

## OMB APPROVAL

OMB Number: 3235-0045  
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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of \* 28

SECURITIES AND EXCHANGE COMMISSION  
 WASHINGTON, D.C. 20549  
 Form 19b-4

File No.\* SR - 2020 - \* 002

Amendment No. (req. for Amendments \*)

Filing by Fixed Income Clearing Corporation

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial \* ☒ Amendment \* ☐ Withdrawal ☐ Section 19(b)(2) \* ☒ Section 19(b)(3)(A) \* ☐ Section 19(b)(3)(B) \* ☐

Rule

Pilot ☐ Extension of Time Period  
for Commission Action \* Date Expires \*

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)  
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)  
☐ 19b-4(f)(3) ☐ 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) \* ☐ Section 806(e)(2) \* ☐

Section 3C(b)(2) \* ☐

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



### Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Amend the Government Securities Division Rulebook Relating to the Legal Entity Identifier Requirement

### 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 \* Nikki Last Name \* Poulos  
 Title \* Managing Director and Deputy General Counsel  
 E-mail \* npoulos@dtcc.com  
 Telephone \* (212) 855-7633 Fax

### 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 03/25/2020

Managing Director and Deputy 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.

npoulos@dtcc.com

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549	
For complete Form 19b-4 instructions please refer to the EFFF website.	
<div>Form 19b-4 Information *</div> <div>AddRemoveView</div>	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.
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div>AddRemoveView</div>	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)
<div>Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *</div> <div>AddRemoveView</div>	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)
<div>Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications</div> <div>AddRemoveView</div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div>AddRemoveView</div> <div>Exhibit Sent As Paper Document <input type="checkbox"/></div>	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.
<div>Exhibit 4 - Marked Copies</div> <div>AddRemoveView</div>	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.
<div>Exhibit 5 - Proposed Rule Text</div> <div>AddRemoveView</div>	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.
<div>Partial Amendment</div> <div>AddRemoveView</div>	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

## **1. Text of the Proposed Rule Change**

(a) The proposed rule change of Fixed Income Clearing Corporation (“FICC”) is attached hereto as Exhibit 5 and consists of a proposal to amend the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”)<sup>1</sup> to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a “Legal Entity Identifier”<sup>2</sup> to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to indemnify FICC for any losses and Legal Actions<sup>3</sup> that arise due to the failure of a Netting Member or CCIT Member to do so, as further described below, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Sponsoring Member to do so, as further described below.

(b) Not applicable

(c) Not applicable

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

The proposed rule change was approved by the Businesses, Technology & Operations Committee of FICC’s Board of Directors on October 22, 2019.

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

### **(a) Purpose**

The purpose of the proposed rule change is to amend the GSD Rules to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity

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<sup>1</sup> Capitalized terms not defined herein are defined in the GSD Rules, available at <http://www.dtcc.com/legal/rules-and-procedures>.

<sup>2</sup> A “Legal Entity Identifier” is a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions. The Legal Entity Identifier is based on the ISO 17442 standard developed by the International Organization for Standardization and satisfies the standards implemented by the Global Legal Entity Identifier Foundation. See <https://www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei>. FICC is proposing to add a new definition for the term “Legal Entity Identifier” in the GSD Rules, as further discussed below.

<sup>3</sup> “Legal Action” (as defined below and in the proposed rule change) means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.

Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Netting Member or CCIT Member to do so, as further described below, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Sponsoring Member to do so, as further described below.

### ***Background***

The Office of Financial Research (“OFR”) of the U.S. Department of the Treasury has adopted a rule (“OFR Regulation”) establishing a data collection requirement covering centrally cleared transactions in the U.S. repurchase agreement (“repo”) market.<sup>4</sup> This collection requires daily reporting to the OFR by “covered reporters,” which is defined to include central counterparties meeting certain criteria (i.e., clearing repurchase agreement transactions), such as FICC.

The OFR Regulation requires covered reporters, such as FICC, to submit the Legal Entity Identifier of each clearing member involved in a reportable repo transaction. A Legal Entity Identifier is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization.<sup>5</sup> Each Legal Entity Identifier contains information about an entity’s ownership structure.<sup>6</sup>

In the OFR Release, the OFR stated that the submission of Legal Entity Identifiers by covered reporters would enhance the ability of the Financial Stability Oversight Council (“Council”),<sup>7</sup> Council member agencies<sup>8</sup> and the OFR to identify potential risks to U.S. financial

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<sup>4</sup> 84 FR 4975 (February 20, 2019) (hereinafter the “OFR Release”). The OFR Regulation is codified at 12 CFR Part 1610.

<sup>5</sup> See supra note 2.

<sup>6</sup> See id.

<sup>7</sup> The Council was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Council is charged with identifying risks to the financial stability of the United States, among other things. See <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc>.

<sup>8</sup> The Council member agencies are the Board of Governors of the Federal Reserve System, Commodity Futures Trading Commission, Federal Deposit Insurance Corporation, Federal Housing Finance Agency, National Credit Union Administration, Office of the Comptroller of the Currency, Securities and Exchange Commission (“Commission”), Treasury Department and Consumer Financial Protection Bureau. See <https://www.treasury.gov/initiatives/fsoc/about/Pages/FSOC-Member-Agencies.aspx>.

stability by facilitating an understanding of repo market participants' exposures, concentrations and network structures.<sup>9</sup> The OFR stated that it expects that covered reporters (such as FICC) will take all feasible steps to require that their platform participants obtain Legal Entity Identifiers so that covered reporters are in compliance with the Legal Entity Identifier requirements of the OFR's final rule.<sup>10</sup>

The implementation timeframe for the OFR Regulation is as follows:

- Subject to the third bullet point below, covered reporters were required to begin reporting all required data elements associated with specific security trades 180 days after April 22, 2019.<sup>11</sup>
- Subject to the bullet immediately below, covered reporters were required to begin reporting all required data elements associated with general collateral trades within 240 days after April 22, 2019.<sup>12</sup>
- If a covered reporter is able to effectuate a rulemaking through the Securities and Exchange Commission requiring each direct clearing member, counterparty and broker associated with a repurchase agreement transaction to obtain a Legal Entity Identifier and provide it to the covered reporter, the covered reporter shall begin reporting all data elements requiring a Legal Entity Identifier by the later date of its rulemaking, or 420 days after April 22, 2019.<sup>13</sup>

### ***Proposed Rule Changes***

In order to comply with the Legal Entity Identifier submission requirement in the OFR Regulation, FICC is proposing to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Netting Member or CCIT Member to do so, as further described below, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Sponsoring Member to do so, as further described below.

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<sup>9</sup> See OFR Release, supra note 4, at 4980.

<sup>10</sup> Id.

<sup>11</sup> 12 CFR 1610.10(e)(1)(i).

<sup>12</sup> 12 CFR 1610.10(e)(1)(ii).

<sup>13</sup> 12 CFR 1610.10(e)(1)(iii).

FICC proposes to add a new defined term, Legal Entity Identifier, to GSD Rule 1. FICC proposes to use the terminology of the Global Legal Entity Identifier Foundation for the definition.<sup>14</sup>

(i) *Netting Member and CCIT Member applicants*

FICC is proposing to amend Section 5 of GSD Rule 2A to require each Netting Member applicant to obtain and provide a Legal Entity Identifier to FICC as part of its membership application. The same change would be made regarding CCIT Member applicants in Section 3 of GSD Rule 3B. The proposed change would entail a re-lettering of subsections (d) and (e) of Section 3 of GSD Rule 3B. FICC is proposing to implement the changes discussed in this paragraph upon approval of this filing from the Commission.

(ii) *Netting Members and CCIT Members*

FICC is proposing to amend Section 2 of GSD Rule 3 to add language that would require each Netting Member to have a current Legal Entity Identifier on file with FICC at all times. The same change would be made to Section 5 of GSD Rule 3B for CCIT Members. For existing Netting Members and CCIT Members, FICC is proposing to add a footnote in each case that states such members shall have 60 calendar days from the date of the Commission's approval of this filing to submit their Legal Entity Identifiers to FICC.<sup>15</sup>

FICC is also proposing to add language to Section 2 of GSD Rule 3 and Section 5 of GSD Rule 3B to provide that a Netting Member/CCIT Member shall indemnify FICC, and its employees, officers, directors, shareholders, agents, and Members (collectively, the "LEI Indemnified Parties"), for any and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a Netting Member's or CCIT Member's failure to have its current Legal Entity Identifier on file with FICC. "Legal Action" would mean and include any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization. FICC is proposing this indemnity because in fulfilling its regulatory obligations under the OFR Regulation, FICC would be relying upon Netting Members and CCIT Members to keep their Legal Entity Identifiers on file with FICC current.

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<sup>14</sup> See supra note 2. The Global Legal Entity Identifier Foundation was established by the Financial Stability Board in June 2014 to support the implementation and use of Legal Entity Identifiers. The Financial Stability Board is an international body that monitors and makes recommendations about the global financial system. [www.fsb.org](http://www.fsb.org)

<sup>15</sup> The proposed footnote in each case would also state that the footnote will sunset at the end of the 60-calendar day period.

(iii) *Sponsoring Members and Sponsored Members*

FICC is proposing to amend Section 2 of GSD Rule 3A to require that each Sponsoring Member submit the Legal Entity Identifiers of its Sponsored Member applicants. FICC would implement this change regarding applicants upon the Commission's approval of this filing. The proposed rule change would also add language to Section 2 of GSD Rule 3A to require that each Sponsoring Member provide FICC with a Legal Entity Identifier for each of its existing Sponsored Members such that FICC has a current Legal Entity Identifier for each such Sponsored Member at all times. For existing Sponsored Members, FICC is proposing to add a footnote that states the Sponsoring Members shall have 60 calendar days from the date of the Commission's approval of this filing to submit the Legal Entity Identifiers of their Sponsored Members to FICC.<sup>16</sup> In order to cover new Sponsored Members, FICC is proposing to amend Section 3 of GSD Rule 3A to add that the Sponsoring Member must provide the Legal Entity Identifier of each entity it wishes to sponsor into membership as a Sponsored Member. FICC is proposing to implement the change to Section 3 of GSD Rule 3A upon the Commission's approval of this filing.

FICC is also proposing to amend Section 2 of GSD Rule 3A to include an indemnity, described above, with respect to Sponsoring Members because, akin to the Netting Members and CCIT Members, FICC would be relying on the Sponsoring Members to keep the Legal Entity Identifiers of their Sponsored Members on file with FICC current.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 ("Act") requires, *inter alia*, that the GSD Rules be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.<sup>17</sup> FICC understands that the Council and its member agencies have a significant interest in the clearance and settlement of the securities transactions cleared by FICC. As explained in the OFR Release, these parties wish to identify risks to U.S. financial stability;<sup>18</sup> monitoring of the repo market is important for financial stability monitoring because the repo market plays a crucial role in providing short-term funding and performing other functions for U.S. markets.<sup>19</sup> The OFR Regulation (which includes the Legal Entity Identifier requirement) is expected to help fulfill the Council's purposes and duties in the monitoring of the repo market.<sup>20</sup> FICC believes that the proposed rule changes (which would add the defined term "Legal Entity Identifier" to the GSD Rules and would further amend

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<sup>16</sup> The proposed footnote would also state that the footnote will sunset at the end of the 60-calendar day period.

<sup>17</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>18</sup> See OFR Release, *supra* note 4, at 4975.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

the GSD Rules to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to provide the indemnity described in Item 3(a)(ii) above, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC as described in Item 3(a)(iii) above) would facilitate FICC's compliance with the OFR Regulation. Therefore, given the purposes of the OFR Regulation described here, FICC believes that the proposed rule changes would foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.<sup>21</sup>

In addition, Section 17A(b)(3)(F) of the Act requires, inter alia, that the GSD Rules be designed to protect the public interest.<sup>22</sup> The purpose of the OFR Regulation is to assist the Council and its member agencies to monitor the stability of the repo market. The stability of the repo market serves the public interest because the repo market plays a crucial role in the U.S. markets. Because the proposed rule changes would facilitate FICC's compliance with the OFR Regulation, which, in turn, serves the public interest, FICC believes that the proposed rule changes would serve to protect the public interest.<sup>23</sup>

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

FICC believes that the proposed changes to add the defined term "Legal Entity Identifier" to the GSD Rules and to further amend the GSD Rules to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to provide the indemnity described above in Item 3(a)(ii), and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC as described above in Item 3(a)(iii) could impose a burden on competition because these changes would impose a cost on firms that currently do not have Legal Entity Identifiers to obtain and maintain them. FICC does not believe that any burden on competition imposed by the proposed rule change would be significant because the cost to obtain and maintain a Legal Entity Identifier is relatively small,<sup>24</sup> and FICC understands that many of its members already maintain Legal Entity Identifiers for other purposes. Regardless of whether the potential burden on competition is deemed

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<sup>21</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>22</sup> Id.

<sup>23</sup> Id.

<sup>24</sup> For example, the cost to obtain a Legal Entity Identifier is \$100 from Business Entity Data BV, and the cost to renew (which is required annually) is \$80. See [www.gmeiutility.org](http://www.gmeiutility.org).



significant, FICC believes the proposed rule change is both necessary and appropriate in furtherance of the purposes of the Act. Specifically, FICC believes that any burden on competition that is created by the proposed changes would be necessary in furtherance of the purposes of the Act<sup>25</sup> because the proposed rule change would permit FICC to comply with the OFR Regulation, which ultimately would foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions by allowing the OFR to identify risks to U.S. financial stability. FICC also believes that any burden that is created by the proposed rule change would be appropriate in furtherance of the purposes of the Act<sup>26</sup> because the proposed changes would be limited to information that FICC is required to provide pursuant to the OFR Regulation.

**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 changes have not 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<sup>27</sup> 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) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

**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.

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<sup>25</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>26</sup> Id.

<sup>27</sup> 15 U.S.C. 78s(b)(2).

**10. Advance Notice 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 changes to the GSD Rules.

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_]; File No. SR-FICC-2020-002)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Amend the Government Securities Division Rulebook Relating to the Legal Entity Identifier Requirement

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March \_\_, 2020, 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 the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of a proposal to amend the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”)<sup>3</sup> to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a “Legal Entity Identifier”<sup>4</sup> to FICC as part of its membership application, (ii) each Netting Member and

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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> Capitalized terms not defined herein are defined in the GSD Rules, available at <http://www.dtcc.com/legal/rules-and-procedures>.

<sup>4</sup> A “Legal Entity Identifier” is a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions. The Legal Entity Identifier is based on the ISO 17442 standard developed by the International Organization for Standardization and satisfies the standards implemented by the Global Legal Entity Identifier Foundation. See <https://www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei>. FICC is proposing to add a new

CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to indemnify FICC for any losses and Legal Actions<sup>5</sup> that arise due to the failure of a Netting Member or CCIT Member to do so, as further described below, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Sponsoring Member to do so, as further described below.

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

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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definition for the term "Legal Entity Identifier" in the GSD Rules, as further discussed below.

<sup>5</sup> "Legal Action" (as defined below and in the proposed rule change) means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to amend the GSD Rules to require:

(i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Netting Member or CCIT Member to do so, as further described below, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Sponsoring Member to do so, as further described below.

***Background***

The Office of Financial Research (“OFR”) of the U.S. Department of the Treasury has adopted a rule (“OFR Regulation”) establishing a data collection requirement covering centrally cleared transactions in the U.S. repurchase agreement (“repo”) market.<sup>6</sup> This collection requires daily reporting to the OFR by “covered reporters,” which is defined to include central counterparties meeting certain criteria (i.e., clearing repurchase agreement transactions), such as FICC.

The OFR Regulation requires covered reporters, such as FICC, to submit the Legal Entity Identifier of each clearing member involved in a reportable repo transaction.

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<sup>6</sup> 84 FR 4975 (February 20, 2019) (hereinafter the “OFR Release”). The OFR Regulation is codified at 12 CFR Part 1610.

A Legal Entity Identifier is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization.<sup>7</sup> Each Legal Entity Identifier contains information about an entity's ownership structure.<sup>8</sup>

In the OFR Release, the OFR stated that the submission of Legal Entity Identifiers by covered reporters would enhance the ability of the Financial Stability Oversight Council ("Council"),<sup>9</sup> Council member agencies<sup>10</sup> and the OFR to identify potential risks to U.S. financial stability by facilitating an understanding of repo market participants' exposures, concentrations and network structures.<sup>11</sup> The OFR stated that it expects that covered reporters (such as FICC) will take all feasible steps to require that their platform participants obtain Legal Entity Identifiers so that covered reporters are in compliance with the Legal Entity Identifier requirements of the OFR's final rule.<sup>12</sup>

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<sup>7</sup> See supra note 4.

<sup>8</sup> See id.

<sup>9</sup> The Council was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Council is charged with identifying risks to the financial stability of the United States, among other things. See <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc>.

<sup>10</sup> The Council member agencies are the Board of Governors of the Federal Reserve System, Commodity Futures Trading Commission, Federal Deposit Insurance Corporation, Federal Housing Finance Agency, National Credit Union Administration, Office of the Comptroller of the Currency, Securities and Exchange Commission, Treasury Department and Consumer Financial Protection Bureau. See <https://www.treasury.gov/initiatives/fsoc/about/Pages/FSOC-Member-Agencies.aspx>.

<sup>11</sup> See OFR Release, supra note 6, at 4980.

<sup>12</sup> Id.

The implementation timeframe for the OFR Regulation is as follows:

- Subject to the third bullet point below, covered reporters were required to begin reporting all required data elements associated with specific security trades 180 days after April 22, 2019.<sup>13</sup>
- Subject to the bullet immediately below, covered reporters were required to begin reporting all required data elements associated with general collateral trades within 240 days after April 22, 2019.<sup>14</sup>
- If a covered reporter is able to effectuate a rulemaking through the Securities and Exchange Commission requiring each direct clearing member, counterparty and broker associated with a repurchase agreement transaction to obtain a Legal Entity Identifier and provide it to the covered reporter, the covered reporter shall begin reporting all data elements requiring a Legal Entity Identifier by the later date of its rulemaking, or 420 days after April 22, 2019.<sup>15</sup>

### ***Proposed Rule Changes***

In order to comply with the Legal Entity Identifier submission requirement in the OFR Regulation, FICC is proposing to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to indemnify FICC for

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<sup>13</sup> 12 CFR 1610.10(e)(1)(i).

<sup>14</sup> 12 CFR 1610.10(e)(1)(ii).

<sup>15</sup> 12 CFR 1610.10(e)(1)(iii).

any losses and Legal Actions that arise due to the failure of a Netting Member or CCIT Member to do so, as further described below, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC for any losses and Legal Actions that arise due to the failure of a Sponsoring Member to do so, as further described below.

FICC proposes to add a new defined term, Legal Entity Identifier, to GSD Rule 1. FICC proposes to use the terminology of the Global Legal Entity Identifier Foundation for the definition.<sup>16</sup>

*(i) Netting Member and CCIT Member applicants*

FICC is proposing to amend Section 5 of GSD Rule 2A to require each Netting Member applicant to obtain and provide a Legal Entity Identifier to FICC as part of its membership application. The same change would be made regarding CCIT Member applicants in Section 3 of GSD Rule 3B. The proposed change would entail a re-lettering of subsections (d) and (e) of Section 3 of GSD Rule 3B. FICC is proposing to implement the changes discussed in this paragraph upon approval of this filing from the Commission.

*(ii) Netting Members and CCIT Members*

FICC is proposing to amend Section 2 of GSD Rule 3 to add language that would require each Netting Member to have a current Legal Entity Identifier on file with FICC

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<sup>16</sup> See supra note 4. The Global Legal Entity Identifier Foundation was established by the Financial Stability Board in June 2014 to support the implementation and use of Legal Entity Identifiers. The Financial Stability Board is an international body that monitors and makes recommendations about the global financial system. [www.fsb.org](http://www.fsb.org)



at all times. The same change would be made to Section 5 of GSD Rule 3B for CCIT Members. For existing Netting Members and CCIT Members, FICC is proposing to add a footnote in each case that states such members shall have 60 calendar days from the date of the Commission's approval of this filing to submit their Legal Entity Identifiers to FICC.<sup>17</sup>

FICC is also proposing to add language to Section 2 of GSD Rule 3 and Section 5 of GSD Rule 3B to provide that a Netting Member/CCIT Member shall indemnify FICC, and its employees, officers, directors, shareholders, agents, and Members (collectively, the "LEI Indemnified Parties"), for any and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a Netting Member's or CCIT Member's failure to have its current Legal Entity Identifier on file with FICC. "Legal Action" would mean and include any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization. FICC is proposing this indemnity because in fulfilling its regulatory obligations under the OFR Regulation, FICC would be relying upon Netting Members and CCIT Members to keep their Legal Entity Identifiers on file with FICC current.

*(iii) Sponsoring Members and Sponsored Members*

FICC is proposing to amend Section 2 of GSD Rule 3A to require that each Sponsoring Member submit the Legal Entity Identifiers of its Sponsored Member

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<sup>17</sup> The proposed footnote in each case would also state that the footnote will sunset at the end of the 60-calendar day period.

applicants. FICC would implement this change regarding applicants upon the Commission's approval of this filing. The proposed rule change would also add language to Section 2 of GSD Rule 3A to require that each Sponsoring Member provide FICC with a Legal Entity Identifier for each of its existing Sponsored Members such that FICC has a current Legal Entity Identifier for each such Sponsored Member at all times. For existing Sponsored Members, FICC is proposing to add a footnote that states the Sponsoring Members shall have 60 calendar days from the date of the Commission's approval of this filing to submit the Legal Entity Identifiers of their Sponsored Members to FICC.<sup>18</sup> In order to cover new Sponsored Members, FICC is proposing to amend Section 3 of GSD Rule 3A to add that the Sponsoring Member must provide the Legal Entity Identifier of each entity it wishes to sponsor into membership as a Sponsored Member. FICC is proposing to implement the change to Section 3 of GSD Rule 3A upon the Commission's approval of this filing.

FICC is also proposing to amend Section 2 of GSD Rule 3A to include an indemnity, described above, with respect to Sponsoring Members because, akin to the Netting Members and CCIT Members, FICC would be relying on the Sponsoring Members to keep the Legal Entity Identifiers of their Sponsored Members on file with FICC current.

## 2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, inter alia, that the GSD Rules be designed to foster cooperation and coordination with persons engaged in the clearance

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<sup>18</sup> The proposed footnote would also state that the footnote will sunset at the end of the 60-calendar day period.

and settlement of securities transactions.<sup>19</sup> FICC understands that the Council and its member agencies have a significant interest in the clearance and settlement of the securities transactions cleared by FICC. As explained in the OFR Release, these parties wish to identify risks to U.S. financial stability;<sup>20</sup> monitoring of the repo market is important for financial stability monitoring because the repo market plays a crucial role in providing short-term funding and performing other functions for U.S. markets.<sup>21</sup> The OFR Regulation (which includes the Legal Entity Identifier requirement) is expected to help fulfill the Council's purposes and duties in the monitoring of the repo market.<sup>22</sup> FICC believes that the proposed rule changes (which would add the defined term "Legal Entity Identifier" to the GSD Rules and would further amend the GSD Rules to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to provide the indemnity described in Item II(A)1(ii) above, and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC as described in Item II(A)1(iii) above) would facilitate FICC's compliance with the OFR Regulation. Therefore, given the purposes of the OFR Regulation described here, FICC believes that the proposed rule changes would foster

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<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>20</sup> See OFR Release, supra note 6, at 4975.

<sup>21</sup> Id.

<sup>22</sup> Id.

cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.<sup>23</sup>

In addition, Section 17A(b)(3)(F) of the Act requires, inter alia, that the GSD Rules be designed to protect the public interest.<sup>24</sup> The purpose of the OFR Regulation is to assist the Council and its member agencies to monitor the stability of the repo market. The stability of the repo market serves the public interest because the repo market plays a crucial role in the U.S. markets. Because the proposed rule changes would facilitate FICC's compliance with the OFR Regulation, which, in turn, serves the public interest, FICC believes that the proposed rule changes would serve to protect the public interest.<sup>25</sup>

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

FICC believes that the proposed changes to add the defined term "Legal Entity Identifier" to the GSD Rules and to further amend the GSD Rules to require: (i) each applicant to become a Netting Member and CCIT Member to obtain and provide a Legal Entity Identifier to FICC as part of its membership application, (ii) each Netting Member and CCIT Member to have a current Legal Entity Identifier on file with FICC at all times and to provide the indemnity described above in Item II(A)1(ii), and (iii) each Sponsoring Member to provide FICC with a Legal Entity Identifier for each of their current Sponsored Members and for each newly added Sponsored Member going forward and to indemnify FICC as described above in Item II(A)1(iii) could impose a burden on competition because these changes would impose a cost on firms that currently do not

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<sup>23</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>24</sup> Id.

<sup>25</sup> Id.

have Legal Entity Identifiers to obtain and maintain them. FICC does not believe that any burden on competition imposed by the proposed rule change would be significant because the cost to obtain and maintain a Legal Entity Identifier is relatively small,<sup>26</sup> and FICC understands that many of its members already maintain Legal Entity Identifiers for other purposes. Regardless of whether the potential burden on competition is deemed significant, FICC believes the proposed rule change is both necessary and appropriate in furtherance of the purposes of the Act. Specifically, FICC believes that any burden on competition that is created by the proposed changes would be necessary in furtherance of the purposes of the Act<sup>27</sup> because the proposed rule change would permit FICC to comply with the OFR Regulation, which ultimately would foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions by allowing the OFR to identify risks to U.S. financial stability. FICC also believes that any burden that is created by the proposed rule change would be appropriate in furtherance of the purposes of the Act<sup>28</sup> because the proposed changes would be limited to information that FICC is required to provide pursuant to the OFR Regulation.

(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 changes have not been solicited or received. FICC will notify the Commission of any written comments received by FICC.

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<sup>26</sup> For example, the cost to obtain a Legal Entity Identifier is \$100 from Business Entity Data BV, and the cost to renew (which is required annually) is \$80. See [www.gmeiutility.org](http://www.gmeiutility.org).

<sup>27</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>28</sup> Id.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2020-002 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FICC-2020-002. 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 a.m. and 3:00 p.m. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FICC-2020-002 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>29</sup>

Secretary

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<sup>29</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

**Bold, underlined text** indicates proposed added language

**~~Bold, strikethrough text~~** indicates proposed deleted language

**FIXED INCOME CLEARING CORPORATION**

**GOVERNMENT SECURITIES DIVISION RULEBOOK**



## RULE 1 – DEFINITIONS

### Legal Entity Identifier

**The term “Legal Entity Identifier” means a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions. The Legal Entity Identifier is based on the ISO 17442 standard developed by the International Organization for Standardization and satisfies the standards implemented by the Global Legal Entity Identifier Foundation.**

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## RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

\* \* \*

### Section 5 – Application Documents

Each applicant to become a Member shall, as required by the Corporation from time to time, complete and deliver to the Corporation an Applicant Questionnaire in such form as may be prescribed by the Corporation. An applicant seeking membership in the Netting System shall also deliver to the Corporation the financial reports, other reports, opinions and other information as the Corporation determines appropriate.

**Each applicant to become a Netting Member shall obtain and provide to the Corporation a Legal Entity Identifier.**

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## RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

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### Section 2 - Reports by Netting Members

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In addition to all of the above, each Member shall complete and deliver to the Corporation a Cybersecurity Confirmation at least every two years, on a date that is set by the Corporation and following notice that is provided no later than 180 calendar days prior to such due date.

**A Netting Member must have a current Legal Entity Identifier on file with the Corporation at all times.\* The Netting Member shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members (collectively, the “LEI Indemnified Parties”), for any and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a Netting Member’s failure to have its current Legal Entity Identifier on file with the Corporation. “Legal Action” means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.**

Notwithstanding anything to the contrary in this Rule, if a Member qualifies for more than one category of Netting System membership, the Corporation, in its sole discretion, may require that such member provide those reports and other financial or other information required to be provided to the Corporation by Members of any of those membership categories for which such Member qualifies.

\* \* \*

### **RULE 3A—SPONSORING MEMBERS AND SPONSORED MEMBERS**

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#### **Section 2 – Qualifications of Sponsoring Members, the Application Process and Continuance Standards**

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(e) Each Sponsoring Member shall submit to the Corporation, within the timeframes and in the formats required by the Corporation, the reports and information that all Netting Members are required to submit regardless of type of Netting Member and the reports and information required to be submitted for its respective type of Netting Member, all pursuant to Section 2 of Rule 3. **Each Sponsoring Member shall submit the Legal Entity Identifier for each of its Sponsored Member applicants as part of the application of such Sponsored Member applicant. Each Sponsoring Member shall provide the Corporation with a Legal Entity Identifier for each of its Sponsored Members such that the Corporation shall have a current Legal Entity Identifier for each Sponsored Member at all times.† The Sponsoring Member shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members (collectively, the “LEI Indemnified Parties”), for any**

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\* **Proposed rule change File No. SR-FICC-2020-002 was approved by the SEC on [date]. Existing Netting Members shall have 60 calendar days from the date of approval to submit their Legal Entity Identifiers. This footnote shall sunset at the end of the 60-calendar day period.**

† **Proposed rule change File No. SR-FICC-2020-002 was approved by the SEC on [date]. Each Sponsoring Member shall have 60 calendar days from the date of approval to submit the Legal Entity Identifiers of its existing Sponsored Members. This footnote shall sunset at the end of the 60-calendar day period.**

**and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a Sponsoring Member's failure to have the current Legal Entity Identifiers of its Sponsored Members on file with the Corporation. "Legal Action" means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.**

\* \* \*

**Section 3 - Qualifications of Sponsored Members, Approval Process and Continuance Standard**

\* \* \*

(b) Each time that a Sponsoring Member wishes to sponsor a Person into membership, it shall provide the Corporation with the **Legal Entity Identifier of the Person and the** representation referred to in subsection (a)(ii) immediately above, as well as any additional information in such form as may be prescribed by the Corporation. The Corporation shall approve or disapprove Persons as Sponsored Members. If the Corporation denies the request of a Sponsoring Member to add a Person as a Sponsored Member, such denial shall be handled in the same manner as set forth in Section 6 of Rule 2A with respect to membership applications except that the written statement referred to therein shall be provided to both the Sponsoring Member and the Person seeking to become a Sponsored Member.

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**RULE 3B – CENTRALLY CLEARED INSTITUTIONAL TRIPARTY SERVICE**

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**Section 3 – Membership Application Process to Become a CCIT Member**

\* \* \*

**(d) Each applicant to become a CCIT Member shall obtain and provide to the Corporation a Legal Entity Identifier.**

~~(d)~~**(e)** Except as otherwise provided in Rule 29 (Release of Clearing Data), any information furnished to the Corporation pursuant to this Rule shall be held in at least the same degree of confidence as may be required by law or the rules and regulations of the appropriate regulatory body having jurisdiction over the applicant or Member.

~~(e)~~**(f)** In evaluating a membership application, the Corporation may:

\* \* \*

## Section 5 – On-going Membership Requirements

\* \* \*

(c) Each CCIT Member shall submit to the Corporation written notice of any CCIT Reportable Event. A CCIT Reportable Event means:

- (i) an event that would, after giving effect thereto, cause a material change in the control, ownership or management of the CCIT Member, or that could have a material impact on such CCIT Member's business and/or financial condition;
- (ii) material changes in the CCIT Member's business lines, including new business lines undertaken; or
- (iii) any litigation which could reasonably be anticipated to have a material negative effect on the CCIT Member's financial condition or ability to conduct business.

A CCIT Member must submit to the Corporation written notice of any CCIT Reportable Event at least 90 calendar days prior to the effective date of such CCIT Reportable Event, unless the CCIT Member demonstrates that it could not have reasonably done so, and provides notice, both orally and in writing, to the Corporation as soon as possible.

Each CCIT Member that is an FFI Member shall inform the Corporation, both orally and in writing, if it (i) undergoes a change in circumstance that would affect its FATCA Certification or (ii) otherwise has reason to know that it is not, or will not be, FATCA Compliant, in each case, within two days of knowledge thereof.

**A CCIT Member must have a current Legal Entity Identifier on file with the Corporation at all times.\* The CCIT Member shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members (collectively, the "LEI Indemnified Parties"), for any and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a CCIT Member's failure to have its current Legal Entity Identifier on file with the Corporation. "Legal Action" means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.**

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\* **Proposed rule change File No. SR-FICC-2020-002 was approved by the SEC on [date]. Existing CCIT Members shall have 60 calendar days from the date of approval to submit their Legal Entity Identifiers. This footnote shall sunset at the end of the 60-calendar day period.**