SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-90544; File No. SR-FICC-2020-014)

December 1, 2020

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change, as Modified by Amendment No. 1, to Modify the Clearance Maintenance Fee, Reduce the End of Day Position Fee of the Government Securities Division, and Describe the Current Rebate Policy

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 November 16, 2020, Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change. On November 30, 2020, FICC filed Amendment No. 1 to the proposed rule change, which revised a portion of the rule text and corresponding description in the notice relating to FICC's current policy regarding the issuance of rebates to its members. FICC filed the proposed rule change, as modified by Amendment No. 1, pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b-4(f)(2) thereunder.[4] The proposed rule change, as modified by Amendment No. 1 is hereinafter referred to as the "Proposed Rule Change." The Proposed Rule Change is described in Items I, II, and III below, which Items have been prepared primarily by FICC. The Commission is publishing this notice to solicit comments on the Proposed Rule Change from interested persons.

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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 CFR 240.19b-4(f)(2).

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

The Proposed Rule Change consists of modifications to FICC's Mortgage-Backed Securities Division ("MBSD") Clearing Rules ("MBSD Rules") and Government Securities Division ("GSD") Rulebook ("GSD Rules" and together with the MBSD Rules, the "Rules") in order to (i) modify the respective Clearing Fund Maintenance Fee ("Maintenance Fee") of GSD and MBSD, (ii) reduce the end of day position fee of GSD, and (iii) include a description of FICC's current policy regarding the issuance of rebates to GSD Members and MBSD Clearing Members, as described in greater detail below.[5]

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.

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

1. Purpose

FICC is proposing to amend the MBSD Rules and the GSD Rules in order to (i) modify the respective Maintenance Fee of GSD and MBSD, (ii) reduce the end of day position fee of GSD, and (iii) include a description of FICC's current policy regarding the

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

issuance of rebates to GSD Members and MBSD Clearing Members, as described in greater detail below.

(i) <u>Background</u>

FICC operates a cost plus low margin pricing model and has in place procedures to control costs and to regularly review pricing levels against costs of operation. It reviews pricing levels against its costs of operation typically during the annual budget process. The budget is approved annually by the Board. FICC's fees are cost-based plus a markup as approved by the Board or management (pursuant to authority delegated by the Board), as applicable. This markup or "low margin" is applied to recover development costs and operating expenses and to accumulate capital sufficient to meet regulatory and economic requirements.

a. Maintenance Fee

FICC implemented the Maintenance Fee in 2016 in order to (i) diversify FICC's revenue sources, mitigating its dependence on revenues driven by settlement volumes, and (ii) add a stable revenue source that would contribute to FICC's operating margin by offsetting increasing costs and expenses.[6] The Maintenance Fees for MBSD and GSD are effectively the same and charged to MBSD Clearing Members and GSD Netting Members (collectively, "Members") in proportion to the Member's deposit in their respective MBSD or GSD Clearing Fund (collectively, "Clearing Fund"), as described below.

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6 Securities Exchange Act Release No. 78529 (August 10, 2016), 81 FR 54626 (August 16, 2016) (SR-FICC-2016-004).

The Maintenance Fee is calculated monthly, in arrears, as the product of (A) 0.25 percent and (B) the average of the Member's cash deposit balance in the Clearing Fund as of the end of each day, for the month, multiplied by the number of days in that month and divided by 360. However, by its terms, the fee is waived if the monthly rate of return on FICC's investment of the cash deposit balance of the Clearing Fund is less than 0.25 percent for the month ("Waiver Provision").

The Waiver Provision was included for the benefit of Members. FICC believed that if its monthly rate of return on the investment of the cash deposit balance in the Clearing Fund was less than 0.25 percent, then Members would likely be experiencing similarly low interest income on their deposits, including excess reserves, if applicable; in which case, FICC would waive the fee. Although this approach exposed FICC to the risk of not receiving revenue from the Maintenance Fee, FICC did not believe that such an exposure would be common, significant, or long-term.

b. End of Day Position Fee

Currently, the Fee Structure of the GSD Rules includes the end of day position fee, which is a position management fee. FICC implemented the end of day position fee in 2018.[7] The current end of day position fee is $0.115 per million par value. This end of day position fee is calculated for a GSD Member each Business Day based on the end of day gross position of the GSD Member (including positions of any GSD Non-Member that the GSD Member is clearing for) that Business Day. FICC determines the end of day gross position of a GSD Member by netting the par value of all compared buy/sell

[7] Securities Exchange Act Release No. 83401 (June 8, 2018), 83 FR 27812 (June 14, 2018) (SR-FICC-2018-003).

transactions, Repo Transactions, and unsettled obligations of the GSD Member (including any such activity submitted by the GSD Member for a GSD Non-Member that the GSD Member is clearing for) at the end of the Business Day by CUSIP Number and taking the sum of the absolute par value of each such CUSIP Number.

The end of day position fee aims to align pricing with the costs of services provided by FICC because the end of day position fee is driven by position management. The end of day position fee aims to reflect the costs associated with end of day processing, overnight position management, and various risk and operational activities required to assure the ability of FICC to continue to provide a dependable, stable and efficient clearing and settlement service for GSD Members.

c. Rebate

FICC is also proposing to amend Section XII of the Fee Structure of the GSD Rules, the Important Note under Section I of the FICC MBSD Schedule of Charges Broker Account Group ("Schedule of Charges Broker Account Group") of the MBSD Rules and Section I of the FICC MSBD Schedule of Charges Dealer Account Group ("Schedule of Charges Dealer Account Group") of the MBSD Rules. The Proposed Rule Change would replace a current description of FICC's policy on providing GSD Members and MBSD Clearing Members with a discount or surcharge with a description of its current policy regarding the issuance of rebates to GSD Members and MBSD Clearing Members. In connection with this change, the Proposed Rule Change would also change the title of Section XII of the Fee Structure of the GSD Rules from "Capital Base, Pricing and Rebate Policy" to "Rebate Policy" to better describe the policy described in this section.

(ii) <u>Proposed Changes</u>

a. Proposed Modification to the Maintenance Fee

Due to the coronavirus global pandemic and overall reaction by the financial markets, the rate of return on FICC's investment of the cash deposit balance in the Clearing Fund has fallen below 0.25 percent, triggering the Waiver Provision. However, application of the Waiver Provision in this instance has proven to be longer and more significant than what FICC originally contemplated when drafting the provision, resulting in a drop in FICC's revenues. If unaddressed, FICC's revenue could continue to deteriorate and negatively impact FICC's long-term financial health.

To address this issue, FICC is removing the Waiver Provision so that FICC would be able to generate revenue from the Maintenance Fee even if FICC's monthly rate of return on the investment of the cash deposit balance in the Clearing Fund is less than 0.25 percent. The ability to generate such revenue under such circumstances is important in helping FICC offset its costs and expenses in many economic environments. Additionally, the Proposed Rule Change would help provide consistent pricing between FICC and its affiliate clearing agencies, National Securities Clearing Corporation ("NSCC") and The Depository Trust Company ("DTC"),[8] as both NSCC and DTC have

[8] The Depository Trust & Clearing Corporation ("DTCC") is the parent company of DTC, NSCC, and FICC. DTCC operates on a shared services model for DTC, NSCC, and FICC. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides a relevant service to DTC, NSCC, or FICC.

filed proposed rule changes concurrently with this filing that would result in the same calculation of their respective Maintenance Fee.[9]

To effectuate the proposed change described above, the Waiver Provision would be removed from (i) the Maintenance Fee in Section I (Fees) of the Schedule of Charges Broker Account Group in the MBSD Rules, (ii) the Maintenance Fee of Section 1(Fees) of the Schedule of Charges Dealer Account Group in the MBSD Rules, and (iii) Section XIII (Clearing Fund Maintenance Fee) of the Fee Structure in the GSD Rules.

b. Proposed Reduction of End of Day Position Fee

FICC is proposing to reduce the end of day position fee from $0.115 per million par value to $0.105 per million par value.

FICC believes that this proposed reduction in the end of day position fee would be consistent with FICC's cost plus low-margin pricing model. As described above, FICC regularly reviews pricing levels against its costs of operation typically during the annual budget process. FICC determined during the 2020 annual budget process that the proposed reduction in the end of day position fee would help better align costs to revenue and be consistent with its cost plus low-margin pricing model. In addition, FICC believes a proposed reduction in one fee (rather than in a number of fees) is a more simple and clear way for FICC to continue to generate sufficient revenues to cover its operating costs plus generate a low net income operating margin (i.e., to be consistent with its pricing model).

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9 See File No. SR-DTC-2020-014 and File No. SR-NSCC-2020-018 available at https://www.dtcc.com/legal/sec-rule-filings.

Furthermore, FICC believes that, with the proposed reduction in the end of day position fee, all GSD Members would benefit from a lower end of day position fee while, as described above, still enabling FICC to continue to generate sufficient revenues to cover its operating costs plus generate a low net income operating margin. As described above, because the end of day position fee is calculated based on the gross position of the GSD Members, GSD Members that generate higher levels of activity and make greater use of FICC's services would generally be subject to a higher overall amount in terms of the end of day position fee (similar to the Maintenance Fee described above). Conversely, GSD Members that generate lower levels of activity and use FICC's services less would generally be subject to smaller overall amount in terms of their end of day position fee. Therefore, some GSD Members may see a greater reduction in the overall amount of the fee given that it is based on the level of their activity. The described change would not adjust that allocation.

To effectuate the proposed change described above, FICC would revise the end of day position fee from $0.115 per million par value to $0.105 per million par value in Section II.B of the Fee Structure of the GSD Rules.

c. Proposed Changes to the Rebate Policy

FICC is also proposing to amend Section XII of the Fee Structure of the GSD Rules, the Important Note under Section I of the Schedule of Charges Broker Account Group of the MBSD Rules and the Important Note under Section I of the Schedule of Charges Dealer Account Group of the MBSD Rules. The Proposed Rule Change would replace a current description of FICC's policy on providing GSD Members and MBSD

Clearing Members with a discount or surcharge with a description of its current policy regarding the issuance of rebates to GSD Members and MBSD Clearing Members.

Currently, Section XII of the Fee Structure of the GSD Rules, the Important Note under Section I of the Schedule of Charges Broker Account Group of the MBSD Rules and the Important Note under Section I of the Schedule of Charges Dealer Account Group of the MBSD Rules all include an outdated description of FICC's policy to adjust GSD Members' and MBSD Clearing Members' invoices based on FICC's revenues. This description states that FICC may adjust invoices down in the form of a discount or up in the form of a surcharge, based on its revenues. FICC did historically provide GSD Members and MBSD Clearing Members with a discount on their invoices, but it does not have any record of adjusting invoices up, in the form of a surcharge, in the past.

FICC views its practice of providing a rebate to GSD Members and MBSD Clearing Members as a corporate function, and not related to its operation as a self-regulatory organization. An FICC rebate is essentially a return of the revenue that FICC collects through the fees it charges GSD Members and MBSD Clearing Members for its services (as set forth in the Fee Structure of the GSD Rules, the Schedule of Charges Broker Account Group of the MBSD Rules and Schedule of Charges Dealer Account Group of the MBSD Rules). Rebates are not related to the amounts GSD Members and MBSD Clearing Members deposit with FICC as their Required Fund Deposits, which are made up of risk-based margin charges. The determination to provide a rebate is made at the corporation-level, based on a number of factors and considerations, as described below, and is not a separate determination made for each individual GSD Member and MBSD Clearing Member.

Following the financial recession of 2008, FICC ceased providing such discounts in connection with the implementation of a financial strategy to strengthen its financial position and health. As a result of that strategy and improved financial markets, in 2019, FICC determined to reinstitute its practice of discounting GSD Members' and MBSD Clearing Members' invoices, in the form of a rebate, based on its financial performance. In connection with this decision, FICC is proposing to replace the language regarding adjustment of invoices in Section XII of the Fee Structure of the GSD Rules, the Important Note under Section I of the Schedule of Charges Broker Account Group of the MBSD Rules and the Important Note under Section I of the Schedule of Charges Dealer Account Group of the MBSD Rules to describe its current rebate practice. This proposed change would not change FICC's current rebate practice but would provide GSD Members and MBSD Clearing Members with transparency into this practice and the governance around rebates.

First, the Proposed Rule Change would change the title of Section XII of the Fee Structure of the GSD Rules from "Capital Base, Pricing and Rebate Policy" to "Rebate Policy" to better describe the policy described in this section.

Second, the proposed language would describe that FICC may provide GSD Members and MBSD Clearing Members with a rebate of excess net income, and would define excess net income as income of either FICC or related to one business line of FICC after application of expenses, capitalization costs, and applicable regulatory requirements. The language would also state that a rebate is discretionary, to make it clear that FICC is not obligated to provide a rebate.

Third, the proposed language would state that a rebate would be approved by the Board. The proposed language would also state that, in determining whether a rebate is appropriate, the Board would consider one or more of the following, as appropriate: FICC's regulatory capital requirements,[10] anticipated expenses, investment needs, anticipated future expenses with respect to improvement or maintenance of FICC's operations, cash balances, financial projections, and appropriate level of shareholders' equity.

Fourth, the proposed language would state that, if the Board determined to issue a rebate, it would set a rebate period and a rebate payment date, both of which are used to determine which GSD Members and MBSD Clearing Members are eligible for a rebate. The proposed language would state that GSD Members and MBSD Clearing Members that maintain their membership during all or a portion of the rebate period and on the rebate payment date are eligible for a rebate.

Finally, the proposed language would describe how rebates are applied to the invoices of eligible GSD Members and MBSD Clearing Members. The proposed language would state that rebates are applied to all eligible GSD Members and MBSD Clearing Members on a pro-rata basis based on such GSD Members' and MBSD Clearing Members' gross fees paid to FICC within the applicable rebate period,

10 FICC manages its general business risk by holding sufficient liquid net assets funded by equity to cover potential general business losses so it can continue operations and services as going concerns if those losses materialize, in compliance with the requirements of Rule 17Ad-22(e)(15). 17 CFR 240.17Ad-22(e)(15). FICC maintains a Clearing Agency Policy on Capital Requirements which defines the amount of capital it must maintain for this purpose and sets forth the manner in which this amount is calculated. See Securities Exchange Act Release No. 89363 (July 21, 2020), 85 FR 45276 (July 27, 2020) (SR-FICC-2020-008) (amending original filing).

excluding pass-through fees and interest earned on cash deposits to the Clearing Fund. The proposed language would also state that rebates are applied_to eligible Members' invoices on the rebate payment date as either a reduction in fees owed or, if fees owed are lower than the allocated rebate amount, a payment of such difference. The proposed language would also note that rebate amounts may be adjusted for miscellaneous charges and discounts.

(iii) Expected Member Impact

The Proposed Rule Change is expected to increase FICC's annual revenue by approximately $14.5 million.

In general, FICC anticipates that the proposal would result in fee decreases for approximately 27% of impacted affiliated family of Members and fee increases for approximately 73% of impacted affiliated family of Members. Of the impacted affiliated family of Members that may have their fees decrease, 100% of those affiliated family of Members would have a decrease between $1,000 and $100,000 per year. Of the impacted affiliated family of Members that may have their fees increase, approximately 2% of those impacted affiliated family of Members would have an increase of less than $1,000 per year, approximately 60% of those impacted affiliated family of Members would have an increase of $1,000 to $100,000 per year, approximately 32% of those impacted affiliated family of members would have an increase of $100,000 to $1 million per year, and approximately 6% of those impacted affiliated family of Members would have an increase of $1 million or greater per year.

(iv) Member Outreach

FICC has conducted ongoing outreach to each Member in order to provide them with notice of the proposed changes and the anticipated impact for the Member. As of the date of this filing, no written comments relating to the proposed changes have been received in response to this outreach. The Commission will be notified of any written comments received.

Implementation Timeframe

FICC would implement this proposal on January 1, 2021. As proposed, a legend would be added to the Fee Structure of the GSD Rules, the Schedule of Charges Broker Account Group of the MBSD Rules and the Schedule of Charges Dealer Account Group of the MBSD Rules, as appropriate, stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend would include the date on which such changes would be implemented and the file number of this proposal, and state that once this proposal is implemented, the legend would automatically be removed.

2. <u>Statutory Basis</u>

FICC believes this proposal is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, FICC believes the proposed changes to (i) modify the respective Maintenance Fee of GSD and MBSD and (ii) reduce the end of day position fee of GSD are consistent with Section 17A(b)(3)(D) of the Act[11] and the Proposed Rule Change to include a description of FICC's current policy regarding the issuance of rebates to GSD Members and MBSD

[11] 15 U.S.C. 78q-1(b)(3)(D).

Clearing Members is consistent with Rule 17Ad-22(e)(23)(ii),[12] as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency, such as FICC, provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.[13] FICC believes that the proposed changes to the Maintenance Fee and the end of day position fee are consistent with this provision of the Act.[14]

As described above, the proposal would modify the Maintenance Fee to remove the Waiver Provision. Because the proposed change would not alter how the Maintenance Fee is currently allocated (i.e., charged) to Members, FICC believes the fee would continue to be equitably allocated. More specifically, as mentioned above, the Maintenance Fee is and would continue to be charged to all Members in proportion to the Member's cash deposit balance in the Clearing Fund. As such, and as is currently the case, Members that make greater use of FICC's services would generally be subject to a larger Maintenance Fee because such Member would typically be required to maintain a larger Clearing Fund deposit pursuant to the respective MBSD Rules or GSD Rules.[15] Conversely, Members that use FICC's services less would generally be subject to a smaller Maintenance Fee because such Members would typically be required to maintain a smaller Clearing Fund deposit pursuant to the respective MBSD Rules or GSD Rules.[16]

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[12] 17 CFR.17Ad-22(e)(23)(ii).

[13] 15 U.S.C. 78q-1(b)(3)(D).

[14] Id.

[15] See Rule 4, GSD Rules and Rule 4, MBSD Rules, supra note 5.

[16] Id.

The described change would not adjust that allocation. For this reason, FICC believes the Maintenance Fee would continue to be equitably allocated among Members.

Similarly, FICC believes that the Maintenance Fee would continue to be a reasonable fee under the proposed change described above. Although removal of the Waiver Provision means that Members could be assessed a Maintenance Fee at times when they may not otherwise have been assessed the fee, the removal of the provision would enable FICC to collect needed revenue from the fee even in a difficult economic environment. Additionally, the proposed change would help establish consistent pricing between FICC and its affiliates, NSCC and DTC, regarding each of their respective Maintenance Fees, as concurrent proposals by NSCC and DTC would result in the same calculation.[17] For this reason, FICC believes the Maintenance Fee would continue to be reasonable.

In addition, FICC believes the proposed change to reduce the end of day position fee in the GSD Rules is consistent with Section 17A(b)(3)(D).[18] The proposal would provide for the equitable allocation of fees among participants because the proposal would apply to all participants, such that all Members would be subject to this proposed reduction of the end of the day position fee following the implementation of the proposed change. The end of day position fee is and would continue to be charged to all GSD Members.

Because these proposed changes would not alter how the end of day position fee is currently allocated (i.e., charged) to Members, FICC believes these fees would

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17 See supra note 9.

18 15 U.S.C. 78q-1(b)(3)(D).

continue to be equitably allocated. More specifically, as mentioned above, the end of day position fee is and would continue to be charged to all GSD Members based on their end of day gross positions. As such, and is currently the case, GSD Members that have more activity and make greater use of FICC's services would generally be subject to a greater overall amount in terms of their end of day position fee. Conversely, GSD Members that generate lower levels of activity and use FICC's services less would generally be subject to smaller overall amount in terms of their end of day position fee. For this reason, FICC believes the end of day position fee would continue to be equitably allocated among GSD Members.

Similarly, FICC believes that the end of day position fee would continue to be a reasonable fee under the proposed change described above. The proposed reduction of the end of the day position fee would be consistent with FICC's cost plus low-margin pricing model. With the proposed reduction of the end of day position fee, FICC believes it would still be able to continue to generate sufficient revenues to cover its operating costs plus generate a low net income operating margin while also enabling all GSD Members to benefit from a lower end of day position fee. For this reason, FICC believes the end of day position fee would continue to be reasonable.

Based on the forgoing, FICC believes the Proposed Rule Change is consistent with Section 17A(b)(3)(D).[19]

Rule 17Ad-22(e)(23)(ii) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and

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[19] Id.

other material costs they incur by participating in the covered clearing agency.[20] The Proposed Rule Change would replace an outdated description of FICC's past practice of adjusting GSD Members' and MBSD Clearing Members' invoices, with an updated description of its current rebate practice, which, when applicable, results in a reduction to the amount of fees a GSD Member and MBSD Clearing Member owes to FICC. By updating Section XII of the Fee Structure of the GSD Rules, the Important Note under Section I of the Schedule of Charges Broker Account Group of the MBSD Rules and the Important Note under Section I of the Schedule of Charges Dealer Account Group of the MBSD Rules with a clear, transparent description of FICC's current rebate practice, the Proposed Rule Change would provide GSD Members and MBSD Clearing Members with sufficient information to evaluate the fees they may incur by participating in FICC. Therefore, FICC believes the Proposed Rule Change would be consistent with the requirements of Rule 17Ad-22(e)(23)(ii).[21]

(B) <u>Clearing Agency's Statement on Burden on Competition</u>

FICC does not believe that the Proposed Rule Changes to (i) modify the Maintenance Fee of GSD and MBSD and (ii) update and enhance the transparency of FICC's policy regarding the issuance of rebates to GSD Members and MBSD Clearing Members in the GSD Rules and MBSD Rules would have any impact, or impose any burden, on competition among its Members for the reasons described below. FICC

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20 17 CFR 240.17Ad-22(e)(23)(ii).

21 <u>Id.</u>

believes that the proposed change to reduce the end of day position fee could promote competition among GSD Members for the reasons described below.

FICC does not believe that the proposed change to the Maintenance Fee would have an impact on competition among its Members. As described above, the Maintenance Fee is charged ratably based on Members' use of FICC's services, as reflected in Members' cash deposit balances to the Clearing Fund. Thus, the fee is designed to be reflective of each Member's individual activity at FICC. Nevertheless, if removal of the Waiver Provision, and the resulting imposition of the Maintenance Fee at a time when a Member would not have otherwise been assessed the fee, would create a competitive burden for a Member, FICC believes such a burden would not be significant, given that the amount assessed would be the same but for application of the Waiver Provision. Moreover, FICC believes that any such burden would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[22]

The burden would be necessary because it is essential that FICC offset some of its costs and expenses with stable revenue generated from the Maintenance Fee, regardless of the economic environment. As described above, not doing so could adversely affect FICC's financial health. The burden would be appropriate because, as described above, the Maintenance Fee is calculated, using a balanced formula, to assess a fee that is reflective of the Member's use of FICC's services, so that FICC can defray some of its costs and expenses in providing those services.

FICC believes that the proposed reduction of the end of day position fee could promote competition among GSD Members by potentially reducing GSD Members'

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[22] 15 U.S.C. 78q-1(b)(3)(I).

operating costs. As described above, the proposed reduction of the end of day position fee would apply equally to all GSD Members.

In addition, FICC does not believe the Proposed Rule Change to describe its current rebate practice would have any impact, or impose any burden, on competition among its Members. As described above, this Proposed Rule Change would replace information currently in Section XII of the Fee Structure of the GSD Rules, the Important Note under Section I of the Schedule of Charges Broker Account Group of the MBSD Rules and Section I of the Schedule of Charges Dealer Account Group of the MBSD Rules, with a description of FICC's current rebate practice. As described in the proposed language, under its current practice, rebates are allocated to eligible Members on a pro-rata basis based on such Members' gross fees paid to FICC within the applicable rebate period. Therefore, the current practice is applied equally to all eligible Members. The Proposed Rule Change to provide Members with transparency into this practice would not cause any increase or decrease in the rebates Members may receive. Therefore, this Proposed Rule Change would not have any impact, or impose any burden, on competition among Members.

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

FICC has not received or solicited any written comments relating to this proposal. FICC will notify the Commission of any written comments received by FICC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)[23] of the Act and paragraph (f)[24] of Rule 19b-4 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-2020-014 on the subject line.

Paper Comments:

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

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[23] 15 U.S.C 78s(b)(3)(A).

[24] 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-FICC-2020-014. 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-2020-014 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.[25]

J. Matthew DeLesDernier
Assistant Secretary

25 17 CFR 200.30-3(a)(12).