

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="68"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2021"/> - * <input type="text" value="005"/> Amendment No. (req. for Amendments *) <input type="text"/>
---------------------------------------------	----------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------

Filing by Fixed Income Clearing Corporation  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input checked="" type="checkbox"/> 19b-4(f)(4)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(6)	<input type="checkbox"/> 19b-4(f)(3)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input checked="" type="checkbox"/>	Exhibit 3 Sent As Paper Document <input checked="" type="checkbox"/>
----------------------------------------------------------------------	----------------------------------------------------------------------

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

**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 \*  Last Name \*   
 Title \*   
 E-mail \*   
 Telephone \*  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    
 By    
 (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.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications**

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

**Partial Amendment**

Add Remove View

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 annexed hereto as Exhibit 5 and consists of modifications to the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”), the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules”) and the FICC MBS EPN Rules (“EPN Rules,” and together with the GSD Rules and the MBSD Rules, the “Rules”)<sup>1</sup> in order to (i) correct or clarify the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules, each as described in more detail below.

(b) Not applicable.

(c) Not applicable.

## 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Deputy General Counsel of FICC on June 30, 2021 pursuant to delegated authority from FICC’s Board of Directors.

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

### (a) Purpose

FICC is proposing to (i) correct the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules, each as described in more detail below.

#### *(i) Proposal to correct or clarify the use of certain defined terms in the Rules*

##### A. Proposal to delete terms that are no longer used in the Rules

FICC is proposing to remove the following defined terms and related descriptions, as applicable, in the Rules:

- “GCF Securities Account” in GSD Rule 1 and the phrase “and for which the Corporation establishes a GCF Securities Account” in the defined term “GCF

---

<sup>1</sup> Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the GSD Rules, MBS Rules and EPN Rules, as applicable, available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

- Clearing Agent Bank” in GSD Rule 1 because these provisions relate to the interbank service of the GCF Repo Service, which FICC does not expect to reinstitute.<sup>2</sup>
- “and Clearing Fund Funds-Only Settlement Amount” in the defined term “Opening Balance” in GSD Rule 1 because “Clearing Fund Funds-Only Settlement Amount” is no longer a defined term in the GSD Rules.<sup>3</sup>
  - the defined term “Direct Transaction” in MBSD Rule 1 because this defined term is no longer used in the MBSD Rules (it was used in a previous version of the rules relating to loss allocation).
  - the defined term “Eligible Letter of Credit” in MBSD Rule 1 because this defined term is no longer used in the MBSD Rules (it is no longer a required form of Clearing Fund).
  - the defined term “TBA Comparison” from MBSD Rule 1 because this defined term is not used in the MSBD Rules and is also duplicative (it has the same definition as the defined term “Trade Comparison”).
  - the defined term “GCF Collateral Excess Account” in MBSD Rule 1 because this is a typographical error and was inadvertently included in the MBSD Rules. GCF Collateral Excess Account is only relevant to the GSD Rules, not the MBSD Rules.

---

<sup>2</sup> In 2016, the Securities and Exchange Commission (“Commission”) approved FICC’s proposed rule change to suspend the interbank service of the GCF Repo Service. The GCF Repo Service has operated on both an “interbank” and “intrabank” basis. “Interbank” means that the two GCF Repo Participants, which have been matched in a GCF Repo transaction, each clear at a different clearing bank. See Securities Exchange Act Release No. 78206 (June 30, 2016), 81 FR 44388 (July 7, 2016) (SR-FICC-2016-002).

“Intrabank” means that the two GCF Repo Participants, which have been matched in a GCF Repo transaction, clear at the same clearing bank. FICC does not expect to reinstitute the interbank service of the GCF Repo Service at this time and removed all references to this service from the GSD Rules in 2020. See Securities Exchange Act Release No. 88766 (April 29, 2020), 85 FR 26747 (May 5, 2020) (SR-FICC-2020-005) (“FICC Clean-Up Changes Filing”).

<sup>3</sup> Most of the references to the term “Clearing Fund Funds-Only Settlement Amount” were deleted in the FICC Clean-Up Changes Filing because this is an outdated Clearing Fund component and should have been deleted when GSD moved to a VaR-based Clearing Fund methodology. See FICC Clean-up Changes Filing, supra note 2.

B. Proposal to revise references to reflect the existing defined terms and related changes

FICC is proposing to capitalize references to the following words to reflect the existing defined terms in their respective Rules:

- “registered clearing agencies” in GSD Rule 36 and EPN Article V, Rule 10
- “clearing agency” in EPN Article V, Rule 14

As described above, because FICC is proposing to capitalize the references to registered clearing agencies and clearing agencies in the EPN Rules in order to be consistent with the GSD Rules and MSBD Rules, FICC is also proposing to add the defined terms “Registered Clearing Agency” and “Clearing Agency” to EPN Article I, Rule 1 to enhance clarity.

FICC is also proposing to revise “Securities and Exchange Commission” to “SEC” in GSD Rule 36 to reflect the existing defined term.

In addition, FICC is proposing to add “EPN” before the references to “Rules” in EPN Article V, Rule 10 to reflect the existing defined term.

C. Proposal to revise capitalized terms to reflect that they are not defined terms

FICC is proposing to revise the references from “Website” to “website” in Section 2 of GSD Rule 3 because “Website” is not a defined term.

*(ii) Proposal to make certain clarifications and corrections in the Rules*

A. Remove certain categories where there is no charge

Certain categories are included in the FICC MSBD Schedule of Charges Broker Account Group (“Broker Schedule of Charges”) and the FICC MSBD Schedule of Charges Dealer Account Group (“Dealer Schedule of Charges”) of the MSBD Rules and the FICC MSBD EPN Schedule of Charges in the EPN Rules even though there are no charges associated with those categories.

As such, for simplicity and to enhance clarity, FICC is proposing to remove the category entitled “DK and Modify” from the subsection entitled “Trade Processing” under Section 1 of the Broker Schedule of Charges of the MSBD Rules.

FICC is also proposing to remove the category entitled “DK and Modify” from the subsections entitled (a) “Trade Processing,” (b) “Trade-for-Trade Transactions, Specified Pool Trades, and Stipulated Trades,” and (c) “Option Trades” under Section I of the Dealer Schedule of Charges of the MSBD Rules.

In addition, FICC is also proposing to remove certain categories from the sections entitled “Message Processing Fees” and “Pool Substitution Cancel/Correct” in the FICC MSBD EPN Schedule of Charges. Specifically, FICC proposes to remove the following categories:

- “DK Send or Receive:”
- “Cancel Send or Receive:”
- “Retransmission Request:”
- “Cancel/Correct Receive:”
- “Cancel/Correct DK Send or Receive:”
- “Cancel/Correct Retransmission Request:”

B. Clarify the Rules related to notification of rule changes

In order to be consistent with similar provisions in the GSD Rules and the EPN Rules and to enhance clarity, FICC is also proposing to add “and Registered Clearing Agencies” to MBSB Rule 27. FICC believes this proposed change would clarify that FICC shall promptly notify Registered Clearing Agencies in addition to Members of any proposal to change, revise, add, or repeal any Rule.

In addition, currently, GSD Rule 36 states that FICC would notify all Members and registered clearing agencies of any rule change proposals, and MBSB Rule 27 states that FICC would notify all Members of any rule change proposals. Similarly, EPN Article V, Rule 10 states that FICC would notify all EPN Users and registered clearing agencies of any rule change proposals by posting the proposal on the FICC Website.

As a clearing agency registered with the Commission, the Securities Exchange Act of 1934 (the “Act”) provides a clear framework under which FICC’s Rules are adopted and enforced. Under the rule change process, generally, before a proposed rule change may take effect, (i) the change and an explanatory statement must be filed with the Commission and posted by FICC on the FICC Website, (ii) notice of the filing and the substantive terms or description of the change must be published by the Commission in the Federal Register for public review and comment, and (iii) the Commission must approve the change (or the change must otherwise be permitted to take effect). FICC’s Rules are filed with and reviewed by the Commission. As a clearing agency registered under Section 17A of the Act,<sup>4</sup> a self-regulatory organization subject to Section 19 of the Act,<sup>5</sup> and a systemically important financial market utility under Title VIII of Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010

---

<sup>4</sup> 15 U.S.C. 78q-1.

<sup>5</sup> 15 U.S.C. 78s.

(“Dodd-Frank”),<sup>6</sup> FICC is required to follow: (1) a specified process<sup>7</sup> whenever it proposes a new rule or a change or amendment to its Rules and (2) a specified process<sup>8</sup> whenever it proposes to make a change to its rules, procedures or operations that could materially affect the nature or level of risks presented by FICC.

These rule change processes provide notice to Members and provide an opportunity for those parties to comment on such changes. Rule 19b-4 under the Act requires that FICC post any rule change proposals on its website within two business days after the filing of a proposed rule change,<sup>9</sup> post any rule changes that are approved by the Commission within two business days after it has been notified of the Commission’s approval<sup>10</sup> and post any rule change within two business days of the Commission’s notice of such proposed change for rule changes that are effective upon filing.<sup>11</sup> FICC complies—and will continue to comply—with such notice requirements which it believes are adequate.

C. Clarify certain provisions regarding notice to Interested Persons in the Rules

FICC is proposing to revise certain provisions regarding notice to Interested Persons in GSD Rule 45, MBS Rule 35 and EPN Article V, Rule 16. Specifically, in the second paragraph of Section 1 of GSD Rule 45, second paragraph of MBS Rule 35, and EPN Article V, Rule 16, FICC proposes to revise “delivered” to “sufficiently served,” so the provision would state that FICC would deem a notice sufficiently served once such notice is posted to the website to be consistent with the other provisions in the first paragraph of Section 1 and Section 2 of GSD Rule 45, the first paragraph of Section 1 and Section 2 of MBS Rule 35, and the first paragraph of EPN Article V, Rule 16.

FICC would also revise GSD Rule 45, MBS Rule 35, and EPN Article V, Rule 16 to state that it is the responsibility of the Interested Persons to retrieve notices daily from FICC’s website.

FICC would also add a provision to EPN Article V, Rule 16 to state that any notice from an Interested Person to FICC shall be sufficiently served on FICC if the notice is in writing and is delivered, mailed, or transmitted by facsimile machine to FICC at its principal place of

---

<sup>6</sup> 12 U.S.C. 5465(e)(1).

<sup>7</sup> This process is set forth in Section 19(b) of the Act and Rule 19b-4 thereunder. 15 U.S.C. 78s(b) and 17 CFR 240.19b-4.

<sup>8</sup> This process is set forth in Section 806(e) of Dodd-Frank and Rule 19b-4 thereunder. 12 U.S.C. 5465(e) and 17 CFR 240.19b-4.

<sup>9</sup> 17 CFR 240.19b-4(l).

<sup>10</sup> 17 CFR 240.19b-4(m)(2).

<sup>11</sup> Id.

business, Attention: Secretary, or such other place as FICC designates in order to be consistent with Section 2 of GSD Rule 45 and Section 2 of MBSD Rule 35. This new provision would also state that any such notice to FICC shall be deemed to have been given when received.

D. Remove certain redundant or unnecessary provisions for clarity

FICC is proposing to remove the second paragraph in GSD Rule 2A, Section 3 that states that FICC shall retain the right to deny membership to an applicant if FICC becomes aware of any factor or circumstance about the applicant or its Controlling Management which may impact the suitability of that particular applicant as a Member of FICC because it is redundant.

In addition, FICC proposes to remove “or any Committee thereof” from GSD Rule 47 and MBSD Rule 37 because it is redundant. In addition, FICC proposes to remove “, or any committee of the Board,” in EPN Article V, Rule 1 because it is also redundant. The definition of “Board of Directors” currently includes committees.

Furthermore, for simplicity and because it is unnecessary, FICC proposes to remove the word “all” before “EPN Users” in EPN Article V, Rule 10.

E. Clarify the provision relating to a special charge in the GSD Rules

The fourth paragraph in Section 1b(a) of GSD Rule 4 describes a special charge. FICC is proposing to revise the phrase “additional amount” to “additional payment” in this paragraph. To enhance transparency and clarity, FICC would also revise the provision to state that FICC may charge (and not just calculate) an additional payment (a “special charge”) applicable to a Margin Portfolio as determined by FICC from time to time in view of market conditions and other financial and operational capabilities of the Member, and FICC would make any such determination based on such factors as FICC determines to be appropriate from time to time. This revised provision would be moved from the fourth paragraph to a new subsection (viii) in Section 1b(a) of GSD Rule 4 preceded by the word “plus.”

F. Certain clarifications and corrections to GSD Rule 22C

FICC is proposing to make certain clarifications to GSD Rule 22C which describes FICC’s interpretation in relation to the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”).

FICC proposes to correct the title of GSD Rule 22C by adding the word “Improvement” after “Corporation.”

FICC would revise “Netting Members” to “Members” in GSD Rule 22C to clarify that the transactions of Members other than Netting Members may be Novated to FICC. Such Members may therefore have net claims against FICC under the GSD Rules, and FICC may have

net claims against such Members under the GSD Rules. In each such case, both the Members and FICC intend FDICIA's clearing organization netting provisions to apply.

In addition, FICC is proposing to add "or used" after "defined" in GSD Rule 22C to clarify that some terms discussed in GSD Rule 22C are used in FDICIA but either are not defined at all or not defined in FDICIA.

FICC is also proposing to add "or delivery" in the third and fourth paragraph since the term "payment" as used in FDICIA includes a "noncash payment,"<sup>12</sup> and it is FICC's and each Member's intent that both the cash payment and security delivery entitlements and obligations of FICC and each Member be subject to FDICIA's clearing organization netting provisions.

FICC is also proposing to add "and each Cross-Margining Arrangement and associated agreement and guaranty" in the last paragraph of GSD Rule 22C to clarify the intent of FICC and each Member that the Cross-Margining Arrangements and associated agreements and guaranties are within the scope of Section 404(h) of FDICIA and therefore subject to its protections for "any security agreement or arrangement or other credit enhancement related to one or more netting contracts" between clearing organization members.

FICC would correct references to this Rule 22C. Specifically, FICC would revise references from "this Rule 22C" to "Rule 22B" because Rule 22B (not Rule 22C) provides for the exercise of netting and close-out rights that FICC and its Members intend to be within the scope of FDICIA's protections.

FICC is also proposing to remove the reference to GSD to reflect the fact that FICC, not GSD, is a "clearing organization" within the meaning of FDICIA.

FICC would also revise the last sentence in GSD Rule 22C to clarify that the netting provided for under Rules 22A and 22B falls within the scope of the general netting protections of Section 404(a) of FDICIA.

#### G. Other Clarifications and Corrections to the MBSR Rules

To enhance transparency, FICC is proposing to clarify the defined term "Settlement Price" in MBSR Rule 1 to add a case that occurs in current practice. Specifically, FICC proposes to revise subsection (b) to add unallocated TBAs that go through the process for determining the TBA Reprice Transaction Adjustment Payment.

FICC is also proposing correct the defined term "Settlement Value" in MBSR Rule 1 to reflect current practice by (i) removing the references to a Trade-for-Trade Transaction, an SBO-Destined Trade, a Stipulated Trade, and a SBON Trade because only Pool Deliver Obligations, Pool Receive Obligations, and Specified Pool Trades include interest, and (ii) adding a new paragraph for Trade-for-Trade Transactions, an SBO-Destined Trade, a Stipulated Trade, and an

---

<sup>12</sup> See 12 U.S.C. 4402(15).

SBON Trade that would state that with respect to these types of trades, Settlement Value would mean the amount in dollars equal to the Par Amount of each Eligible Security that comprises these trades multiplied by the Settlement Price.

FICC is also proposing to add “and SBON Trades” to the definition of “TBA Obligations” and remove “, with respect to” and “settlement obligations generated by the Trade Comparison System” in MSBD Rule 1 to correct an omission and reflect current practice.

FICC would also clarify that the term settlement date in MSBD Rule 8, Section 2B refers to the SIFMA settlement date because the Expanded Pool Netting process only occurs four times a month (during the SIFMA settlement cycle).

In addition, FICC is proposing to add the phrase “for purposes of this Rule 8, hereinafter referred to” before the defined term “Exp Day” in MSBD Rule 8, Section 2B to enhance clarity.

FICC would also add the following cash-only settlement amounts “Miscellaneous Adjustment Amount from TBA Clearing (MIS),” “Miscellaneous Adjustment Amount from Pool Netting (MSC),” and “Miscellaneous Adjustment from EPN (MSE)” to MSBD Rule 11, Section 7. MSBD Rule 11, Section 7 describes the computation of the Cash Balance for each applicable account. Furthermore, FICC would add the defined term “Miscellaneous Adjustment Amount” to MSBD Rule 1, and such definition would be consistent with the definition for the same term in the GSD Rules.

FICC is proposing to add “Date” after “Trade” under Processing Fees of Section I of the Broker Schedule of Charges and under Processing Fees of Section I of the Dealer Schedule of Charges to enhance clarity.

#### H. Other clarifications and corrections to the EPN Rules

To enhance clarity and to be consistent with GSD Rule 44 and MSBD Rule 34, FICC is proposing to revise EPN Article V, Rule 1. Currently, EPN Article V, Rule 1 states that except where action by the Board of Directors, or any committee of the Board, is specifically required by the By-Laws or the EPN Rules, FICC may act by its President, any Managing Director or any Executive Director or by such person, as may be designated from time to time by the Board of Directors. FICC proposes to revise EPN Article V, Rule 1 to state that where action by the Board of Directors is required by the EPN Rules, FICC may act, to the fullest extent permitted by law, by the Chairman of the Board, by its President, any Managing Director or any Executive Director or by such person or persons, whether or not employed by FICC, as may be designated from time to time by the Board of Directors.

FICC also proposes to correct EPN Article II, Rule 2, Section 3. Specifically, FICC proposes to revise that the Message Summary Report lists the summary totals of each message type by EPN Eligible Security and Participant. This report lists the summary totals of each message type (not list the contents of each message).

FICC also proposes to clarify EPN Article III, Rule 1, Section 2 by removing subsection (a) because FICC does not review an applicant's financial ability, and FICC does not collect financials for EPN Users.

To enhance clarity, FICC proposes to revise the reference from "Greater than 10 accounts" to "11 Accounts and over" under the section entitled "Account Maintenance Fees" in the FICC MSBD EPN Schedule of Charges.

***(iii) Proposal to make certain technical changes in the Rules***

FICC is proposing to make the following technical changes in the Rules to enhance the clarity and readability of the Rules:

A. Grammar-related technical changes

FICC is proposing to make certain grammar-related technical changes. FICC is proposing to make a conforming grammatical change in the final paragraph of GSD Rule 22C to change "relating" to "related." FICC is also proposing to revise "payments" to "payment" as a conforming grammatical change in GSD Rule 22C. FICC would also remove the word "which" in GSD Rule 11B, Section (a) to make a grammatical correction. FICC would add the word "or" as a grammatical correction in the definition of "Settlement Value" in MSBD Rule 1. FICC is also proposing to make a conforming grammatical change to remove the comma in the definition of "TBA Obligations" in MSBD Rule 1.

B. Correct typographical errors

FICC is proposing to revise "An" to "Any" to correct a typographical error in the fourth paragraph of GSD Rule 22C.

C. Other technical changes

FICC is also proposing to make the technical changes described below.

- conform the use of dashes in Section 2 of GSD Rule 38 and Section 2 of MSBD Rule 29.
- revise the comma to a semi-colon in the last paragraph of GSD Rule 22C.
- add a comma in the last sentence of GSD Rule 22C, in the defined term "Clearing System" in MSBD Rule 1.
- add a hyphen between "the" and "Market" in the defined term "Off-the Market Transaction" in MSBD Rule 1.

- correct a section reference in MSBD Rule 11, Section 7(l) by revising the reference from Section 6 to Section 10.
- make conforming changes to MBSB Rule 11, Section 7 to replace the comma with a semi-colon and add plus or minus after the items described in subsections (o), (p), and (q).
- make a conforming change to EPN Article III, Rule 1, Section 2 by revising subsections (b) and (c) to subsections (a) and (b), respectively because FICC is proposing to remove subsection (a), as described above.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.<sup>13</sup>

The proposed changes to (i) correct or clarify the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules would help to ensure that the Rules are accurate and clear to participants. When participants better understand their rights and obligations regarding the Rules, such participants are more likely to act in accordance with the Rules, which FICC believes would promote the prompt and accurate clearance and settlement of securities transactions. As such, FICC believes that the proposed changes would be consistent with Section 17A(b)(3)(F) of the Act.<sup>14</sup>

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

FICC does not believe the proposed rule changes to (i) correct or clarify the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules would impact competition. The proposed rule changes would help to ensure that the Rules remain clear and accurate. In addition, the changes would facilitate participants' understanding of the Rules and their obligations thereunder. These changes would not affect FICC's operations or the rights and obligations of the membership. As such, FICC believes the proposed rule changes would not have any impact on competition.

---

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>14</sup> Id.

**5. Self-Regulatory Organization’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.

**6. Extension of Time Period for Commission Action**

Not applicable.

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

(a) The proposed rule change is to become effective pursuant to paragraph (A) of Section 19(b)(3) of the Act.<sup>15</sup>

(b) The proposed rule change effects a change in an existing service of FICC that (A) does not adversely affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible and (B) does not significantly affect the respective rights or obligations of FICC or Members because the proposed rule change would not affect the rights or obligations of the Members or FICC other than establishing when the rule changes described above would begin to impact the Members.<sup>16</sup>

(c) Not applicable.

(d) Not applicable.

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

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

**9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

---

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

<sup>16</sup> 17 CFR 240.19b-4(f)(4).

**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 Rules.

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-FICC-2021-005)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Modify the FICC Government Securities Division Rulebook, FICC Mortgage-Backed Securities Division Clearing Rules, and FICC Mortgage-Backed Securities Division EPN Rules

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 June \_\_, 2021, 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. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> 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 of FICC consists of modifications to the FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”), the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules”) and the FICC MBSD EPN Rules (“EPN Rules,” and together with the GSD Rules and the MBSD

---

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

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

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

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

Rules, the “Rules”)<sup>5</sup> in order to (i) correct or clarify the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules, each as described in more detail 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.

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

1. Purpose

FICC is proposing to (i) correct the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules, each as described in more detail below.

(i) ***Proposal to correct or clarify the use of certain defined terms in the Rules***

A. Proposal to delete terms that are no longer used in the Rules

FICC is proposing to remove the following defined terms and related descriptions, as applicable, in the Rules:

---

<sup>5</sup> Capitalized terms used herein and not defined shall have the meanings assigned to such terms in the GSD Rules, MBSD Rules and EPN Rules, as applicable, available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

- “GCF Securities Account” in GSD Rule 1 and the phrase “and for which the Corporation establishes a GCF Securities Account” in the defined term “GCF Clearing Agent Bank” in GSD Rule 1 because these provisions relate to the interbank service of the GCF Repo Service, which FICC does not expect to reinstitute.<sup>6</sup>
- “and Clearing Fund Funds-Only Settlement Amount” in the defined term “Opening Balance” in GSD Rule 1 because “Clearing Fund Funds-Only Settlement Amount” is no longer a defined term in the GSD Rules.<sup>7</sup>
- the defined term “Direct Transaction” in MBSD Rule 1 because this defined term is no longer used in the MBSD Rules (it was used in a previous version of the rules relating to loss allocation).

---

<sup>6</sup> In 2016, the Commission approved FICC’s proposed rule change to suspend the interbank service of the GCF Repo Service. The GCF Repo Service has operated on both an “interbank” and “intrabank” basis. “Interbank” means that the two GCF Repo Participants, which have been matched in a GCF Repo transaction, each clear at a different clearing bank. See Securities Exchange Act Release No. 78206 (June 30, 2016), 81 FR 44388 (July 7, 2016) (SR-FICC-2016-002).

“Intrabank” means that the two GCF Repo Participants, which have been matched in a GCF Repo transaction, clear at the same clearing bank. FICC does not expect to reinstitute the interbank service of the GCF Repo Service at this time and removed all references to this service from the GSD Rules in 2020. See Securities Exchange Act Release No. 88766 (April 29, 2020), 85 FR 26747 (May 5, 2020) (SR-FICC-2020-005) (“FICC Clean-Up Changes Filing”).

<sup>7</sup> Most of the references to the term “Clearing Fund Funds-Only Settlement Amount” were deleted in the FICC Clean-Up Changes Filing because this is an outdated Clearing Fund component and should have been deleted when GSD moved to a VaR-based Clearing Fund methodology. See FICC Clean-up Changes Filing, supra note 6.

- the defined term “Eligible Letter of Credit” in MBSD Rule 1 because this defined term is no longer used in the MBSD Rules (it is no longer a required form of Clearing Fund).
- the defined term “TBA Comparison” from MBSD Rule 1 because this defined term is not used in the MSBD Rules and is also duplicative (it has the same definition as the defined term “Trade Comparison”).
- the defined term “GCF Collateral Excess Account” in MBSD Rule 1 because this is a typographical error and was inadvertently included in the MBSD Rules. GCF Collateral Excess Account is only relevant to the GSD Rules, not the MBSD Rules.

B. Proposal to revise references to reflect the existing defined terms and related changes

FICC is proposing to capitalize references to the following words to reflect the existing defined terms in their respective Rules:

- “registered clearing agencies” in GSD Rule 36 and EPN Article V, Rule 10
- “clearing agency” in EPN Article V, Rule 14

As described above, because FICC is proposing to capitalize the references to registered clearing agencies and clearing agencies in the EPN Rules in order to be consistent with the GSD Rules and MSBD Rules, FICC is also proposing to add the defined terms “Registered Clearing Agency” and “Clearing Agency to EPN Article I, Rule 1 to enhance clarity.

FICC is also proposing to revise “Securities and Exchange Commission” to “SEC” in GSD Rule 36 to reflect the existing defined term.

In addition, FICC is proposing to add “EPN” before the references to “Rules” in EPN Article V, Rule 10 to reflect the existing defined term.

C. Proposal to revise capitalized terms to reflect that they are not defined terms

FICC is proposing to revise the references from “Website” to “website” in Section 2 of GSD Rule 3 because “Website” is not a defined term.

*(ii) Proposal to make certain clarifications and corrections in the Rules*

A. Remove certain categories where there is no charge

Certain categories are included in the FICC MSBD Schedule of Charges Broker Account Group (“Broker Schedule of Charges”) and the FICC MSBD Schedule of Charges Dealer Account Group (“Dealer Schedule of Charges”) of the MBSB Rules and the FICC MSBD EPN Schedule of Charges in the EPN Rules even though there are no charges associated with those categories.

As such, for simplicity and to enhance clarity, FICC is proposing to remove the category entitled “DK and Modify” from the subsection entitled “Trade Processing” under Section 1 of the Broker Schedule of Charges of the MBSB Rules.

FICC is also proposing to remove the category entitled “DK and Modify” from the subsections entitled (a) “Trade Processing,” (b) “Trade-for-Trade Transactions, Specified Pool Trades, and Stipulated Trades,” and (c) “Option Trades” under Section I of the Dealer Schedule of Charges of the MBSB Rules.

In addition, FICC is also proposing to remove certain categories from the sections entitled “Message Processing Fees” and “Pool Substitution Cancel/Correct” in the FICC MSBD EPN Schedule of Charges. Specifically, FICC proposes to remove the following categories:

- “DK Send or Receive:”
- “Cancel Send or Receive:”
- “Retransmission Request:”
- “Cancel/Correct Receive:”
- “Cancel/Correct DK Send or Receive:”
- “Cancel/Correct Retransmission Request:”

B. Clarify the Rules related to notification of rule changes

In order to be consistent with similar provisions in the GSD Rules and the EPN Rules and to enhance clarity, FICC is also proposing to add “and Registered Clearing Agencies” to MBSD Rule 27. FICC believes this proposed change would clarify that FICC shall promptly notify Registered Clearing Agencies in addition to Members of any proposal to change, revise, add, or repeal any Rule.

In addition, currently, GSD Rule 36 states that FICC would notify all Members and registered clearing agencies of any rule change proposals, and MBSD Rule 27 states that FICC would notify all Members of any rule change proposals. Similarly, EPN Article V, Rule 10 states that FICC would notify all EPN Users and registered clearing agencies of any rule change proposals by posting the proposal on the FICC Website.

As a clearing agency registered with the Commission, the Act provides a clear framework under which FICC’s Rules are adopted and enforced. Under the rule change process, generally, before a proposed rule change may take effect, (i) the change and an explanatory statement must be filed with the Commission and posted by FICC on the FICC Website, (ii) notice of the filing and the substantive terms or description of the change must be published by the Commission in the Federal Register for public review

and comment, and (iii) the Commission must approve the change (or the change must otherwise be permitted to take effect). FICC's Rules are filed with and reviewed by the Commission. As a clearing agency registered under Section 17A of the Act,<sup>8</sup> a self-regulatory organization subject to Section 19 of the Act,<sup>9</sup> and a systemically important financial market utility under Title VIII of Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank"),<sup>10</sup> FICC is required to follow: (1) a specified process<sup>11</sup> whenever it proposes a new rule or a change or amendment to its Rules and (2) a specified process<sup>12</sup> whenever it proposes to make a change to its rules, procedures or operations that could materially affect the nature or level of risks presented by FICC.

These rule change processes provide notice to Members and provide an opportunity for those parties to comment on such changes. Rule 19b-4 under the Act requires that FICC post any rule change proposals on its website within two business days after the filing of a proposed rule change,<sup>13</sup> post any rule changes that are approved by the Commission within two business days after it has been notified of the

---

<sup>8</sup> 15 U.S.C. 78q-1.

<sup>9</sup> 15 U.S.C. 78s.

<sup>10</sup> 12 U.S.C. 5465(e)(1).

<sup>11</sup> This process is set forth in Section 19(b) of the Act and Rule 19b-4 thereunder. 15 U.S.C. 78s(b) and 17 CFR 240.19b-4.

<sup>12</sup> This process is set forth in Section 806(e) of Dodd-Frank and Rule 19b-4 thereunder. 12 U.S.C. 5465(e) and 17 CFR 240.19b-4.

<sup>13</sup> 17 CFR 240.19b-4(l).

Commission's approval<sup>14</sup> and post any rule change within two business days of the Commission's notice of such proposed change for rule changes that are effective upon filing.<sup>15</sup> FICC complies—and will continue to comply—with such notice requirements which it believes are adequate.

C. Clarify certain provisions regarding notice to Interested Persons in the Rules

FICC is proposing to revise certain provisions regarding notice to Interested Persons in GSD Rule 45, MBSD Rule 35 and EPN Article V, Rule 16. Specifically, in the second paragraph of Section 1 of GSD Rule 45, second paragraph of MSBD Rule 35, and EPN Article V, Rule 16, FICC proposes to revise “delivered” to “sufficiently served,” so the provision would state that FICC would deem a notice sufficiently served once such notice is posted to the website to be consistent with the other provisions in the first paragraph of Section 1 and Section 2 of GSD Rule 45, the first paragraph of Section 1 and Section 2 of MBSD Rule 35, and the first paragraph of EPN Article V, Rule 16.

FICC would also revise GSD Rule 45, MBSD Rule 35, and EPN Article V, Rule 16 to state that it is the responsibility of the Interested Persons to retrieve notices daily from FICC's website.

FICC would also add a provision to EPN Article V, Rule 16 to state that any notice from an Interested Person to FICC shall be sufficiently served on FICC if the notice is in writing and is delivered, mailed, or transmitted by facsimile machine to FICC at its principal place of business, Attention: Secretary, or such other place as FICC

---

<sup>14</sup> 17 CFR 240.19b-4(m)(2).

<sup>15</sup> Id.

designates in order to be consistent with Section 2 of GSD Rule 45 and Section 2 of MBSD Rule 35. This new provision would also state that any such notice to FICC shall be deemed to have been given when received.

D. Remove certain redundant or unnecessary provisions for clarity

FICC is proposing to remove the second paragraph in GSD Rule 2A, Section 3 that states that FICC shall retain the right to deny membership to an applicant if FICC becomes aware of any factor or circumstance about the applicant or its Controlling Management which may impact the suitability of that particular applicant as a Member of FICC because it is redundant.

In addition, FICC proposes to remove “or any Committee thereof” from GSD Rule 47 and MBSD Rule 37 because it is redundant. In addition, FICC proposes to remove “, or any committee of the Board,” in EPN Article V, Rule 1 because it is also redundant. The definition of “Board of Directors” currently includes committees.

Furthermore, for simplicity and because it is unnecessary, FICC proposes to remove the word “all” before “EPN Users” in EPN Article V, Rule 10.

E. Clarify the provision relating to a special charge in the GSD Rules

The fourth paragraph in Section 1b(a) of GSD Rule 4 describes a special charge. FICC is proposing to revise the phrase “additional amount” to “additional payment” in this paragraph. To enhance transparency and clarity, FICC would also revise the provision to state that FICC may charge (and not just calculate) an additional payment (a “special charge”) applicable to a Margin Portfolio as determined by FICC from time to time in view of market conditions and other financial and operational capabilities of the Member, and FICC would make any such determination based on such factors as FICC

determines to be appropriate from time to time. This revised provision would be moved from the fourth paragraph to a new subsection (viii) in Section 1b(a) of GSD Rule 4 preceded by the word “plus.”

F. Certain clarifications and corrections to GSD Rule 22C

FICC is proposing to make certain clarifications to GSD Rule 22C which describes FICC’s interpretation in relation to the Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”).

FICC proposes to correct the title of GSD Rule 22C by adding the word “Improvement” after “Corporation.”

FICC would revise “Netting Members” to “Members” in GSD Rule 22C to clarify that the transactions of Members other than Netting Members may be Novated to FICC. Such Members may therefore have net claims against FICC under the GSD Rules, and FICC may have net claims against such Members under the GSD Rules. In each such case, both the Members and FICC intend FDICIA’s clearing organization netting provisions to apply.

In addition, FICC is proposing to add “or used” after “defined” in GSD Rule 22C to clarify that some terms discussed in GSD Rule 22C are used in FDICIA but either are not defined at all or not defined in FDICIA.

FICC is also proposing to add “or delivery” in the third and fourth paragraph since the term “payment” as used in FDICIA includes a “noncash payment,”<sup>16</sup> and it is FICC’s and each Member’s intent that both the cash payment and security delivery

---

<sup>16</sup> See 12 U.S.C. 4402(15).

entitlements and obligations of FICC and each Member be subject to FDICIA's clearing organization netting provisions.

FICC is also proposing to add "and each Cross-Margining Arrangement and associated agreement and guaranty" in the last paragraph of GSD Rule 22C to clarify the intent of FICC and each Member that the Cross-Margining Arrangements and associated agreements and guaranties are within the scope of Section 404(h) of FDICIA and therefore subject to its protections for "any security agreement or arrangement or other credit enhancement related to one or more netting contracts" between clearing organization members.

FICC would correct references to this Rule 22C. Specifically, FICC would revise references from "this Rule 22C" to "Rule 22B" because Rule 22B (not Rule 22C) provides for the exercise of netting and close-out rights that FICC and its Members intend to be within the scope of FDICIA's protections.

FICC is also proposing to remove the reference to GSD to reflect the fact that FICC, not GSD, is a "clearing organization" within the meaning of FDICIA.

FICC would also revise the last sentence in GSD Rule 22C to clarify that the netting provided for under Rules 22A and 22B falls within the scope of the general netting protections of Section 404(a) of FDICIA.

G. Other Clarifications and Corrections to the MBSD Rules

To enhance transparency, FICC is proposing to clarify the defined term "Settlement Price" in MBSD Rule 1 to add a case that occurs in current practice. Specifically, FICC proposes to revise subsection (b) to add unallocated TBAs that go through the process for determining the TBA Reprice Transaction Adjustment Payment.

FICC is also proposing correct the defined term “Settlement Value” in MSBD Rule 1 to reflect current practice by (i) removing the references to a Trade-for-Trade Transaction, an SBO-Destined Trade, a Stipulated Trade, and a SBON Trade because only Pool Deliver Obligations, Pool Receive Obligations, and Specified Pool Trades include interest, and (ii) adding a new paragraph for Trade-for-Trade Transactions, an SBO-Destined Trade, a Stipulated Trade, and an SBON Trade that would state that with respect to these types of trades, Settlement Value would mean the amount in dollars equal to the Par Amount of each Eligible Security that comprises these trades multiplied by the Settlement Price.

FICC is also proposing to add “and SBON Trades” to the definition of “TBA Obligations” and remove “, with respect to” and “settlement obligations generated by the Trade Comparison System” in MSBD Rule 1 to correct an omission and reflect current practice.

FICC would also clarify that the term settlement date in MSBD Rule 8, Section 2B refers to the SIFMA settlement date because the Expanded Pool Netting process only occurs four times a month (during the SIFMA settlement cycle).

In addition, FICC is proposing to add the phrase “for purposes of this Rule 8, hereinafter referred to” before the defined term “Exp Day” in MSBD Rule 8, Section 2B to enhance clarity.

FICC would also add the following cash-only settlement amounts “Miscellaneous Adjustment Amount from TBA Clearing (MIS),” “Miscellaneous Adjustment Amount from Pool Netting (MSC),” and “Miscellaneous Adjustment from EPN (MSE)” to MSBD Rule 11, Section 7. MSBD Rule 11, Section 7 describes the computation of the Cash

Balance for each applicable account. Furthermore, FICC would add the defined term “Miscellaneous Adjustment Amount” to MSBD Rule 1, and such definition would be consistent with the definition for the same term in the GSD Rules.

FICC is proposing to add “Date” after “Trade” under Processing Fees of Section I of the Broker Schedule of Charges and under Processing Fees of Section I of the Dealer Schedule of Charges to enhance clarity.

H. Other clarifications and corrections to the EPN Rules

To enhance clarity and to be consistent with GSD Rule 44 and MBSD Rule 34, FICC is proposing to revise EPN Article V, Rule 1. Currently, EPN Article V, Rule 1 states that except where action by the Board of Directors, or any committee of the Board, is specifically required by the By-Laws or the EPN Rules, FICC may act by its President, any Managing Director or any Executive Director or by such person, as may be designated from time to time by the Board of Directors. FICC proposes to revise EPN Article V, Rule 1 to state that where action by the Board of Directors is required by the EPN Rules, FICC may act, to the fullest extent permitted by law, by the Chairman of the Board, by its President, any Managing Director or any Executive Director or by such person or persons, whether or not employed by FICC, as may be designated from time to time by the Board of Directors.

FICC also proposes to correct EPN Article II, Rule 2, Section 3. Specifically, FICC proposes to revise that the Message Summary Report lists the summary totals of each message type by EPN Eligible Security and Participant. This report lists the summary totals of each message type (not list the contents of each message).

FICC also proposes to clarify EPN Article III, Rule 1, Section 2 by removing subsection (a) because FICC does not review an applicant's financial ability, and FICC does not collect financials for EPN Users.

To enhance clarity, FICC proposes to revise the reference from "Greater than 10 accounts" to "11 Accounts and over" under the section entitled "Account Maintenance Fees" in the FICC MSBD EPN Schedule of Charges.

***(iii) Proposal to make certain technical changes in the Rules***

FICC is proposing to make the following technical changes in the Rules to enhance the clarity and readability of the Rules:

A. Grammar-related technical changes

FICC is proposing to make certain grammar-related technical changes. FICC is proposing to make a conforming grammatical change in the final paragraph of GSD Rule 22C to change "relating" to "related." FICC is also proposing to revise "payments" to "payment" as a conforming grammatical change in GSD Rule 22C. FICC would also remove the word "which" in GSD Rule 11B, Section (a) to make a grammatical correction. FICC would add the word "or" as a grammatical correction in the definition of "Settlement Value" in MSBD Rule 1. FICC is also proposing to make a conforming grammatical change to remove the comma in the definition of "TBA Obligations" in MSBD Rule 1.

B. Correct typographical errors

FICC is proposing to revise "An" to "Any" to correct a typographical error in the fourth paragraph of GSD Rule 22C.

C. Other technical changes

FICC is also proposing to make the technical changes described below.

- conform the use of dashes in Section 2 of GSD Rule 38 and Section 2 of MBSD Rule 29.
- revise the comma to a semi-colon in the last paragraph of GSD Rule 22C.
- add a comma in the last sentence of GSD Rule 22C, in the defined term “Clearing System” in MBSD Rule 1.
- add a hyphen between “the” and “Market” in the defined term “Off-the Market Transaction” in MBSD Rule 1.
- correct a section reference in MBSD Rule 11, Section 7(l) by revising the reference from Section 6 to Section 10.
- make conforming changes to MBSD Rule 11, Section 7 to replace the comma with a semi-colon and add plus or minus after the items described in subsections (o), (p), and (q).
- make a conforming change to EPN Article III, Rule 1, Section 2 by revising subsections (b) and (c) to subsections (a) and (b), respectively because FICC is proposing to remove subsection (a), as described above.

2. Statutory Basis

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

The proposed changes to (i) correct or clarify the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules would help to ensure that the Rules are accurate and clear to participants. When participants better understand their rights and obligations regarding the Rules, such participants are more likely to act in accordance with the Rules, which FICC believes would promote the prompt and accurate clearance and settlement of securities transactions. As such, FICC believes that the proposed changes would be consistent with Section 17A(b)(3)(F) of the Act.<sup>18</sup>

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

FICC does not believe the proposed rule changes to (i) correct or clarify the use of certain defined terms in the Rules, (ii) make certain clarifications and corrections in the Rules, and (iii) make certain technical changes to the Rules would impact competition. The proposed rule changes would help to ensure that the Rules remain clear and accurate. In addition, the changes would facilitate participants' understanding of the Rules and their obligations thereunder. These changes would not affect FICC's operations or the rights and obligations of the membership. As such, FICC believes the proposed rule changes would not have any impact on competition.

---

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

<sup>18</sup> Id.

(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)<sup>19</sup> of the Act and paragraph (f)<sup>20</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2021-005 on the subject line.

---

<sup>19</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>20</sup> 17 CFR 240.19b-4(f).

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-2021-005. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post 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-2021-005 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

Secretary

---

<sup>21</sup> 17 CFR 200.30-3(a)(12).



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

## RULE 1 – DEFINITIONS\*

\*\*\*\*

### GCF Clearing Agent Bank

The term “GCF Clearing Agent Bank” means a Clearing Agent Bank that has agreed to provide the Corporation, upon request, under mutually agreeable terms, with clearing services for GCF Repo Transactions ~~and for which the Corporation establishes a GCF Securities Account.~~

\*\*\*\*

### ~~GCF Securities Account~~

~~The term “GCF Securities Account” means an account established by the Corporation in the name of a GCF Clearing Agent Bank, as agent for customers, to be used in connection with the netting and settlement of GCF Repo Transactions.~~

\*\*\*\*

### Opening Balance

The term “Opening Balance” means, with regard to the calculation of a Member’s Funds-Only Settlement Amount ~~and Clearing Fund Funds-Only Settlement Amount~~ on a given Business Day, the amount reported to such Member during the processing cycle of the previous Business Day as the Member’s Funds-Only Settlement Amount obligation.

\*\*\*\*

---

\* All products and services provided by the Corporation referenced in these Rules are either registered trademarks or servicemarks of, or trademarks or servicemarks of, The Depository Trust & Clearing Corporation or its affiliates. Other names of companies, products or services appearing in these Rules are the trademarks or servicemarks of their respective owners.

## RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

\*\*\*\*

### Section 3 – Admission Criteria Membership Qualifications and Standards for Comparison-Only Members

\*\*\*\*

In addition to items (a) through (d) above, the Corporation shall retain the right to deny membership to an applicant if the Corporation becomes aware of any factor or circumstance about the applicant or its Controlling Management which may impact the suitability of that particular applicant as a Member of the Corporation. Further, applicants are required to inform the Corporation as to any member of its Controlling Management that is or becomes subject to Statutory Disqualification (as defined in Section 3(a)(39) of the Exchange Act).

~~**The Corporation shall retain the right to deny membership to an applicant if the Corporation becomes aware of any factor or circumstance about the applicant or its Controlling Management which may impact the suitability of that particular applicant as a Member of the Corporation.**~~

\*\*\*\*

### **RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS**

\*\*\*\*

#### Section 2 - Reports by Netting Members

Each Netting Member shall submit to the Corporation the reports, financial or other information set forth below and such other reports, financial and other information as the Corporation from time to time may reasonably require. Unless specifically set forth below, the time periods prescribed by the Corporation are set forth in the form of notices posted at the Corporation's wWebsite and/or distributed by the Corporation from time to time. It shall be the Member's responsibility to retrieve all notices daily from the wWebsite.

\*\*\*\*

## RULE 4 - CLEARING FUND AND LOSS ALLOCATION

\*\*\*\*\*

### Section 1b – Unadjusted GSD Margin Portfolio Amount

(a) Each Business Day, the Corporation shall determine, with respect to each Margin Portfolio, an Unadjusted GSD Margin Portfolio Amount as the sum of the following:

(i) the VaR Charge,

minus

(ii) in the case of a Margin Portfolio of a Cross Margining Participant that is subject to one or more Cross-Margining Arrangements, in the discretion of the Corporation, an amount not to exceed the sum of any applicable Cross-Margining Reductions, calculated on the current Business Day for such Cross-Margining Participant in accordance with the applicable Cross-Margining Agreements,

plus

(iii) in the case of a Margin Portfolio of a GCF Counterparty, the Early Unwind Intraday Charge, if applicable,

plus or minus

(iv) in the case of a Margin Portfolio of a GCF Counterparty, the Blackout Period Exposure Adjustment, if applicable, during the monthly Blackout Period or until the applicable GCF Clearing Agent Bank updates the Pool Factors used for collateral valuation,

plus

(v) in the case of a Netting Member with backtesting deficiencies, the Backtesting Charge, if applicable,

plus

(vi) the Holiday Charge, if applicable, on the Business Day prior to a Holiday,

plus

(vii) a Margin Liquidity Adjustment Charge and an MLA Excess Amount, if applicable.

**plus**

**(viii) an additional payment (“special charge”) applicable to a Margin Portfolio as determined by the Corporation from time to time in view of market conditions and other financial and operational capabilities of the Member. The Corporation shall make any such determination based on such factors as the Corporation determines to be appropriate from time to time.**

The Corporation shall determine a separate Unadjusted GSD Margin Portfolio Amount for a Netting Member’s Market Professional Cross-Margining Account.

The Corporation shall have the discretion to not apply the VaR calculation(s) to Net Unsettled Positions in classes of securities whose volatility is less amenable to statistical analysis, or to Term Repo Transactions and Forward-Starting Repo Transactions (including term and forward-starting GCF Repo Transactions) whose term repo rate volatility is less amenable to statistical analysis. In lieu of such calculation, the component required with respect to such transactions shall instead be determined utilizing a haircut method based on a historic index volatility model.

The Corporation shall take into account the VaR confidence level applicable to the Member in calculating the VaR Charge. In the case of a Margin Portfolio containing accounts of Permitted Margin Affiliates, the Corporation shall apply the highest VaR confidence level applicable to the Member or its Permitted Margin Affiliates.

~~**The Corporation shall have the discretion to calculate an additional amount (“special charge”) applicable to a Margin Portfolio as determined by the Corporation from time to time in view of market conditions and other financial and operational capabilities of the Member. The Corporation shall make any such determination based on such factors as the Corporation determines to be appropriate from time to time.**~~

\*\*\*\*

## **RULE 11B – GUARANTY OF SETTLEMENT**

(a) The Corporation shall guarantee the settlement of a trade the data on which were submitted for Bilateral Comparison, Demand Comparison, or Locked-In Comparison at the time **which** the comparison of such trade occurs pursuant to Rules 6A, 6B, or 6C, respectively, as long as the trade meets the requirements of Section 2 of Rule 11 and was entered into in good faith.

(b) The Corporation's guaranty referred to in subsection (a) above shall mean the Corporation's obligation to include the trade in calculating a Net Settlement Position and to novate the deliver, receive, and payment obligations that were created by the trade pursuant to these Rules. The Corporation's guaranty of settlement of an individual trade applies only to the settlement of that trade as it exists as part of a Net Settlement Position.

(c) The Corporation's guaranty referred to in subsections (a) and (b) above shall no longer be in effect if the trade becomes uncomparated, is cancelled, or settles pursuant to these Rules.

\*\*\*\*\*

**RULE 22C – INTERPRETATION IN RELATION TO THE  
FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991**

The Corporation and the ~~Netting~~ Members intend that these Rules be interpreted in relation to certain terms (identified below) that are defined **or used** in the Federal Deposit Insurance Corporation Act of 1991, as amended, as follows:

The ~~Government Securities Division of the~~ Corporation is a “clearing organization”;

Any obligation of a ~~Netting~~ Member or the Corporation to make any payments **or delivery** to the other is a “covered clearing obligation” and a “covered contractual payment obligation”;

Any entitlement of a ~~Netting~~ Member or the Corporation to receive a payment **or delivery** from the other is a “covered contractual payment entitlement”;

The Corporation and each Member is a “member” of the “clearing organization”;

The amount by which the covered contractual payment entitlements of a ~~Netting~~ Member or the Corporation exceed the covered contractual payment obligations of such Member or the Corporation after netting pursuant to Rule 22A or ~~Rule 22B~~**this Rule 22C** is its “net entitlement”;

The amount by which the covered contractual payment obligations of a ~~Netting~~ Member or the Corporation exceed the covered contractual payment entitlements of such Member or the Corporation after netting pursuant to Rule 22A or ~~Rule 22B~~**this Rule 22C** is its “net obligation”;  
and

These Rules, together with all other agreements between the Corporation and a ~~Netting~~ Member, are a “netting contract”, the margin, Clearing Fund and other provisions of these Rules granting an interest in any funds or property of a Member to the Corporation **and each Cross-Margining Arrangement and associated agreement and guaranty** constitute a “security agreement or arrangement or other credit enhancement” ~~relating~~**related** to such netting contract. The close-out **and netting** process **described** in Rule 22A or ~~Rule 22B~~**this Rule 22C** constitutes the “terminat[ion], liquidat[ion], accelerat[ion], and nett[ing]” of obligations, and the taking of any action by the Corporation under Section 11(e) of Rule 3B shall constitute an exercise of remedies under a “security agreement or arrangement or other credit enhancement” **related to a netting contract**.

\*\*\*\*

### **RULE 36 - RULE CHANGES**

The Corporation shall promptly notify all Members and ~~R~~registered ~~C~~learing ~~A~~gencies of any proposal it has made to change, revise, add or repeal any Rule, and of the text or a brief description of the proposed Rule and its purpose and effect, **by posting such proposal on its website**. Members and ~~R~~registered ~~C~~learing ~~A~~gencies may submit to the Corporation for its consideration their comments with respect to any such proposal, and such comments shall be filed with the Corporation's records and copies thereof delivered to the ~~SEC~~**Securities and Exchange Commission**.

\*\*\*\*

## **RULE 38 – GOVERNING LAW AND CAPTIONS**

### Section 1 – Governing Law

The Rules, and the rights and obligations under the Rules, shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and performed therein.

### Section 2 – Captions

Captions to any Rules are for information and guidance only, are not part of any Rule and are to be given no consideration in applying or construing any Rules.

\*\*\*\*

## RULE 45 - NOTICES

### Section 1 - Notice to an Interested Person

Any notice pursuant to these Rules from the Corporation to an Interested Person shall be sufficiently served on such Interested Person if the notice is in writing, and is mailed to the Interested Person's office address, is sent via electronic mail to the Interested Person's electronic mail address or is transmitted by facsimile machine to a facsimile machine located either in the Interested Person's office or elsewhere as designated by such Interested Person. Any notice to an Interested Person, if mailed, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Interested Person at its office address, and if sent via electronic mail, shall be deemed given when routed to the electronic mail address of the Interested Person. Any notice to an Interested Person, if transmitted by facsimile machine as provided above, shall be deemed to have been given when such transmission is verified on the facsimile machine of the Corporation as having been transmitted.

Notwithstanding anything in these Rules to the contrary, the Corporation may distribute notices to all Interested Persons by posting such notices on the Corporation's website. The Corporation shall deem a notice ~~delivered~~**sufficiently served** once such notice is successfully posted to the website, **and it is the responsibility of the Interested Persons to retrieve notices daily from the Corporation's website.**

### Section 2 - Notice to the Corporation

Any notice from an Interested Person to the Corporation shall be sufficiently served on the Corporation if the notice is in writing and is delivered, mailed, or transmitted by facsimile machine to the Corporation at its principal place of business, Attention: Secretary, or such other place as it designates. Any such notice to the Corporation shall be deemed to have been given when received.

### Section 3 - Notice by the Corporation of Certain Actions

Any notice required to be given by the Corporation pursuant to Rule 21, Rule 22 or Rule 48 shall set forth the specific grounds under consideration upon which any action taken by the Corporation pursuant to such Rule or Rules may be based and shall contain notice to the Member of its right to request a hearing, such request to be filed by such Member with the Corporation pursuant to Rule 37.

\*\*\*\*

**RULE 47 - INTERPRETATION OF RULES**

The Board of Directors of the Corporation ~~or any Committee thereof~~ or their designee(s) shall have the authority to interpret the Rules of the Corporation. Interpretations of the Board of Directors ~~or any Committee thereof~~ or their designee(s) shall be final and conclusive.

\*\*\*\*

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

## RULE 1 - DEFINITIONS

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the meanings herein specified.

\*\*\*\*

### **Clearing System**

The term “Clearing System” means the (i) System of services provided by the Corporation to Persons that are Members thereof, including Trade Comparison, TBA Netting, Pool Comparison, Pool Netting, and settlement, as applicable, and (ii) operations carried out by the Corporation in the course of providing such services, as provided in these Rules.

\*\*\*\*

### **Direct Transaction**

~~The term “Direct Transaction” means any Transaction calling for the delivery of an Eligible Security the data on which has been submitted to the Corporation by Members, that is not a Brokered Transaction.~~

\*\*\*\*

### **Eligible Letter of Credit**

~~The term “Eligible Letter of Credit” means a letter of credit that:~~

- ~~(i) — contains the unqualified commitment of such issuer to pay a specified sum of money upon demand (properly drawn under the letter of credit);~~
- ~~(ii) — is irrevocable; and~~
- ~~(iii) — is in a form, and contains such other terms and conditions, as may be required by the Corporation.~~

\*\*\*\*

### **GCF Collateral Excess Account**

~~The term “GCF Collateral Excess Account” means an account established by a GCF Custodian Bank in the name of the Corporation to hold securities it credits to the GCF Securities Account the Corporation establishes for another GCF Clearing Agent Bank.~~

\*\*\*\*

### **Miscellaneous Adjustment Amount**

**The term “Miscellaneous Adjustment Amount” means the net total of all miscellaneous cash-only amounts that, on a particular Business Day, are required to be paid by a Clearing Member to the Corporation and/or are entitled to be collected by a Clearing Member from the Corporation.**

\*\*\*\*

### **Off-the-Market Transaction**

The term “Off-the-Market Transaction” means any of the following:

- (1) A single Transaction that is:
  - (i) greater than \$1 million in Par Amount; and
  - (ii) executed at a contract price that is either higher or lower (by a percentage amount determined by the Corporation based on factors such as market conditions) than the System Price for the underlying Eligible Security on trade date;
- (2) A pattern of Transactions that, if looked at as a single transaction, would be encompassed by subsection (1) of this definition.

\*\*\*\*

### **Settlement Price**

The term “Settlement Price” means (a) in the case of a Trade-for-Trade Transaction, Specified Pool Trade, Stipulated Trade or SBO-Destined Trade, the Contractual settlement price agreed to by the parties; (b) in the case of an SBON Trade **and unallocated TBAs that go through the process for determining the TBA Reprice Transaction Adjustment Payment**, the System Price; and (c) in the case of a Pool Deliver or Pool Receive Obligation, the Pool Net Price.

\*\*\*\*

### Settlement Value

The term “Settlement Value” means the amount in dollars equal to the Par Amount of each Eligible Security that comprises ~~a Trade-for-Trade Transaction~~, a Specified Pool Trade, ~~an SBO-Destined Trade, a Stipulated Trade, a SBON Trade~~, a Pool Deliver Obligation, or a Pool Receive Obligation, multiplied by the Settlement Price plus interest that has accrued with regard to each such Eligible Security up to the Business Day for which such dollar amount is calculated.

**The term “Settlement Value” means the amount in dollars equal to the Par Amount of each Eligible Security that comprises a Trade-for-Trade Transaction, an SBO-Destined Trade, a Stipulated Trade, or an SBON Trade, multiplied by the Settlement Price.**

\*\*\*\*

### TBA Comparison

~~The term “TBA Comparison” means the service provided to Clearing Members, as applicable, and the operations carried out by the Corporation in the course of providing such service in accordance with Rule 5.~~

\*\*\*\*

### TBA Obligations

The term “TBA Obligations” means SBO-Destined obligations, SBON Trades and, ~~with respect to Trade-for-Trade Transactions, settlement obligations generated by the Trade Comparison system.~~

\*\*\*\*

RULE 8 – POOL NETTING AND EXPANDED POOL NETTING SYSTEMS

\*\*\*\*

Section 2B – Eligibility for Expanded Pool Netting

A pool that is not allocated by the deadline established by the Corporation for Pool Netting shall be included in the Expanded Pool Netting process. The Expanded Pool Netting process will occur on each Business Day prior to the established SIFMA settlement date (**for purposes of this Rule 8, hereinafter referred to** “Exp Day”).

\*\*\*\*

RULE 11 – CASH SETTLEMENT

\*\*\*\*

Section 7 - Computation of Cash Balance for Each Account

Each Business Day, the Corporation shall compute a Cash Balance for each applicable Account, which for Clearing Members shall be a net positive or negative amount equal to:

- (a) the positive or negative amount of any TBA Transaction Adjustment Payment computed for such Account pursuant to Section 1 of this Rule; plus or minus
- (b) the positive or negative amount of any Net Pool Transaction Adjustment Payment; plus or minus
- (c) the positive or negative amount of any Expanded Pool Net Transaction Adjustment Payment; plus or minus
- (d) the positive or negative amount of any Do Not Allocate Transaction Adjustment Payment; plus or minus
- (e) the positive or negative amount of any TBA Reprice Transaction Adjustment Payment; plus or minus
- (f) the positive or negative amount of any Variance Transaction Adjustment Payment; plus or minus
- (g) the positive or negative amount of any Factor Update Adjustment Payment; plus or minus
- (h) the positive or negative amount of any Principal and Interest payments required as a result of the clearance of Deliver and Receive Obligations which are not eligible for processing through FedWire (Fail Tracking/Interim Accounting) Securities Service Automated Claims Adjustment Process (ACAP); plus
- (i) in the case of a Broker, any commissions that the Corporation, at such intervals as are prescribed by the Corporation from time to time, determines are due the Broker as a result of Transactions effected by the Broker on behalf of purchasing and selling Dealers; or minus
- (j) in the case of a Dealer effecting Transactions through a Broker, any commissions that the Corporation, at such intervals as are prescribed by the Corporation from time to time, determines are due the Broker with respect to such Transactions; minus

- (k) if applicable, the amount of any charges for services rendered with respect to such Account pursuant to Rule 18; minus
- (l) the amount of any fines, billing fees, charges for financing costs or interest imposed by the Corporation or other charges for services rendered by the Corporation, with respect to such Account pursuant to these Rules; or plus
- (m) if applicable, the amount of interest payable by the Corporation with respect to such Account pursuant to Section 1 and Section **106** of this Rule; plus or minus
- (n) the positive or negative value of any Clearance Difference Amount; plus or minus
- (o) if applicable, the positive or negative amount of any credits or debits processed by the Corporation pursuant to any valid CPR Claim; **plus or minus**
- (p) Miscellaneous Adjustment Amount from TBA Clearing (MIS); plus or minus**
- (q) Miscellaneous Adjustment Amount from Pool Netting (MSC); plus or minus**
- (r) Miscellaneous Adjustment Amount from EPN (MSE).**

\*\*\*\*\*

RULE 27 - RULE CHANGES

The Corporation shall promptly notify all Members **and Registered Clearing Agencies** of any proposal it has made to change, revise, add or repeal any Rule, and of the text or a brief description of the proposed Rule and its purpose and effect, **by posting such proposal on its website**. Members **and Registered Clearing Agencies** may submit to the Corporation for its consideration their comments with respect to any such proposal, and such comments shall be filed with the Corporation's records and copies thereof delivered to the SEC.

\*\*\*\*\*

RULE 29 – GOVERNING LAW AND CAPTIONS

Section 1 – Governing Law

The Rules, and the rights and obligations under the Rules, shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and performed therein.

Section 2 – Captions

Captions to any Rules are for information and guidance only, are not part of any Rule and are to be given no consideration in applying or construing any Rules.

\*\*\*\*

RULE 35 - NOTICES

Section 1 - Notice to an Interested Person

Any notice pursuant to these Rules from the Corporation to an Interested Person shall be sufficiently served on such Interested Person if the notice is in writing, and is mailed to the Interested Person's office address, is sent via electronic mail to the Interested Person's electronic mail address or is transmitted by facsimile machine to a facsimile machine located either in the Interested Person's office or elsewhere as designated by such Interested Person. Any notice to an Interested Person, if mailed, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Interested Person at its office address, and if sent via electronic mail, shall be deemed given when routed to the electronic mail address of the Interested Person. Any notice to an Interested Person, if transmitted by facsimile machine as provided above, shall be deemed to have been given when such transmission is verified on the facsimile machine of the Corporation as having been transmitted.

Notwithstanding anything in these Rules to the contrary, the Corporation may distribute notices to all Interested Persons by posting such notices on the Corporation's website. The Corporation shall deem a notice ~~delivered~~**sufficiently delivered** once such notice is successfully posted to the website, **and it is the responsibility of the Interested Persons to retrieve notices daily from the Corporation's website.**

Section 2 - Notice to the Corporation

Any notice from an Interested Person to the Corporation shall be sufficiently served on the Corporation if the notice is in writing and is delivered, mailed, or transmitted by facsimile machine to the Corporation at its principal place of business, Attention: Secretary, or such other place as the Corporation designates. Any such notice to the Corporation shall be deemed to have been given when received.

Section 3 - Notice by the Corporation of Certain Actions

Any notice required to be given by the Corporation pursuant to Rule 14, Rule 16, or Rule 38, shall set forth the specific grounds under consideration upon which any action taken by the Corporation pursuant to such Rule or Rules may be based and shall contain notice to the Member of its right to request a hearing, such request to be filed by such Member with the Corporation pursuant to Rule 28.

\*\*\*\*

RULE 37 - INTERPRETATION OF RULES

The Board of Directors of the Corporation ~~or any Committee thereof~~ or their designee(s) shall have the authority to interpret the Rules of the Corporation. Interpretations of the Board of Directors ~~or any Committee thereof~~ or their designee(s) shall be final and conclusive.

\*\*\*\*

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

**I. FEES**

\*\*\*\*

**Trade Processing<sup>3</sup>**

Trade Creates	\$ .20/side
Unmatched Trade Deletes	\$ 1.00/side
Trade Cancels	\$ 1.00/side
Change Terms	\$ 1.00/side
<del>DK and Modify</del>	<del>No Charge</del>

\*\*\*\*

**Processing Fees**

Trade <u>Date</u> Input Non-Compliance	\$1,000/month/Account
----------------------------------------	-----------------------

\*\*\*\*

---

<sup>3</sup> Trades which are matched and canceled within the same processing pass are exempt from Trade Processing fees.

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

\*\*\*\*

**I. FEES**

\*\*\*\*

**Trade Processing<sup>3</sup>**

SBO Destined Trades	Par Value Millions/Mo.		
Trade Creates	01 - 2,500,000,000	\$2.00/MM	
	2,500,000,001 - 7,500,000,000	\$1.58/MM	
	7,500,000,001 - 12,500,000,000	\$1.39/MM	
	12,500,000,001 - 300,000,000,000	\$1.19/MM	
	300,000,000,001 and over	\$1.16/MM	
TBA Netting Balance Orders (SBON)	\$1.00/MM Unmatched Trade Deletes		\$1.00/side
Trade Cancels	\$4.00/side		
Trade Netting Converts	\$1.00/side		
<del>DK and Modify</del>	<del>No Charge</del>		

**Trade-for-Trade Transactions, Specified Pool Trades, and Stipulated Trades**

Trade Creates	\$1.16/MM
Unmatched Trade Deletes	\$1.00/side
Trade Cancels	\$4.00/side
<del>DK and Modify</del>	<del>No Charge</del>

**Option Trades**

---

<sup>3</sup> Trades which are matched and canceled within the same processing pass are exempt from Trade Processing fees.

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

\*\*\*\*

**Processing Fees**

Trade Date Input Non-Compliance \$1,000/month/Account

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

**ARTICLE I  
DEFINITIONS AND GENERAL PROVISIONS\***

**Rule 1. Definitions**

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these EPN Rules, have the meanings herein specified.

\*\*\*\*

**Clearing Agency**

**The term “Clearing Agency” shall have the meaning given it in Section 3(a)(23) of the Exchange Act.**

\*\*\*\*

**Registered Clearing Agency**

**The term “Registered Clearing Agency” means a Clearing Agency that is registered as such with the SEC.**

\*\*\*\*

---

\* All products and services provided by the Corporation referenced in the EPN Rules are either registered trademarks or servicemarks of, or trademarks or servicemarks of, The Depository Trust & Clearing Corporation or its affiliates. Other names of companies, products or services appearing in the EPN Rules are the trademarks or servicemarks of their respective owners.

**ARTICLE II  
MESSAGES PROCESSED BY THE CORPORATION**

\*\*\*\*

**Rule 2. Reports**

\*\*\*\*

Sec. 3. Message Summary Report

Based on information available to the Corporation, the Message Summary Report shall list **the summary totals of each message type by EPN Eligible Security and Participant**~~the contents of each Message~~. For each EPN Eligible Security, the Message Summary Report shall include, but is not limited to, the total original face value, total net money, CUSIP Number, and summary of the number and type of Messages.

\*\*\*\*

**ARTICLE III  
EPN USERS**

**Rule 1. Requirements Applicable to EPN Users**

\*\*\*\*

Sec. 2. Approval of Applicants

The Corporation shall approve an EPN User Profile, submitted by an applicant, to become an EPN User if the applicant:

~~(a) — has sufficient financial ability to meet its obligations to the Corporation;~~

**(ab)** the applicant has affirmatively shown that it has the ability to satisfactorily communicate with the Corporation, fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy, and conform to any condition and requirement that the Corporation reasonably deems necessary for its protection or that of its Participants. The applicant agrees that it must fulfill, within the timeframes established by the Corporation, operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the applicant; and

**(be)** has completed and delivered to the Corporation a Cybersecurity Confirmation.

The Corporation may waive any standard as to any applicant, either unconditionally or on an appropriate temporary or other conditional basis, if the Corporation determines that said standard, as applied to such applicant, is unduly or disproportionately severe or that the conduct of said applicant has been such that it would not be against the best interests of the Corporation, its EPN Users and the public to waive said standard.

Notwithstanding the foregoing, the Corporation may decline to offer the EPN Service to any applicant upon a determination by the Corporation that the Corporation does not have adequate personnel, space, data processing capacity or other operational capabilities at that time to furnish service to an additional EPN User without impairing the ability of the Corporation to provide services for its then EPN Users, or otherwise to carry out its functions; provided, however, that applicants who are declined pursuant to this paragraph shall be approved as promptly as the capabilities of the Corporation permit in the order in which such applicants applied to the Corporation, and provided, further, that the Corporation shall use its best efforts to expand its capabilities to permit approval of the applicant so denied.

\*\*\*\*

**ARTICLE V  
MISCELLANEOUS**

**Rule 1. Action by the Corporation**

~~Except where~~Where action by the Board of Directors, ~~or any committee of the Board,~~ is ~~specifically~~ required by ~~the By-Laws or~~ these EPN Rules, the Corporation may act, to the fullest extent permitted by law, by the Chairman of the Board, by its President, any Managing Director or any Executive Director or by such person or persons, whether or not employed by the Corporation, as may be designated from time to time by the Board of Directors.

\*\*\*\*

**Rule 10. Amendment of EPN Rules**

The Corporation shall promptly notify all EPN Users and ~~R~~registered ~~C~~clearing ~~A~~gencies of any proposal it has made to change, revise, add or repeal any EPN Rule, and of the text or a brief description of the proposed EPN Rule and its purpose and effect, by posting such proposal on its website. ~~All~~ EPN Users and ~~R~~registered ~~C~~clearing ~~A~~gencies may submit to the Corporation for its consideration their comments with respect to any such proposal, and such comments shall be filed with the Corporation's records and copies thereof delivered to the Securities and Exchange Commission.

\*\*\*\*

**Rule 14. Limitations of Liability**

(a) Notwithstanding any affiliation between the Corporation and any other entity, including another ~~C~~clearing ~~A~~gency, except as otherwise expressly provided by written agreement between the Corporation and such other entity:

(i) the Corporation shall not be liable for any obligations of such other entity nor shall any fund or any other assets of the Corporation be available to such other entity (or any person claiming through such other entity) for any purpose, and no Participant or EPN User shall assert against the Corporation any claim based upon any obligations of any other entity to such Participant or EPN User; and

(ii) such other entity shall not be liable for any obligations of the Corporation nor shall any fund or any other assets of such other entity be available to the Corporation (or any person claiming through the Corporation) for any purpose, and no Participant or EPN User shall

assert against such other entity any claim based upon any obligations of the Corporation to such Participant or EPN User.

\*\*\*\*

### **Rule 16. Notices**

Any notice pursuant to these EPN Rules from the Corporation to an Interested Person shall be sufficiently served on such Interested Person if the notice is in writing, and is mailed to the Interested Person's office address, is sent via electronic mail to the Interested Person's electronic mail address or is transmitted by facsimile machine to a facsimile machine located either in the Interested Person's office or elsewhere as designated by such Interested Person. Any notice to an Interested Person, if mailed, shall be deemed to have been given when deposited in the United States Postal Service, with postage thereon prepaid, directed to the Interested Person at its office address, and if sent via electronic mail, shall be deemed given when routed to the electronic mail address of the Interested Person. Any notice to an Interested Person, if transmitted by facsimile machine as provided above, shall be deemed to have been given when such transmission is verified on the facsimile machine of the Corporation as having been transmitted.

Notwithstanding anything in these EPN Rules to the contrary, the Corporation may distribute notices to all Interested Persons by posting such notices on the Corporation's website. The Corporation shall deem a notice **delivered/sufficiently served** once such notice is successfully posted to the website, **and it is the responsibility of the Interested Persons to retrieve notices daily from the Corporation's website.**

**Any notice from an Interested Person to the Corporation shall be sufficiently served on the Corporation if the notice is in writing and is delivered, mailed, or transmitted by facsimile machine to the Corporation at its principal place of business, Attention: Secretary, or such other place as the Corporation designates. Any such notice to the Corporation shall be deemed to have been given when received.**

\*\*\*\*

**FIXED INCOME CLEARING CORPORATION  
MORTGAGE-BACKED SECURITIES DIVISION (“MBSD”)  
EPN SCHEDULE OF CHARGES**

**ACCOUNT MAINTENANCE FEES**

Direct Account:	\$1,000.00/month (per
account) Investment Manager Accounts <sup>1</sup>	
1 Account	\$ 1,000.00/Mo./each
2 or 3 Accounts	\$ 530.00/Mo./each
4 through 7 Accounts	\$ 430.00/Mo./each
8 through 10 Accounts	\$ 370.00/Mo./each
<del>Greater than 10 Accounts</del> <b><u>11 Accounts and over</u></b>	\$ 340.00/Mo./each

\*\*\*\*

**MESSAGE PROCESSING FEES**

ON Send:	\$.19/million Current Face (Opening of Business to 1:00 p.m.)
	\$.95/million Current Face (1:00 p.m. to 2:00 p.m.)
	\$1.90/million Current Face (2:00 p.m. to 3:00 p.m.)
	\$1.58/million Current Face (3:00 p.m. to Close of Business)
ON Receive:	\$.51/million Current Face (Opening of Business to 1:00 p.m.)
	\$.26/million Current Face (1:00 p.m. to 2:00 p.m.)
	\$.26/million Current Face (2:00 p.m. to 3:00 p.m.)
	No Charge (3:00 p.m. to Close of

Business)

~~DK Send or Receive:~~ \_\_\_\_\_ ~~No Charge~~

~~Cancel Send or Receive:~~ \_\_\_\_\_ ~~No Charge~~

~~Retransmission Request:~~ \_\_\_\_\_ ~~No Charge~~

### **Pool Substitution Cancel/Correct**

Cancel/Correct Send: \$0.19/million Current Face (Open of Business up to 11:00 a.m.)

\$0.95/million Current Face (11:00 a.m. up to 12:00 p.m.)

\$1.90/million Current Face (12:00 p.m. up to 12:15 p.m.)

\$0.19/million Current Face (12:15 p.m. to End of Day)

~~Cancel/Correct Receive:~~ \_\_\_\_\_ ~~No Charge~~

~~Cancel/Correct DK Send or Receive:~~ \_\_\_\_\_ ~~No Charge~~

~~Cancel/Correct Retransmission~~

~~Request:~~ \_\_\_\_\_ ~~No Charge~~