

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 29		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2024 - * 012 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"/>	
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)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>Amend the Clearing Fund Maintenance Fee of MBSD and GSD</div>					
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 * <div></div> Last Name * <div></div> Title * <div>Director and Assistant General Counsel</div> E-mail * <div></div> Telephone * <div>(813) 470-1682</div> Fax <div></div>					
Signature Pursuant to the requirements of the Securities Exchange of 1934, Fixed Income Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date <div>12/09/2024</div> (Title *) By <div></div> <div></div> (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. <div>Date: 2024.12.09 15:28:18 -05'00'</div>					

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 EDFS website.

Form 19b-4 Information *

Add Remove View

Narrative - FICC Maintenance Fee Filing

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

Exhibit 1A - FICC Fee Filing - Final.doc

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

Add Remove View

Exhibit 3 (Redacted) - FICC Fee Filing

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

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

Exhibit 5 - FICC Maintenance Fee Change

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 is attached hereto as Exhibit 5 and consists of modifications to Fixed Income Clearing Corporation's ("FICC") Mortgage-Backed Securities Division ("MBSD") Clearing Rules ("MBSD Rules") and Government Securities Division ("GSD") Rulebook ("GSD Rules" and together with the MBSD Rules, the "Rules") in order to modify the respective Clearing Fund Maintenance Fee ("Maintenance Fee") of GSD and MBSD, 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 FICC's Board of Directors on October 23, 2024.

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

(a) Purpose

FICC is proposing to amend the MBSD Rules and the GSD Rules to modify the respective Maintenance Fee of GSD and MBSD, effective January 1, 2025, as described in greater detail below.

(i) Background

FICC implemented the Maintenance Fee in 2016 in order to (i) diversify FICC's revenue sources, mitigating its dependence on revenues driven by trading volumes, and (ii) add a stable revenue source that would contribute to FICC's operating margin by offsetting increasing costs and expenses.² The Maintenance Fees for MBSD and GSD are charged to MBSD Clearing Members and GSD Netting Members (collectively, "Members") in proportion to the Member's cash deposit in their respective MBSD or GSD Clearing Fund (collectively, "Clearing Fund"), as described below.

The Maintenance Fee is calculated monthly, in arrears, as the product of (A) 0.25% and (B) the average of the Member's cash deposit balance in the Clearing Fund as of the end of each day, for the month, multiplied by the number of days in that month and divided by 360. FICC

¹ Capitalized terms not defined herein are defined in the GSD Rules and the MBSD Rules, as applicable, available at www.dtcc.com/legal/rules-and-procedures.

² Securities Exchange Act Release No. 78529 (Aug. 10, 2016), 81 FR 54626 (Aug. 16, 2016) (SR-FICC-2016-004).

operates a cost plus low margin pricing model. Specifically, FICC's fees are cost-based plus a markup or "low margin."

(ii) Proposed Changes

Proposed Modification to the Maintenance Fee

As part of FICC's annual pricing review process and budgeting for 2025, FICC identified opportunities to better align fees and costs for FICC and potentially diversify its liquidity resources. In furtherance of these objectives, FICC is proposing to change the current methodology of the Clearing Fund Maintenance Fee for both MBSD and GSD.

As currently calculated, the Maintenance Fee effectively disincentivizes Member's from posting excess cash as part of a Members Required Fund Deposit by imposing a 0.25% fee on a Member's cash deposit balance in the Clearing Fund. FICC is proposing to change the methodology of the Maintenance Fee to apply the fee to the total Required Fund Deposit instead of the cash deposit balance.³ The proposed change would also reduce the Maintenance Fee percentage from 0.25% to 0.085%. This change will ideally remove the disincentive to Members posting excess cash in the Clearing Fund, resulting in an increase in cash deposits at FICC.

In addition, FICC continually evaluates the composition and sufficiency of its liquidity resources in line with its liquidity risk management strategy and objective. An increase in cash deposits to the clearing fund would result in additional liquidity resources for FICC, thereby improving FICC's ability to manage its liquidity risks. Members would be required to continue depositing cash as part of its Required Fund Deposit, which is currently charged a 0.25% fee, however, pursuant to the proposed changes, FICC would now collect the Maintenance Fee, in a manner that does not disincentivize excess cash deposits and would continue to achieve the Maintenance Fee's purpose of diversifying FICC's liquidity sources and maintaining a stable revenue source that would contribute to FICC's operating margins.

To effectuate the proposed fee change described above, for MBSD, the terms "0.25%" and "cash deposit balance" would be changed to "0.085%" and "Required Fund Deposit," respectively, in (i) the Clearing Fund Maintenance Fee in Section I (Fees) of the Schedule of Charges Broker Account Group in the MBSD Rules, and (ii) the Clearing Fund Maintenance Fee of Section I (Fees) of the Schedule of Charges Dealer Account Group in the MBSD Rules. For GSD, the terms "0.25%" and "cash deposit balance" would be changed to "0.085%" and "Required Fund Deposit," respectively, in Section XIII (Clearing Fund Maintenance Fee) of the Fee Structure in the GSD Rules.

Expected Member Impact

³ The Maintenance Fee would not apply to amounts deposited as Segregated Customer Margin, which, under changes to the GSD Rules recently approved by the Securities and Exchange Commission ("Commission"), are separate from a Member's Required Fund Deposit. See Securities Exchange Act Release No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) (SR-FICC-2024-007).

The proposed change is revenue neutral to FICC but not for FICC Members. Impact will vary across Members based on their risk profile and Required Fund Deposits. FICC projects that approximately 13% of Members will see a fee increase with only a small percentage of those Members seeing an increase over \$1 million, approximately 17% of Members seeing a fee reduction and 70% of Members remaining neutral.

The proposed changes will take effect on January 1, 2025.

Member Outreach

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

Implementation Timeframe

FICC would implement this proposal on January 1, 2025. As proposed, a legend would be added to the Rules stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include the date on which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed.

(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 the proposed changes to modify the respective Maintenance Fee of GSD and MBSD is consistent with Section 17A(b)(3)(D) of the Act⁴ and Rule 17ad-22(e)(23)(ii)⁵ thereunder, for the reasons described below.

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency, such as FICC, provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.⁶ FICC believes that the proposed changes to the Maintenance Fee are consistent with this provision of the Act.

FICC believes the fee would continue to be equitably allocated. More specifically, as mentioned above, the Maintenance Fee would be charged to all Members in proportion to the Member’s total Required Fund Deposit. As such, and as is currently the case, Members that present greater risk to FICC would generally be subject to a larger Maintenance Fee because such Member would typically be required to maintain a larger Clearing Fund deposit pursuant to

⁴ 15 U.S.C. 78q-1(b)(3)(D).

⁵ 17 CFR.17ad-22(e)(23)(ii).

⁶ 15 U.S.C. 78q-1(b)(3)(D).

the respective MBSD Rules or GSD Rules.⁷ Conversely, Members that present less risk to FICC would generally be subject to a smaller Maintenance Fee because such Members would typically be required to maintain a smaller Clearing Fund deposit pursuant to the respective MBSD Rules or GSD Rules.⁸ For this reason, FICC believes the Maintenance Fee would continue to be equitably allocated among Members.

FICC also believes the fee is reasonable because, as discussed above, the proposed fee change would remove an unnecessary disincentive for Members to post more cash as part of their Clearing Fund by modifying the Maintenance Fee to base the fee on the total Required Fund Deposit rather than basing it on the cash component only. By removing this disincentive, FICC believes Members may post more cash as part of their Required Total Fund Deposit, providing FICC with access to additional liquid resources. For this reason, FICC believes the Maintenance Fee would continue to be reasonable. Based on the foregoing, FICC believes the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act.⁹

Rule 17ad-22(e)(23)(ii) under the Act requires FICC 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. The proposed fees would be clearly and transparently published in Section I (Fees) of the Schedule of Charges Broker Account Group in the MBSD Rules, Section I (Fees) of the Schedule of Charges Dealer Account Group in the MBSD Rules, and Section XIII (Clearing Fund Maintenance Fee) of the Fee Structure in the GSD Rules, which are available on a public website,¹⁰ thereby enabling Members to identify the fees and costs associated with participating in FICC. As such, FICC believes the proposed rule change is consistent with Rule 17ad-22(e)(23)(ii) under the Act.¹¹

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

FICC believes that although Members may experience some impact from the proposed rule change to modify the Maintenance Fee calculation, FICC does not believe that the proposed rule change would impose a burden on competition among its Members that is not necessary or appropriate in furtherance of the purposes of the Act.¹² As described above, the Maintenance Fee is charged ratably based on the risk that each Member brings to FICC, as reflected in Members' total Required Fund Deposit. Thus, the fee is designed to be reflective of each Member's individual activity at FICC.

⁷ See Rule 4, GSD Rules and Rule 4, MBSD Rules, supra note 1.

⁸ Id.

⁹ 15 U.S.C. 78q-1(b)(3)(D).

¹⁰ See supra note 1.

¹¹ 17 CFR 240.17ad-22(e)(23)(ii).

¹² 15 U.S.C. 78q-1(b)(3)(D).

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 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 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 not to 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 on January 1, 2025, pursuant to paragraph A of Section 19(b)(3)¹³ of the Act.

(b) The proposed rule change establishes or changes a due, fee, or other charge.¹⁴

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

¹³ 15 U.S.C 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(2).

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.

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

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed Changes to the Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-FICC-2024-012)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Clearing Fund Maintenance Fee of MBSD and GSD

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 December __, 2024, 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 amendments to the FICC Mortgage-Backed Securities Division (“MBSD”) Clearing Rules (“MBSD Rules”) and Government Securities Division (“GSD”) Rulebook (“GSD Rules” and together with the MBSD Rules, the “Rules”) in order to modify the respective Clearing Fund Maintenance Fee

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).

(“Maintenance Fee”) of GSD and MBSD, effective January 1, 2025, as described in greater detail below.⁵

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

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

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

1. Purpose

FICC is proposing to amend the MBSD Rules and the GSD Rules to modify the respective Maintenance Fee of GSD and MBSD, effective January 1, 2025, as described in greater detail below.

(i) **Background**

FICC implemented the Maintenance Fee in 2016 in order to (i) diversify FICC’s revenue sources, mitigating its dependence on revenues driven by trading volumes, and (ii) add a stable revenue source that would contribute to FICC’s operating margin by offsetting increasing costs and expenses.⁶ The Maintenance Fees for MBSD and GSD

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

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

are charged to MBSD Clearing Members and GSD Netting Members (collectively, “Members”) in proportion to the Member’s cash deposit in their respective MBSD or GSD Clearing Fund (collectively, “Clearing Fund”), as described below.

The Maintenance Fee is calculated monthly, in arrears, as the product of (A) 0.25% and (B) the average of the Member’s cash deposit balance in the Clearing Fund as of the end of each day, for the month, multiplied by the number of days in that month and divided by 360. FICC operates a cost plus low margin pricing model. Specifically, FICC’s fees are cost-based plus a markup or “low margin.”

(ii) Proposed Changes

Proposed Modification to the Maintenance Fee

As part of FICC’s annual pricing review process and budgeting for 2025, FICC identified opportunities to better align fees and costs for FICC and potentially diversify its liquidity resources. In furtherance of these objectives, FICC is proposing to change the current methodology of the Clearing Fund Maintenance Fee for both MBSD and GSD.

As currently calculated, the Maintenance Fee effectively disincentivizes Member’s from posting excess cash as part of a Members Required Fund Deposit by imposing a 0.25% fee on a Member’s cash deposit balance in the Clearing Fund. FICC is proposing to change the methodology of the Maintenance Fee to apply the fee to the total Required Fund Deposit instead of the cash deposit balance.⁷ The proposed change would

⁷ The Maintenance Fee would not apply to amounts deposited as Segregated Customer Margin, which, under changes to the GSD Rules recently approved by the Commission, are separate from a Member’s Required Fund Deposit. See Securities Exchange Act Release No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) (SR-FICC-2024-007).

also reduce the Maintenance Fee percentage from 0.25% to 0.085%. This change will ideally remove the disincentive to Members posting excess cash in the Clearing Fund, resulting in an increase in cash deposits at FICC.

In addition, FICC continually evaluates the composition and sufficiency of its liquidity resources in line with its liquidity risk management strategy and objective. An increase in cash deposits to the clearing fund would result in additional liquidity resources for FICC, thereby improving FICC's ability to manage its liquidity risks. Members would be required to continue depositing cash as part of its Required Fund Deposit, which is currently charged a 0.25% fee, however, pursuant to the proposed changes, FICC would now collect the Maintenance Fee, in a manner that does not disincentivize excess cash deposits and would continue to achieve the Maintenance Fee's purpose of diversifying FICC's liquidity sources and maintaining a stable revenue source that would contribute to FICC's operating margins.

To effectuate the proposed fee change described above, for MBSD, the terms "0.25%" and "cash deposit balance" would be changed to "0.085%" and "Required Fund Deposit," respectively, in (i) the Clearing Fund Maintenance Fee in Section I (Fees) of the Schedule of Charges Broker Account Group in the MBSD Rules, and (ii) the Clearing Fund Maintenance Fee of Section I (Fees) of the Schedule of Charges Dealer Account Group in the MBSD Rules. For GSD, the terms "0.25%" and "cash deposit balance" would be changed to "0.085%" and "Required Fund Deposit," respectively, in Section XIII (Clearing Fund Maintenance Fee) of the Fee Structure in the GSD Rules.

Expected Member Impact

The proposed change is revenue neutral to FICC but not for FICC Members. Impact will vary across Members based on their risk profile and Required Fund Deposits. FICC projects that approximately 13% of Members will see a fee increase with only a small percentage of those Members seeing an increase over \$1 million, approximately 17% of Members seeing a fee reduction and 70% of Members remaining neutral.

The proposed changes will take effect on January 1, 2025.

Member Outreach

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

Implementation Timeframe

FICC would implement this proposal on January 1, 2025. As proposed, a legend would be added to the Rules stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include the date on which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed.

2. 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 the proposed changes to modify the respective Maintenance Fee of GSD

and MBSD is consistent with Section 17A(b)(3)(D) of the Act⁸ and Rule 17ad-22(e)(23)(ii)⁹ thereunder, for the reasons described below.

Section 17A(b)(3)(D) of the Act requires that the rules of a clearing agency, such as FICC, provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹⁰ FICC believes that the proposed changes to the Maintenance Fee are consistent with this provision of the Act.

FICC believes the fee would continue to be equitably allocated. More specifically, as mentioned above, the Maintenance Fee would be charged to all Members in proportion to the Member's total Required Fund Deposit. As such, and as is currently the case, Members that present greater risk to FICC would generally be subject to a larger Maintenance Fee because such Member would typically be required to maintain a larger Clearing Fund deposit pursuant to the respective MBSD Rules or GSD Rules.¹¹ Conversely, Members that present less risk to FICC would generally be subject to a smaller Maintenance Fee because such Members would typically be required to maintain a smaller Clearing Fund deposit pursuant to the respective MBSD Rules or GSD Rules.¹² For this reason, FICC believes the Maintenance Fee would continue to be equitably allocated among Members.

⁸ 15 U.S.C. 78q-1(b)(3)(D).

⁹ 17 CFR.17ad-22(e)(23)(ii).

¹⁰ 15 U.S.C. 78q-1(b)(3)(D).

¹¹ See Rule 4, GSD Rules and Rule 4, MBSD Rules, supra note 5.

¹² Id.

FICC also believes the fee is reasonable because, as discussed above, the proposed fee change would remove an unnecessary disincentive for Members to post more cash as part of their Clearing Fund by modifying the Maintenance Fee to base the fee on the total Required Fund Deposit rather than basing it on the cash component only. By removing this disincentive, FICC believes Members may post more cash as part of their Required Total Fund Deposit, providing FICC with access to additional liquid resources. For this reason, FICC believes the Maintenance Fee would continue to be reasonable. Based on the forgoing, FICC believes the proposed rule change is consistent with Section 17A(b)(3)(D) of the Act.¹³

Rule 17ad-22(e)(23)(ii) under the Act requires FICC 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. The proposed fees would be clearly and transparently published in Section I (Fees) of the Schedule of Charges Broker Account Group in the MBSD Rules, Section I (Fees) of the Schedule of Charges Dealer Account Group in the MBSD Rules, and Section XIII (Clearing Fund Maintenance Fee) of the Fee Structure in the GSD Rules, which are available on a public website,¹⁴ thereby enabling Members to identify the fees and costs associated with participating in FICC. As such, FICC believes the proposed rule change is consistent with Rule 17ad-22(e)(23)(ii) under the Act.¹⁵

¹³ 15 U.S.C. 78q-1(b)(3)(D).

¹⁴ See supra note 1.

¹⁵ 17 CFR 240.17ad-22(e)(23)(ii).

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

FICC believes that although Members may experience some impact from the proposed rule change to modify the Maintenance Fee calculation, FICC does not believe that the proposed rule change would impose a burden on competition among its Members that is not necessary or appropriate in furtherance of the purposes of the Act.¹⁶ As described above, the Maintenance Fee is charged ratably based on the risk that each Member brings to FICC, as reflected in Members' total Required Fund Deposit. Thus, the fee is designed to be reflective of each Member's individual activity at FICC.

(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 www.sec.gov/regulatory-actions/how-to-submit-comments. General questions regarding the rule filing process or logistical questions

¹⁶ 15 U.S.C. 78q-1(b)(3)(D).

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 not to 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)¹⁷ of the Act and paragraph (f)¹⁸ 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 (www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2024-012 on the subject line.

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 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-2024-012. 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 (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 (www.dtcc.com/legal/sec-rule-filings). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR-FICC-2024-012 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Secretary

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 3

The information contained in this Exhibit 3 is subject to exemption from mandatory disclosure under Exemption #4 of the Freedom of Information Act because the information concerns commercial or financial information which could harm the competitive posture or business interests of Fixed Income Clearing Corporation (“FICC”). This Exhibit 3 contains information that is not intended for public disclosure. Accordingly, this Exhibit 3 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version of this Exhibit 3 was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, FICC believes the substance of this Exhibit 3 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to this filing, thus allowing for meaningful public comment.

PAGE REDACTED IN ITS ENTIRETY

PAGE REDACTED IN ITS ENTIRETY

PAGE REDACTED IN ITS ENTIRETY

PAGE REDACTED IN ITS ENTIRETY

EXHIBIT 5

Bold and underlined text indicates proposed added language

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

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

FEE STRUCTURE*

[Changes to this Fee Structure, as amended by File No. SR-FICC-2024-012, are available at www.dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the SEC but have not yet been implemented. On January 1, 2025, these changes will be implemented, and this legend will be automatically removed from this Fee Structure.]

XIII. CLEARING FUND MAINTENANCE FEE

On a monthly basis, the Netting Member shall be charged a fee, in arrears, calculated as the product of (A) 0.~~25~~**085**% and (B) the average of each Netting Member's ~~cash deposit balance~~ **Required Fund Deposit** in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360.

* Fees stated to apply to CCIT Members shall be applied at the Joint Account level for CCIT Members participating through a Joint Account.

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

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

[Changes to this Schedule, as amended by File No. SR-FICC-2024-012, are available at www.dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the SEC but have not yet been implemented. On January 1, 2025, these changes will be implemented, and this legend will be automatically removed from this Schedule.]

I. FEES

Clearing Fund Maintenance Fee

On a monthly basis, the Netting Member shall be charged a fee, in arrears, calculated as the product of (A) ~~0.25085~~**0.5085**% and (B) the average of each Netting Member's ~~cash deposit balance~~**Required Fund Deposit** in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360.

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

[Changes to this Schedule, as amended by File No. SR-FICC-2024-012, are available at www.dtcc.com/legal/sec-rule-filings. These changes became effective upon filing with the SEC but have not yet been implemented. On January 1, 2025, these changes will be implemented, and this legend will be automatically removed from this Schedule.]

I. FEES

Clearing Fund Maintenance Fee

On a monthly basis, the Netting Member shall be charged a fee, in arrears, calculated as the product of (A) 0.~~25~~**085**% and (B) the average of each Netting Member's ~~cash deposit balance~~ **Required Fund Deposit** in the Clearing Fund, as of the end of each day, for the month, multiplied by the number of days for that month and divided by 360.
