional comparison fee of \$.10 per side or Repo Transaction if it used the Multiple Batch Submission Method or (b) an additional comparison fee of \$.25 per side or per Repo Transaction if it used the Single Batch Submission Method.

Notwithstanding the foregoing, (1) the Corporation may reduce a Member's additional comparison fees for a month from \$.10 or \$.25 per side or Repo Transaction, as applicable, to \$.00 or \$.10 per side or Repo Transaction, as applicable, if the Corporation determines, in its sole discretion, that during such month, the Member has in good faith switched to (i) the Interactive Trade Submission Method from the Multiple Batch Submission Method or the Single Batch Submission Method, or (ii) the Multiple Batch Submission Method from the Single Batch Submission Method.

C. Yield-to-Price Conversion

The charge for the conversion by the Corporation of a side of a trade from a yield basis to a price basis is 15 cents per such side.

D. Modifications and Cancellations

The charge to a Member for the entry of a request to modify or cancel either a side of a trade or a Repo Transaction, other than a GCF Repo Transaction, is 25 cents per such request. The charge to a Member for the entry of a request to modify or cancel a side of a GCF Repo Transaction is 5 cents 50 million of par value.

E. Locked-In Trade Data

Data received by the Corporation on a locked-in basis from a Locked-in Trade Source related to a side of a trade entered into by a Member, or entered into by a Non-Member that the Member is clearing for, shall result in **a the charges established by the "Trade Submission" fee schedule in Section I.A. above. These fees are** for **the processing and reporting of locked-in trade data** by the Corporation to the Member **of 16 cents per 50 million of par value increment of such side**. This charge shall not apply to GCF Repo Transactions.

The charge to the non-Inter-Dealer Broker Member for the processing and reporting by the Corporation of a GCF Repo® Transaction entered into by the Member, or entered into by a Non-Member that the Member is clearing for, is a onetime recording fee of \$.075 per million gross dollar amount of such GCF Repo Transaction (with a minimum charge of \$2.50). The charge to the Inter-Dealer Broker Member for the processing and reporting by the Corporation of a GCF Repo® Transaction is a onetime recording fee of \$.025 per million gross dollar amount of such GCF Repo® Transaction (with a minimum charge of \$1.25).

II. 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.

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) **as applicable, in accordance with the table below Dealer Accounts will be charged in accordance with the following schedule:**

\$0.150 ~~Per side for total monthly sides up to 49,999~~

- \$0.125 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 submissions per month
- \$0.100 Per side for total monthly sides between 250,000 to 399,999 submissions per month
- \$0.050 Per side for total monthly sides between 400,000 to 999,999 submissions per month
- \$0.035 Per side for total monthly sides that are 1,000,000 and greater submissions

| <u>Fee</u> | <u>Applied to all sides within referenced tier</u> |
|----------------|--|
| <u>\$0.170</u> | <u>Per side for up to 49,999 sides per month</u> |
| <u>\$0.120</u> | <u>Per side for 50,000 to 99,999 sides per month</u> |
| <u>\$0.100</u> | <u>Per side for 100,000 to 249,999 sides per month</u> |
| <u>\$0.070</u> | <u>Per side for 250,000 to 399,999 sides per month</u> |
| <u>\$0.040</u> | <u>Per side for 400,000 to 499,999 sides per month</u> |
| <u>\$0.030</u> | <u>Per side for 500,000 to 999,999 sides per month</u> |
| <u>\$0.010</u> | <u>Per side for 1M or greater sides per month</u> |

Broker Accounts will be charged in accordance with the following schedule:

| <u>Fee</u> | <u>Applied to all sides within referenced tier</u> |
|----------------|--|
| <u>\$0.150</u> | <u>Per side for up to 49,999 sides per month</u> |
| <u>\$0.110</u> | <u>Per side for 50,000 to 99,999 sides per month</u> |
| <u>\$0.090</u> | <u>Per side for 100,000 to 249,999 sides per month</u> |
| <u>\$0.040</u> | <u>Per side for 250,000 to 399,999 sides per month</u> |
| <u>\$0.025</u> | <u>Per side for 400,000 to 499,999 sides per month</u> |

| | |
|----------------|--|
| <u>\$0.010</u> | <u>Per side for 500,000 to 999,999 sides per month</u> |
| <u>\$0.010</u> | <u>Per side for 1M or greater sides per month</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 for Broker Accounts and a fee of \$0.016 per 1 million of par value for Dealer Accounts.

2. In addition to the above, for each Deliver Obligation and Receive Obligation created as a result of the netting process, a fee of \$0.~~1757~~ per 1 million of par value.

B. Auction Takedown Process

The fees for locked-in trades associated with the Auction Takedown Service will be charged in accordance with the “Trade Submission” fee schedule as reflected in Section I.A. above.

~~Members shall be charged for the following functions associated with the Auction Takedown Services provided by the Corporation.~~

Members

- ~~1. Locked-in trades \$0.50 per 50 million of par value increment~~

C. Financing Charges[Ⓢ]

1. No charges for Broker Accounts.
2. For Dealer Accounts, a pass-through charge calculated on a percentage of the total of all such costs incurred by the Corporation, (including any

[Ⓢ]/Financing costs include the costs of both carrying positions overnight and borrowing to cover Inter-Dealer Broker Netting Member (acting in a Broker capacity) mark and TAP payments.

reimbursements made pursuant to subsection (4) below), allocated by product, which percentage is calculated as follows:

Total dollar value of deliver and receive obligations of such Netting Member in such product

Total dollar value of deliver and receive obligations in all Dealer Accounts in such product

3. Notwithstanding the above, if, after providing to a Netting Member appropriate notice and opportunity to be heard, the Corporation determines that such 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.
4. As stated in Rule 12, if the Corporation, as the result of a violation of the Rules by a Netting Member, incurs financing costs, the Netting Member shall be obligated to pay for, or reimburse the Corporation for, the entire amount of any such costs.
5. Notwithstanding anything to the contrary above, the Corporation may pay for directly, or reimburse, a Repo Broker for overnight financing costs that the Repo Broker has incurred related to the settlement of a Start Leg outside of the Netting System, up to a dollar amount deemed reasonable by the Corporation, if the Corporation determines, in its sole discretion, that such financing costs were incurred by the Repo Broker unavoidably and not through its own fault.
6. Notwithstanding anything to the contrary above, the Corporation may pay for directly, or reimburse, a Repo Broker that incurs financing costs for a Net Settlement Position, up to a dollar amount deemed reasonable by the Corporation, if the Corporation determines, in its sole discretion, that such financing costs were incurred by the Repo Broker: (i) unavoidably and not through its own fault and (ii) if the Repo Broker is an Inter-Dealer Broker Netting Member, through overnight repurchase transactions with Netting Members or a Clearing Agent Bank.

D. Clearance Charges

1. No charges for Inter-Dealer Broker Netting Members acting in a Broker capacity.
2. For each other Netting Member, a standard charge of ~~\$0.252.35~~ per deliver and receive obligation on Scheduled Settlement Date.

3. Notwithstanding anything to the contrary above, the Corporation may pay for directly, or reimburse, the clearance costs incurred by a Repo Broker for Repo Transactions related to the settlement of a Start Leg outside of the Netting System, up to a dollar amount deemed reasonable by the Corporation.
4. The Corporation will pass-through to Netting Members the following clearing banks' fees and charges that are incurred by the Corporation for the services that the Corporation performs in connection with such Members' activity.
- (a) Actual fees charged by The Bank of New York Mellon ("BNY") and J.P. Morgan Chase ("JPM"), as applicable, for the settlement of each Deliver Obligation and each Receive Obligation.
- (b) Actual fees charged by the Fedwire® Securities Service fees for the settlement of treasury securities and agency securities, as applicable.
- (c) BNY fee on each GCF Repo Deliver Obligation that FICC creates from its BNY account, inclusive of inter-bank.

This fee will be allocated to Dealer Accounts at BNY and to Dealer Accounts at JPM, as follows:

- (i) For Dealer Accounts at BNY, a pass-through fee is calculated as 1bp per annum on a dollar amount of such Netting Member's GCF Repo Receive Obligation from FICC in each Generic CUSIP Number.
- (ii) For Dealer Accounts at JPM, a pass-through charge is calculated as 1bp per annum on a prorated dollar amount of FICC's interbank GCF Repo Deliver Obligation from BNY to JPM in each Generic CUSIP Number. The proration is calculated as follows:

(Dollar amount of such Netting Member's GCF Repo Receive Obligation in a given Generic CUSIP Number at JPM)

(Aggregate dollar amount of all GCF Repo Receive Obligations in a given Generic CUSIP Number for all Netting Members at JPM)

- (d) BNY fees for daylight over drafts for FICC's interbank GCF Repo Deliver Obligations.

This pass-through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of GCF Repo Deliver Obligations of such Dealer Account at BNY)

(Total dollar value of GCF Repo Deliver Obligations of all Dealer Accounts at BNY)

- (e) BNY fees for daylight over drafts on securities settlement obligations.

This pass-through fee will be charged to Dealer Accounts at BNY and will be calculated on a percentage of the total of all such costs incurred by FICC. This percentage is calculated on a monthly basis as follows:

(Total dollar value of Deliver and Receive Obligations of each Netting Member at BNY)

(Total dollar value of Deliver and Receive Obligations in all Dealer Accounts at BNY)

All fees and charges will be reflected on each Member's billing statement.

- E. Repo Transaction Processing Fee

For a term Repo Transaction other than a GCF Repo Transaction that has been compared and netted, but which has not yet settled, a fee calculated as follows:

(1) (a) for Repo Brokers (as defined in subsection III.H below) with respect to their brokered Repo Transaction activity, a .0175 basis point charge (i.e., one and three quarter hundredth of a basis point) applied to the gross dollar amount of each such Repo Transaction; and

(b) for all other Netting Members, as well as Repo Brokers with respect to their non-brokered Repo Transaction activity, a ~~.0425~~ .04 basis point charge (i.e., ~~two and a half~~ four hundredth of a basis point) applied to the gross dollar amount of each such Repo Transaction.

and

(2) a ~~.060~~ .08 basis point charge (i.e., ~~60~~ 68 hundredths of a basis point) applied to the net dollar amount of a Netting Member's Repo Transactions within a CUSIP.

For a GCF Repo Transaction that has been compared and netted, but which has not yet settled, a fee calculated as follows:

(1) (a) for Repo Brokers acting as GCF-Authorized-Inter-Dealer Brokers, a .0175 basis point charge (i.e., one and three quarter hundredth of a basis point) applied to the gross dollar amount of such GCF Repo Transaction; and

(b) for all other Netting Members, a ~~.025~~ .04 basis point charge (i.e., ~~two and one half~~ four hundredth of a basis point) applied to the gross dollar amount of such GCF Repo Transaction;

and

(2) (a) ~~.060~~ .08 basis point charge (i.e., ~~60~~ 68 hundredths of a basis point) applied to the net dollar amount of a Netting Member's Collateral Allocation Entitlements and Collateral Allocation Obligations.

These fees will be applied each calendar day, but calculated on an annualized basis.

For Repo Transactions other than GCF Repo Transactions, these fees do not apply if the Close Leg is scheduled to settle one Business Day after the Start Leg.

F. Coupon Pass-Through Fee

For each pass-through of a coupon payment, pursuant to these Rules, from a Member with a Net Short Settlement Position to a Member with a Net Long Settlement Position, a fee of 25 cents per such coupon movement per each member.

G. Repo Collateral Substitution Fees

The charge for the processing of a repo collateral substitution request is \$.75.

H. Definition

For purposes of this Section III, a “Repo Broker” includes (1) an Inter-Dealer Broker Netting Member, and (2) a division or other separate operating unit within a Dealer Netting Member that the Corporation has determined: (a) operates in the same manner as a Broker, and (b) has agreed to, and does, participate in the Repo netting service pursuant to the same requirements imposed on Inter-Dealer Broker Netting Members under these Rules that participate in that service.

IV. MINIMUM MONTHLY FEE

Each Comparison-Only Member and each Netting Member shall, regardless of the level of its activity, pay a minimum monthly fee on its sole or primary account of \$1,000.

V. FEES APPLICABLE TO ADDITIONAL ACCOUNTS

If a Member maintains more than one account at the Government Securities Division, each such additional account shall be subject to the following fees:

A. Additional Account Opened at the Request of Member

- (i) Maintenance fee of \$1,000;
- (ii) Fees based on transaction activity (no minimum monthly fee); and
- (iii) Applicable non-transaction-based fees.

B. Additional Account Opened at the Direction of the Corporation

- (i) Fees based on transaction activity subject to a \$1,000 minimum monthly fee; and
- (ii) Applicable non-transaction-based fees.

For purposes of this Fee Structure, the Corporation will consider a Member’s primary account to be the account with the most activity in the applicable month. All other accounts maintained by the Member shall be considered additional accounts.

VI. SUBMITTING MEMBERS

A Submitting Member shall be liable for fees and charges arising from trades the data on which it has submitted to the Corporation on behalf of an Executing Firm to the same extent as if such Member had executed the trades.

VII. SPONSORING MEMBERS

A Sponsoring Member shall be liable for fees and charges arising from Sponsored Member Trades the data on which it, or its Sponsored Member(s), has submitted to the Corporation. A Sponsoring Member shall also be subject to the fee for additional accounts set forth in Section V (A) of this Fee Structure; provided, that a Sponsoring Member Omnibus

Account shall be considered a single account for purposes of calculating such fee, regardless of the number of Sponsored Members whose trading activity is conducted through such account.

VIII. DEFINITION

For purposes of this fee structure, a “side” of a trade or a transaction, and a Start Leg or a Close Leg of a Repo Transaction other than a GCF Repo Transaction, shall be limited to \$50 million increments. Thus, if the aggregate amount of a side of a trade, or of a Start Leg or Close Leg of a Repo Transaction other than a GCF Repo Transaction, is greater than \$50 million, each \$50 million portion of that aggregate amount (including the final, residual portion if that is less than \$50 million) shall be considered as a separate “side” or Leg for purposes of this Fee Structure. A Term GCF Repo Transaction shall be considered to have only one Start Leg and one Close Leg during its term.

IX. LATE FEES

Late Submission of Collateral Substitution Notifications

On any particular Business Day, a Repo Party shall be assessed a late fee of \$100 for each repo collateral substitution notification that is received by the Corporation after the deadline for such as stated in the Schedule of Timeframes.

Late Submission of Information Regarding New Securities Collateral

On any particular Business Day, a Repo Party shall be assessed a late fee of (i) \$100 for each submission of information regarding New Securities Collateral that is received by the Corporation after the first deadline, but before the second deadline, for such as stated in the Schedule of Timeframes, and (ii) \$250 for each submission of information regarding New Securities Collateral that is received and processed by the Corporation after the second deadline for such as stated in the Schedule of Timeframes. Such fees will be assessed with respect to each transaction for which a notification of a repo collateral substitution has been received by FICC, but for which FICC has not received information regarding New Securities Collateral.

Late Fee Related to GCF Repo Transactions

On any particular business day, if a dealer does not make the required collateral allocation by the later of 4:30 p.m. (New York time) or 1 hour after the actual close of Fedwire reversals, the dealer shall be subject to a late fee of \$500.00, unless the Corporation determines, in its sole discretion, that the failure to meet this timeframe is not primarily the fault of the dealer.

X. ADMINISTRATIVE FEES

On any particular Business Day, a Repo Broker shall be assessed an administrative fee of \$50 for each instance where the Corporation determines to finance a Debit Forward Mark Adjustment Payment in excess of the Cap, as set forth in Section 4 of Rule 19. Such administrative fee shall be in addition to any costs incurred by the Corporation in arranging the financing for which the Repo Broker maintains responsibility and must reimburse the Corporation pursuant to that Section.

XI. THIRD PARTY FEES AND CHARGES

The Corporation may also bill Members for, and include on the Members' billing statements, fees and charges which may be imposed on such Members by third parties such as: (a) other subsidiaries of The Depository Trust & Clearing Corporation; (b) self-regulatory organizations and other securities industry organizations or entities of which such Member is a member, where such third party has represented to the Corporation that it has an agreement with the Member allowing the Member's payment of such fees and charges; and (c) other organizations and entities which provide services or equipment to Members which are integral to services provided by the Corporation. Any amounts so collected will be remitted to the entity imposing such fee or charge.

Such fees and charges may include those of companies that identify themselves as being an affiliate of the Member. Members should check their billing statements, which shall reflect all such charges, and report any problems to the Corporation immediately.

XII. CAPITAL BASE, PRICING AND REBATE POLICY

The Corporation's policy is to retain only that amount of revenue which, in the view of the Board, is appropriate to ensure that the Corporation maintains a sufficient capital base and sound financial structure. Consistent with this policy, the Corporation may, for activity submitted during a given month, in its sole discretion, adjust downward (discount) its comparison and netting fees. Any such discount shall be reflected directly in fee collections from Members for that month.

This policy is not intended to apply to a service newly-provided by the Corporation, until it is deemed by the Operations and Planning Committee to be sufficiently established.

The Corporation will rebate excess net income to members, pro rata, at periodic intervals deemed appropriate by, and at the discretion of, the Corporation based upon their gross fees paid to the Corporation within the applicable rebate period (adjusted for miscellaneous charges and rebates). Rebates will be distributed only to those Members maintaining membership during all or a portion of the applicable rebate period, as announced by the Corporation from time to time.

For purposes of this paragraph, "excess net income" shall mean income after expenses and capitalization costs not needed in the opinion of the Corporation in its sole discretion taking into account, among other things, anticipated expenses, losses, liabilities, revenues, and maintenance of an appropriate minimum level of shareholders' equity.