

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 22

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

File No. * SR 2023 - * 007

Amendment No. (req. for Amendments *)

Filing by Fixed Income Clearing Corporation

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input checked="" type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Adopt Fees for a New Pair-Off Message That May Be Processed through the EPN Service

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 * [Redacted] Last Name * [Redacted]

Title * [Redacted]

E-mail * RuleFilingAdmin@dtcc.com

Telephone * [Redacted] Fax [Redacted]

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Fixed Income Clearing Corporation has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 05/18/2023

(Title *)

By [Redacted]

[Redacted]

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Date: 2023.05.18
10:10:18 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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Narrative - EPN Pair-Off Reporting and

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

Exh 1A - EPN Pair-Off Reporting and

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 Advanced 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 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

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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Exh 3 (Redacted) - EPN Pair-Off Rep

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 Sent As Paper Document

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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Exh 5 - EPN Pair-Off Reporting and Fe

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 Mortgage-Backed Securities Division (“MBSD”) EPN Rules (“EPN Rules”) to adopt fees for a pair-off Message that EPN Users may process through the EPN Service, as described in greater detail below.¹

(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 May 18, 2023 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

Overview of the Proposed Rule Change

The purpose of this proposed rule change is to adopt fees for a new Message that EPN Users may process through the EPN Service relating to the pair-off of trades in their TBA (“to-be-announced”) contracts in agency mortgage-backed securities. The proposed fees are designed to recover the cost of providing this service and would be set at a rate that is lower than the rate charged for other Messages processed through the EPN Service to incentivize EPN Users to use this voluntary service.

Background

While some trades in agency mortgage-backed securities submitted to FICC for processing on a TBA basis are “specified pool trades” (transactions based on a particular set of underlying mortgages), most are not. For those trades, a critical step in the trading and settlement of the TBA contracts is for sellers to inform their buyer counterparties what pools of mortgages will be delivered to satisfy that trade. The EPN Service provides EPN Users with an automated way to transmit this information regarding their TBA contracts through Messages.

The new pair-off Message, which will be announced to EPN Users by Important Notice, would allow EPN Users that are buyers in a TBA contract transaction to notify their seller counterparties of which trades in that transaction should pair-off. Currently messages regarding pair-offs are transmitted between buyers and sellers by electronic mail using spreadsheets, which creates some risk that information sharing is incomplete, incorrect, inconsistent and not timely.

¹ Capitalized terms not defined herein are defined in the EPN Rules, as applicable, available at <https://www.dtcc.com/legal/rules-and-procedures>.

In connection with its ongoing dialogue with mortgage-backed security industry participants, FICC was asked to develop and offer pair-off Messages through the EPN Service to minimize these risks. By automating and standardizing the transmittal of this information, the pair-off Messages would reduce those risks to the mortgage-backed securities market. The new pair-off Messages will be designed similarly to the other Messages transmitted through the EPN Service, where buyers would receive an acknowledgement message verifying delivery and receipt of the initial pair-off Message, and sellers would have the ability to return a “DK” message if the trades or the terms of the trades in the pair-off Message are not known. The use of this Message will be voluntary and would allow users to eliminate the current manual process of transmitting information regarding the pair-off of transactions.

The proposed rate for the new pair-off Message was designed to be consistent with the fees for other Messages currently processed through the EPN Service. Rates for current Messages are charged per million because these Messages involve pools to satisfy TBA trades and specified pool trades, where the proposed rate for the new pair-off Messages would be charged per Message because these Messages would be sent at the TBA trade-level.

In this fee structure, fees are generally lower for Messages submitted earlier in the day to encourage submission of the initial Message earlier in the day to allow for a response Message to be sent on the same day. Therefore, the rate increases for initial Messages submitted later in the day. The fee is lower for Messages submitted after the 3:00 p.m. cut-off time for response Messages. The fee rates being proposed are slightly lower than the rates for processing other Messages through the EPN Service, which both reflects the low cost to FICC to build these additional Messages and incentivizes EPN Users to use this new, voluntary service.

Proposed Rule Change

FICC is proposing to adopt fees for the use of the pair-off Messages that may be processed through the EPN Service. The proposed fees would be identified in the EPN Service Schedule of Charges in the EPN Rules, as follows: pair-off send Messages would be \$0.10 per Message if sent from the opening of business to 1:00 p.m., \$0.50 per Message if sent from 1:00 p.m. to 2:00 p.m., \$1.00 per Message if sent from 2:00 p.m. to 3:00 p.m., and \$0.75 per Message if sent from 3:00 p.m. to close of business; pair-off receive Messages would be \$0.50 per Message if received from opening of business to 1:00 p.m., \$0.25 per Message if received from 1:00 p.m. to 3:00 p.m., and \$0.15 per Message if received from 3:00 p.m. to close of business.

FICC is also proposing to clarify the descriptions of other fees for the EPN Service to use consistent language in describing fees in the EPN Service Schedule of Charges. For example, these proposed changes would refer to the beginning of the business day as “Opening of Business” and refer to end of the business day as “Close of Business” consistently in the Schedule of Charges. These clarifications would avoid any confusion in the descriptions of these fees in the EPN Service Schedule of Charges, making them clearer to EPN Users.

Member Impact

The proposed fees would impact all EPN Users who voluntarily elect to use the new pair-off Messages. As described above, the proposed fee rates are designed to be comparable to the

current fee rates charged for Messages processed through the EPN Service and would be set at a rate that is lower than the rates for processing other Messages in order to incentivize EPN Users to use this voluntary service.

Implementation Timeframe

FICC would implement the proposed rule change on August 31, 2023.

(b) Statutory Basis

FICC believes this proposal is consistent with the requirements of the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, FICC believes this proposal is consistent with Sections 17A(b)(3)(D) and (b)(3)(F) of the Act² and Rule 17Ad-22(e)(23)(ii), as promulgated under the Act,³ for the reasons described below.

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.⁴ FICC believes the proposed fees would be allocated equitably among EPN Users that use the new pair-off Message. FICC believes that the proposed fees are reasonable because they are based on the expected investment costs to develop pair-off Messages and such fee changes are expected to recover such investment and operating costs in an appropriate timeframe. As noted above, FICC has set these fees at a rate that is lower than the rate charged for other Messages processed through the EPN Service to incentivize EPN Users to use this voluntary service. FICC notes that once the proposed pair-off Message fees are implemented, the fees would be periodically reviewed under FICC’s procedures to determine whether FICC is continuing to appropriately control its costs and to regularly review pricing levels against costs of operation.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁵ FICC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act because the new pair-off Message would automate and standardize the transmittal of information related to transaction pair-offs, minimizing the risks presented by the current process of transmitting this information through electronic mail and spreadsheets. By reducing the risks that information sharing is incomplete, incorrect, inconsistent and not timely, the new pair-off Messages would promote the prompt and accurate clearance and settlement of securities

² 15 U.S.C. 78q-1(b)(3)(D) and (b)(3)(F).

³ 17 CFR 240.17Ad-22(e)(23)(ii).

⁴ 15 U.S.C. 78q-1(b)(3)(D).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

transactions and, therefore, are consistent with the requirements of the Act, in particular Section 17A(b)(3)(F) of the Act.⁶

Rule 17Ad-22(e)(23)(ii) under the Act requires a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.⁷ The proposed fees would be clearly and transparently published in the EPN Service Schedule of Charges in the EPN Rules, which are available on a public website,⁸ thereby enabling EPN Users to identify the fees associated with using the new pair-off Messages. Additionally, the proposed changes to clarify the descriptions of other fees for the EPN Service would make those descriptions consistent throughout the EPN Service Schedule of Charges, reducing the risk of any confusion in the descriptions of these fees and making them clearer to EPN Users. As such, FICC believes the proposed rule change is consistent with Rule 17Ad-22(e)(23)(ii) under the Act.⁹

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

FICC does not believe the proposed rule changes would impact competition. The proposed rule changes would adopt fees for the use of a voluntary service. Because EPN Users would not be obligated to use the new pair-off Messages, FICC believes the proposed rule change would not have any impact on competition.

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. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Securities and Exchange Commission ("Commission") does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding

⁶ Id.

⁷ 17 CFR 240.17Ad-22(e)(23)(ii).

⁸ See supra note 1.

⁹ 17 CFR 240.17Ad-22(e)(23)(ii).

this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

FICC reserves the right to not respond to any comments received.

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)

(a) The proposed rule change is to take effect immediately upon filing pursuant to paragraph A of Section 19(b)(3) of the Act.¹⁰

(b) The proposed rule change establishes or changes a due, fee, or other charge.¹¹

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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

Not applicable.

10. Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act of 2010

Not applicable.

11. Exhibits

Exhibit 1 – Not applicable.

Exhibit 1A - Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – Not applicable.

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(2).

Exhibit 3 – Confidential Supporting Information. ***Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 3 pursuant to 17 CFR 240.24b-2 being requested.***

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the EPN Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-FICC-2023-007)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adopt Fees for a New Pair-Off Message That May Be Processed through the EPN Service

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May __, 2023, 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 Act³ and Rule 19b-4(f)(2) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of modifications to the FICC Mortgage-Backed Securities Division (“MBSD”) EPN Rules (“EPN Rules”) to adopt fees for a

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2).

pair-off Message that EPN Users may process through the EPN Service, as described in greater detail below.⁵

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

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

Overview of the Proposed Rule Change

The purpose of this proposed rule change is to adopt fees for a new Message that EPN Users may process through the EPN Service relating to the pair-off of trades in their TBA ("to-be-announced") contracts in agency mortgage-backed securities. The proposed fees are designed to recover the cost of providing this service and would be set at a rate that is lower than the rate charged for other Messages processed through the EPN Service to incentivize EPN Users to use this voluntary service.

⁵ Capitalized terms not defined herein are defined in the EPN Rules, as applicable, available at <https://www.dtcc.com/legal/rules-and-procedures>.

Background

While some trades in agency mortgage-backed securities submitted to FICC for processing on a TBA basis are “specified pool trades” (transactions based on a particular set of underlying mortgages), most are not. For those trades, a critical step in the trading and settlement of the TBA contracts is for sellers to inform their buyer counterparties what pools of mortgages will be delivered to satisfy that trade. The EPN Service provides EPN Users with an automated way to transmit this information regarding their TBA contracts through Messages.

The new pair-off Message, which will be announced to EPN Users by Important Notice, would allow EPN Users that are buyers in a TBA contract transaction to notify their seller counterparties of which trades in that transaction should pair-off. Currently messages regarding pair-offs are transmitted between buyers and sellers by electronic mail using spreadsheets, which creates some risk that information sharing is incomplete, incorrect, inconsistent and not timely. In connection with its ongoing dialogue with mortgage-backed security industry participants, FICC was asked to develop and offer pair-off Messages through the EPN Service to minimize these risks. By automating and standardizing the transmittal of this information, the pair-off Messages would reduce those risks to the mortgage-backed securities market. The new pair-off Messages will be designed similarly to the other Messages transmitted through the EPN Service, where buyers would receive an acknowledgement message verifying delivery and receipt of the initial pair-off Message, and sellers would have the ability to return a “DK” message if the trades or the terms of the trades in the pair-off Message are not known. The use of

this Message will be voluntary and would allow users to eliminate the current manual process of transmitting information regarding the pair-off of transactions.

The proposed rate for the new pair-off Message was designed to be consistent with the fees for other Messages currently processed through the EPN Service. Rates for current Messages are charged per million because these Messages involve pools to satisfy TBA trades and specified pool trades, where the proposed rate for the new pair-off Messages would be charged per Message because these Messages would be sent at the TBA trade-level.

In this fee structure, fees are generally lower for Messages submitted earlier in the day to encourage submission of the initial Message earlier in the day to allow for a response Message to be sent on the same day. Therefore, the rate increases for initial Messages submitted later in the day. The fee is lower for Messages submitted after the 3:00 p.m. cut-off time for response Messages. The fee rates being proposed are slightly lower than the rates for processing other Messages through the EPN Service, which both reflects the low cost to FICC to build these additional Messages and incentivizes EPN Users to use this new, voluntary service.

Proposed Rule Change

FICC is proposing to adopt fees for the use of the pair-off Messages that may be processed through the EPN Service. The proposed fees would be identified in the EPN Service Schedule of Charges in the EPN Rules, as follows: pair-off send Messages would be \$0.10 per Message if sent from the opening of business to 1:00 p.m., \$0.50 per Message if sent from 1:00 p.m. to 2:00 p.m., \$1.00 per Message if sent from 2:00 p.m. to 3:00 p.m., and \$0.75 per Message if sent from 3:00 p.m. to close of business; pair-off

receive Messages would be \$0.50 per Message if received from opening of business to 1:00 p.m., \$0.25 per Message if received from 1:00 p.m. to 3:00 p.m., and \$0.15 per Message if received from 3:00 p.m. to close of business.

FICC is also proposing to clarify the descriptions of other fees for the EPN Service to use consistent language in describing fees in the EPN Service Schedule of Charges. For example, these proposed changes would refer to the beginning of the business day as “Opening of Business” and refer to end of the business day as “Close of Business” consistently in the Schedule of Charges. These clarifications would avoid any confusion in the descriptions of these fees in the EPN Service Schedule of Charges, making them clearer to EPN Users.

Member Impact

The proposed fees would impact all EPN Users who voluntarily elect to use the new pair-off Messages. As described above, the proposed fee rates are designed to be comparable to the current fee rates charged for Messages processed through the EPN Service and would be set at a rate that is lower than the rates for processing other Messages in order to incentivize EPN Users to use this voluntary service.

Implementation Timeframe

FICC would implement the proposed rule change on August 31, 2023.

2. Statutory Basis

FICC believes this proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, FICC believes this proposal is consistent with Sections 17A(b)(3)(D) and (b)(3)(F) of the

Act⁶ and Rule 17Ad-22(e)(23)(ii), as promulgated under the Act,⁷ for the reasons described below.

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.⁸ FICC believes the proposed fees would be allocated equitably among EPN Users that use the new pair-off Message. FICC believes that the proposed fees are reasonable because they are based on the expected investment costs to develop pair-off Messages and such fee changes are expected to recover such investment and operating costs in an appropriate timeframe. As noted above, FICC has set these fees at a rate that is lower than the rate charged for other Messages processed through the EPN Service to incentivize EPN Users to use this voluntary service. FICC notes that once the proposed pair-off Message fees are implemented, the fees would be periodically reviewed under FICC's procedures to determine whether FICC is continuing to appropriately control its costs and to regularly review pricing levels against costs of operation.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁹ FICC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act because the new pair-off Message would automate and standardize the transmittal of information related to transaction pair-offs, minimizing the

⁶ 15 U.S.C. 78q-1(b)(3)(D) and (b)(3)(F).

⁷ 17 CFR 240.17Ad-22(e)(23)(ii).

⁸ 15 U.S.C. 78q-1(b)(3)(D).

⁹ 15 U.S.C. 78q-1(b)(3)(F).

risks presented by the current process of transmitting this information through electronic mail and spreadsheets. By reducing the risks that information sharing is incomplete, incorrect, inconsistent and not timely, the new pair-off Messages would promote the prompt and accurate clearance and settlement of securities transactions and, therefore, are consistent with the requirements of the Act, in particular Section 17A(b)(3)(F) of the Act.¹⁰

Rule 17Ad-22(e)(23)(ii) under the Act requires a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.¹¹ The proposed fees would be clearly and transparently published in the EPN Service Schedule of Charges in the EPN Rules, which are available on a public website,¹² thereby enabling EPN Users to identify the fees associated with using the new pair-off Messages. Additionally, the proposed changes to clarify the descriptions of other fees for the EPN Service would make those descriptions consistent throughout the EPN Service Schedule of Charges, reducing the risk of any confusion in the descriptions of these fees and making them clearer to EPN Users. As such, FICC believes the proposed rule change is consistent with Rule 17Ad-22(e)(23)(ii) under the Act.¹³

¹⁰ Id.

¹¹ 17 CFR 240.17Ad-22(e)(23)(ii).

¹² See supra note 5.

¹³ 17 CFR 240.17Ad-22(e)(23)(ii).

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

FICC does not believe the proposed rule changes would impact competition. The proposed rule changes would adopt fees for the use of a voluntary service. Because EPN Users would not be obligated to use the new pair-off Messages, FICC believes the proposed rule change would not have any impact on competition.

(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. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at <https://www.sec.gov/regulatory-actions/how-to-submit-comments>. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

FICC reserves the right to not respond to any comments received.

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) of the Act¹⁴ and paragraph (f) of Rule 19b-4 thereunder.¹⁵ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2023-007 on the subject line.

Paper Comments:

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

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

All submissions should refer to File Number SR-FICC-2023-007. 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-2023-007 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.¹⁶

Secretary

¹⁶ 17 CFR 200.30-3(a)(12).

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PAGE REDACTED IN ITS ENTIRETY

Bold and underlined text indicates proposed added language

~~Bold and strikethrough text~~ indicates proposed deleted language

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

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

[Changes to this EPN Service Schedule of Charges, as amended by File No. SR-FICC-2023-007, are available at [dtcc.com/legal/sec-rule-filings](https://www.dtcc.com/legal/sec-rule-filings). These changes became effective upon filing with the Securities and Exchange Commission but have not yet been implemented. On August 31, 2023, these changes will be implemented, and this legend will automatically be removed from this EPN Service Schedule of Charges.]

MESSAGE PROCESSING FEES

ON Send: \$.20/million Current Face (Opening of Business to 1:00 p.m.)
 \$1.00/million Current Face (1:00 p.m. to 2:00 p.m.)
 \$2.00/million Current Face (2:00 p.m. to 3:00 p.m.)
 \$1.67/million Current Face (3:00 p.m. to Close of Business)

ON Receive: \$.54/million Current Face (Opening of Business to 1:00 p.m.)
 \$.28/million Current Face (1:00 p.m. to 2:00 p.m.)
 \$.28/million Current Face (2:00 p.m. to 3:00 p.m.)
 No Charge (3:00 p.m. to Close of Business)

Pair-Off Send **\$0.10/Message (Opening of Business to 1:00 p.m.)**
 \$0.50/Message (1:00 p.m. to 2:00 p.m.)
 \$1.00/Message (2:00 p.m. to 3:00 p.m.)
 \$0.75/Message (3:00 p.m. to Close of Business)

Pair-Off Receive **\$0.50/Message (Opening of Business to 1:00 p.m.)**
 \$0.25/Message (1:00 p.m. to 3:00 p.m.)
 \$0.15/Message (3:00 p.m. to Close of Business)

Pool Substitution Cancel/Correct

Cancel/Correct Send: \$0.20/million Current Face (Opening of Business ~~up~~ to 11:00 a.m.)
 \$1.00/million Current Face (11:00 a.m. ~~up~~ to 12:00 p.m.)
 \$2.00/million Current Face (12:00 p.m. ~~up~~ to 12:15 p.m.)
 \$0.20/million Current Face (12:15 p.m. to **End of Day Close of Business**)
