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Page 1 of * 35		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 006 Amendment No. (req. for Amendments *)	
Filing by The Depository Trust Company 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 checked="" type="checkbox"/>		Section 19(b)(3)(A) * <input 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 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"/>		
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>Update the Clearing Agency Securities Valuation Framework to Include Use of Substantive Inputs</div>					
<b>Contact Information</b> 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]					
<b>Signature</b> Pursuant to the requirements of the Securities Exchange of 1934, The Depository Trust Company has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date 04/15/2025 (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: 2025.04.15 10:38:22 -04'00'					

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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 (DTC) - Price and Margin In		

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 (DTC) - Price and Margin In		

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.

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Exhibit Sent As Paper Document

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

Add	Remove	View

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.

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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 - (Redacted) - Price and Mar		

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) 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> The Depository Trust Company (“DTC”) is filing with the Securities and Exchange Commission (“Commission”) a proposed rule change to update the Clearing Agency Securities Valuation Framework (“Framework”) of DTC and its affiliates, Fixed Income Clearing Corporation (“FICC”) and National Securities Clearing Corporation (“NSCC,” and together with FICC, the central counterparties or “CCPs,” and DTC together with the CCPs, the “Clearing Agencies”) in order to address recently adopted amendments to the Commission’s Standards for Covered Clearing Agencies (“CCAS Rules”) concerning the use of substantive inputs in covered clearing agency (“CCA”) risk-based margin systems. The proposed changes to the Framework would apply to DTC, NSCC, and both of FICC’s divisions, the Government Securities Division (“GSD”) and the Mortgage-Backed Securities Division (“MBSD”). The proposed modifications to the Framework are contained in Exhibit 5 of the filing.<sup>3</sup>

(b) Not applicable.

(c) Not applicable.

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

The proposed rule change was approved by the Risk Committee of the Clearing Agencies’ Boards of Directors on April 15, 2025.

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

(a) Purpose

### **Executive Summary of Proposed Changes**

On October 25, 2024, the Commission adopted amendments to the CCAS Rules to add new requirements for CCAs relying upon substantive inputs to their risk-based margin models, including when such substantive inputs are not readily available or reliable.<sup>4</sup> Rule 17ad-

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

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

<sup>3</sup> Capitalized terms not defined herein shall have the meaning assigned to such terms in the DTC Rules, By-Laws and Organization Certificate, FICC GSD Rulebook, FICC MBSD Clearing Rules, and NSCC Rules & Procedures, available at [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

<sup>4</sup> Securities Exchange Act Release No. 101446 (Oct. 25, 2024), 89 FR 91000 (Nov. 18, 2024) (File No. S7-10-23) (“Adopting Release,” and the substantive input rules adopted therein referred to herein as “CCAS Margin Rules”).

22(e)(6)(iv)<sup>5</sup> previously set forth requirements for CCAs to maintain policies and procedures concerning the use of reliable sources of timely price data and procedures for addressing circumstances in which price data are not readily available or reliable. The Commission recently amended Rule 17ad-22(e)(6)(iv) to expand the scope of this rule beyond price data to also include other substantive inputs to a CCA's risk-based margin system.<sup>6</sup> Specifically, the CCAS Margin Rules would require that CCAs maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable, to ensure that the CCA can continue to meet its obligations under Rule 17ad-22(e)(6) under the Act.<sup>7</sup> Such policies and procedures must include either (i) the use of price data or substantive inputs from an alternate source; or (ii) if it does not use an alternate source, the use of a risk-based margin system that does not rely on substantive inputs that are unavailable or unreliable. As described below, the proposed changes to the Framework are primarily designed to facilitate compliance with these requirements.

## Background

The Clearing Agencies maintain a Framework that sets forth the manner in which each of the Clearing Agencies identifies, measures, monitors, and manages the risks related to the pricing of securities processed or otherwise held by such Clearing Agencies, including (i) CUSIPs eligible for clearance and settlement processing by the applicable Clearing Agency and (ii) with respect to the CCPs, eligible CUSIPs in their respective Clearing Funds.<sup>8</sup> The Framework describes, among other things, the Clearing Agencies' use of pricing vendors and the monitoring, reviewing and processing of pricing data for end-of-day and intraday pricing.

The Framework is currently owned and managed by an officer within the DTCC Securities Valuation team, which is part of the Group Chief Risk Office of DTCC, on behalf of the Clearing Agencies.<sup>9</sup> The processes and systems described in the Framework, and any

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<sup>5</sup> 17 CFR 240.17ad-22(e)(6)(iv).

<sup>6</sup> See Adopting Release, supra note 4 at 91011.

<sup>7</sup> 17 CFR 240.17ad-22(e)(6)(iv).

<sup>8</sup> See Securities Exchange Act Release Nos. 82006 (Nov. 2, 2017), 82 FR 51892 (Nov. 8, 2017) (SR-DTC-2017-016, SR-NSCC-2017-016, SR-FICC-2017-020); 97280 (Apr. 11, 2023), 88 FR 23482 (Apr. 17, 2023) (SR-NSCC-2023-003); 97283 (Apr. 11, 2023), 88 FR 23478 (Apr. 17, 2023) (SR-FICC-2023-004); and 97284 (Apr. 11, 2023), 88 FR 23474 (Apr. 17, 2023) (SR-DTC-2023-003).

<sup>9</sup> The parent company of the Clearing Agencies is The Depository Trust & Clearing Corporation ("DTCC"). DTCC operates on a shared services model with respect to the Clearing Agencies. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides a relevant service to a Clearing Agency.

policies, procedures, or other documents created to support those processes, support the Clearing Agencies' compliance with the requirements of Rule 17ad-22(e)(4)(i)<sup>10</sup> and, with respect to the CCPs, Rule 17ad-22(e)(6)(iv)<sup>11</sup> under the Act.

## **Proposed Changes to the Framework**

The Clearing Agencies propose to revise the Framework to address the newly adopted CCAS Margin Rules and make other clarifying, organizational and cleanup changes. Specifically, the Clearing Agencies would (i) add a new section on other margin input data (aside from price data) to address CCAS Margin Rules related to substantive inputs to CCA margin systems; (ii) add a new glossary of key terms to the Framework; (iii) make clarifying changes to the securities valuation section of the Framework; and (iv) make other clarifying and conforming changes throughout the Framework.

### *Margin Input Data (Including Substantive Inputs)*

The primary purpose of the proposed rule change is to add a new section to the Framework to address new CCAS Margin Rules concerning the substantive inputs to CCA margin systems. The proposed new section would provide that NSCC and FICC, as CCPs, maintain policies and procedures for (i) evaluating data inputs (other than price data) to their margin systems and methodologies, (ii) determining which data inputs are Substantive Inputs (as defined below), (iii) maintaining an inventory of Substantive Inputs and alternative sources or margin systems/methodologies that do not rely on Substantive Inputs that are unavailable or unreliable, and (iv) addressing circumstances in which Substantive Inputs may not be readily available or reliable.

The proposed new section would describe "Substantive Inputs" as inputs that each CCP determines are "necessary" and "consequential" to the calculation of its respective margin requirements. Specifically, a data input is deemed to be "necessary" if the margin calculation cannot be performed without some form of the data input. A data input is determined to be "consequential" if the unavailability or unreliability of the input would impact margin requirements such that the CCP is not adequately able to cover the risk intended to be addressed by the respective margin model, component or charge. The proposed new section would provide examples of Substantive Inputs that include, but are not limited to, inputs such as (i) market data, (ii) reference data, and (iii) sensitivity data.

The proposed new section would also specify the relevant team(s) within DTCC that would review each CCP's margin inputs to determine whether they are Substantive Inputs. Based on these determinations, an inventory of Substantive Inputs for each CCP would be maintained and reviewed on at least an annual basis.

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<sup>10</sup> 17 CFR 240.17ad-22(e)(4)(i).

<sup>11</sup> 17 CFR 240.17ad-22(e)(6)(iv).

In addition, the proposed new section would specify the relevant team(s) within DTCC that would define and implement data quality rules to regularly monitor the ongoing availability and reliability of each Substantive Input. If a Substantive Input is unavailable or unreliable, the designated team(s) would escalate the issue to relevant stakeholders in accordance with their procedures. The designated team(s) would also facilitate an internal annual review of the inventory of data quality rules in accordance with its procedures.

Furthermore, the designated team(s) would maintain procedures for addressing circumstances in which their respective Substantive Inputs are not readily available or reliable. Such procedures would include (i) the use of Substantive Inputs from an alternative source or (ii) the use of a risk-based margin system that does not rely on the Substantive Inputs that are unavailable or unreliable. The proposed new section would provide that an alternate source for a Substantive Input generally should meet the same level of reliability as the primary source, is not required to be sourced externally, and may be created internally. In addition, the new section would provide that an alternate source may be the result of internal policies and procedures that establish a methodology or approach to determining an appropriate input that meets the needs of the CCP's margin methodology and maintains compliance with the overall requirements of Rule 17ad-22(e)(6).<sup>12</sup> Lastly, the new section would provide that any alternate risk-based margin system is subject to the requirements of Rule 17ad-22(e)(6)(vi) and (vii)<sup>13</sup> under the Act with respect to monitoring, review, testing, verification, and model validation.

#### *Glossary of Key Terms*

In order to enhance the transparency of the Framework, the Clearing Agencies propose to add a new section to include a glossary of key terms used in the Framework as well as their definitions. The Clearing Agencies believe the new glossary would help improve clarity of the Framework by providing a concise and easy-to-use reference tool for users of the Framework.

#### *Clarifying Changes Regarding Securities Valuation*

The Clearing Agencies propose changes to clarify and further streamline the description of the Clearing Agencies' practices concerning the price data of (i) securities eligible for clearance and settlement processing by the applicable Clearing Agency and (ii) with respect to the CCPs, eligible securities in their respective Clearing Funds. Specifically, the Clearing Agencies propose to include clarifying language that provides each Clearing Agency uses reliable sources of timely price data and has policies and procedures to address circumstances in which price data are not readily available or reliable in support of the Framework. As proposed, such procedures would include the use of price data from an alternate source or an alternative valuation model/methodology.

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<sup>12</sup> 17 CFR 240.17ad-22(e)(6).

<sup>13</sup> 17 CFR 240.17ad-22(e)(6)(vi) and (vii).



### *Other Conforming and Clarifying Changes*

The Clearing Agencies propose other conforming and clarifying changes. These other conforming and clarifying changes include renaming the Framework as the Clearing Agency Price and Margin Input Data Framework to reflect that, as proposed, the Framework would set forth the manner in which each of the Clearing Agencies identifies, measures, monitors, and manage the risks related to both price and margin input data. These changes also include updates to the description of applicable regulatory requirements to align with the new CCAS Margin Rules concerning the use of substantive inputs in a CCA's risk-based margin systems. Furthermore, the Clearing Agencies propose changes to align terminologies used throughout the Framework with those defined in the new glossary of key terms.

### **Implementation Timeframe**

The Clearing Agencies expect to implement the proposed rule change by no later than December 15, 2025, and would announce the effective date of the proposed changes by an Important Notice posted to the DTCC website.

#### **(b) Statutory Basis**

The Clearing Agencies believe that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, the Clearing Agencies believe the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>14</sup> and Rules 17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv)<sup>15</sup> under the Act for the reasons set forth below.

Section 17A(b)(3)(F) of the Act<sup>16</sup> requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. The Framework and the policies and procedures that support the Framework help assure that each Clearing Agency is using reliable sources of timely price data and other substantive inputs, as applicable, for determining margin requirements and collateral valuation for risk management and settlement purposes. Since margin and collateral play key roles in the applicable Clearing Agency's risk management process, having accurate margin requirements and collateral valuation facilitate the Clearing Agencies' ability to continue the prompt and accurate clearance and settlement of securities transactions and assure the

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<sup>14</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>15</sup> 17 CFR 240.17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv).

<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(F).

safeguarding of securities and funds which are in their custody or control or for which they are responsible, in accordance with Section 17A(b)(3)(F) of the Act.

The proposed rule change has also been designed to be consistent with Rules 17ad-22(e)(4)(i), (e)(6)(i) and (e)(6)(iv) under the Act.<sup>17</sup> Rule 17ad-22(e)(4)(i) under the Act<sup>18</sup> requires a CCA to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those exposures arising from its payment, clearing, and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. The proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. The Framework and the policies and procedures that support the Framework help assure that each Clearing Agency is using reliable sources of timely price data and other substantive inputs, as applicable, for determining margin requirements and collateral valuation for risk management and settlement purposes. Since margin and collateral play key roles in the applicable Clearing Agency's risk management process, having accurate margin requirements and collateral valuation would enable it to better identify, measure, monitor, and manage its credit exposures to participants by maintaining sufficient resources to cover those credit exposures fully with a high degree of confidence. As a result, the Clearing Agencies believe that the proposed rule change would enhance the applicable Clearing Agency's ability to effectively identify, measure, and monitor its credit exposures and would enhance its ability to maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence, consistent with the requirements of Rule 17ad-22(e)(4)(i) under the Act.<sup>19</sup>

Rule 17ad-22(e)(6)(i) under the Act<sup>20</sup> requires each CCA that is a CCP to establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.<sup>21</sup> The proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. The Framework and the policies and procedures that support the Framework help assure that each Clearing Agency is using reliable sources of timely price data

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<sup>17</sup> 17 CFR 240.17ad-22(e)(4)(i), (e)(6)(i) and (e)(6)(iv).

<sup>18</sup> 17 CFR 240.17ad-22(e)(4)(i).

<sup>19</sup> Id.

<sup>20</sup> 17 CFR 240.17ad-22(e)(6)(i).

<sup>21</sup> Id.



and other substantive inputs, as applicable, for determining margin requirements and collateral valuation for risk management and settlement purposes. Since margin and collateral play key roles in the applicable Clearing Agency's risk management process, having accurate margin requirements and collateral valuation would help to ensure that margin levels are commensurate with the risk exposure of each portfolio throughout the day and that the margin that the applicable Clearing Agency collects from participants is sufficient to mitigate the credit exposure presented by the participants. Overall, the proposed change would allow the applicable Clearing Agency to more effectively address the risks presented by participants. In this way, the proposed change would enhance the ability of the applicable Clearing Agency to produce margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market. As such, the Clearing Agencies believe that the proposed change is consistent with the requirements of Rule 17ad-22(e)(6)(i) under the Act.<sup>22</sup> Rule 17ad-22(e)(6)(iv)<sup>23</sup> under the Act requires each CCA that is a CCP to establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, uses reliable sources of timely price data and other substantive inputs (and, with respect to price data, sound valuation models) for addressing circumstances in which price data or other substantive inputs are not readily available or reliable, to ensure that the CCA can continue to meet its obligations under Rule 17ad-22(e)(6).<sup>24</sup> Such policies and procedures must include either (i) the use of price data or substantive inputs from an alternate source; or (ii) if it does not use an alternate source, the use of a risk-based margin system that does not rely on substantive inputs that are unavailable or unreliable.

As discussed above, the proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. This includes the maintenance of procedures detailing (i) the use of price data or substantive inputs from an alternate source or (ii) if the CCP does not use an alternate source, the use of a risk-based margin system that does not rely on substantive inputs that are unavailable or unreliable. The Clearing Agencies believe the proposed changes to the Framework are designed to facilitate the use of timely and reliable substantive inputs to each CCP's margin system, and where such inputs are unavailable or unreliable, the use of appropriate alternative sources or procedures, to ensure that the Clearing Agencies continue to meet their obligations under Rule 17ad-22(e)(6) under the Act.<sup>25</sup>

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<sup>22</sup> Id.

<sup>23</sup> 17 CFR 240.17ad-22(e)(6)(iv).

<sup>24</sup> See 17 CFR 240.17ad-22(e)(6).

<sup>25</sup> See 17 CFR 240.17ad-22(e)(6).

For the reasons set forth above, the Clearing Agencies believe the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>26</sup> and Rules 17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv) thereunder.<sup>27</sup>

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

Section 17A(b)(3)(I) of Act<sup>28</sup> requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Clearing Agencies do not believe that the proposed rule change would have any impact, or impose any burden, on competition. The proposed changes would enhance the Framework by addressing the new CCAS Margin Rules concerning the use of substantive inputs in a CCA's risk-based margin systems. These changes apply to the CCA's margin systems generally and would not advantage or disadvantage any particular participant or user of the Clearing Agencies' services or unfairly inhibit access to the Clearing Agencies' services. The Clearing Agencies therefore do not believe that the proposed rule change would have any impact, or impose any burden, on competition.

#### **5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

The Clearing Agencies have 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](http://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](mailto:tradingandmarkets@sec.gov) or 202-551-5777.

The Clearing Agencies reserve the right not to respond to any comments received.

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<sup>26</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>27</sup> 17 CFR 240.17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv).

<sup>28</sup> 15 U.S.C. 78q-1(b)(3)(I).

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

The Clearing Agencies do not consent to an extension of the time period specified in Section 19(b)(2) of the Act<sup>29</sup> for Commission action.

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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

Not applicable.

**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 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the Framework. *Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 5 is being requested pursuant to 17 CFR 240.24b-2.*

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<sup>29</sup> 15 U.S.C. 78s(b)(2).

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_]; File No. SR-DTC-2025-006)

[DATE]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change to Update the Clearing Agency Securities Valuation Framework to Include Use of Substantive Inputs

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 April \_\_, 2025, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change updates the Clearing Agency Securities Valuation Framework (“Framework”) of DTC and its affiliates, Fixed Income Clearing Corporation (“FICC”) and National Securities Clearing Corporation (“NSCC,” and together with FICC, the central counterparties or “CCPs,” and DTC together with the CCPs, the “Clearing Agencies”) in order to address recently adopted amendments to the Commission’s Standards for Covered Clearing Agencies (“CCAS Rules”) concerning the use of substantive inputs in covered clearing agency (“CCA”) risk-based margin systems. The proposed changes to the Framework would apply to DTC, NSCC, and both of

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

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

FICC’s divisions, the Government Securities Division (“GSD”) and the Mortgage-Backed Securities Division (“MBSD”).<sup>3</sup>

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

**Executive Summary of Proposed Changes**

On October 25, 2024, the Commission adopted amendments to the CCAS Rules to add new requirements for CCAs relying upon substantive inputs to their risk-based margin models, including when such substantive inputs are not readily available or reliable.<sup>4</sup> Rule 17ad-22(e)(6)(iv)<sup>5</sup> previously set forth requirements for CCAs to

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<sup>3</sup> Capitalized terms not defined herein shall have the meaning assigned to such terms in the DTC Rules, By-Laws and Organization Certificate, FICC GSD Rulebook, FICC MBSD Clearing Rules, and NSCC Rules & Procedures, available at [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

<sup>4</sup> Securities Exchange Act Release No. 101446 (Oct. 25, 2024), 89 FR 91000 (Nov. 18, 2024) (File No. S7-10-23) (“Adopting Release,” and the substantive input rules adopted therein referred to herein as “CCAS Margin Rules”).

<sup>5</sup> 17 CFR 240.17ad-22(e)(6)(iv).

maintain policies and procedures concerning the use of reliable sources of timely price data and procedures for addressing circumstances in which price data are not readily available or reliable. The Commission recently amended Rule 17ad-22(e)(6)(iv) to expand the scope of this rule beyond price data to also include other substantive inputs to a CCA's risk-based margin system.<sup>6</sup> Specifically, the CCAS Margin Rules would require that CCAs maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable, to ensure that the CCA can continue to meet its obligations under Rule 17ad-22(e)(6) under the Act.<sup>7</sup> Such policies and procedures must include either (i) the use of price data or substantive inputs from an alternate source; or (ii) if it does not use an alternate source, the use of a risk-based margin system that does not rely on substantive inputs that are unavailable or unreliable. As described below, the proposed changes to the Framework are primarily designed to facilitate compliance with these requirements.

## **Background**

The Clearing Agencies maintain a Framework that sets forth the manner in which each of the Clearing Agencies identifies, measures, monitors, and manages the risks related to the pricing of securities processed or otherwise held by such Clearing Agencies, including (i) CUSIPs eligible for clearance and settlement processing by the applicable Clearing Agency and (ii) with respect to the CCPs, eligible CUSIPs in their

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<sup>6</sup> See Adopting Release, supra note 4 at 91011.

<sup>7</sup> 17 CFR 240.17ad-22(e)(6)(iv).



respective Clearing Funds.<sup>8</sup> The Framework describes, among other things, the Clearing Agencies' use of pricing vendors and the monitoring, reviewing and processing of pricing data for end-of-day and intraday pricing.

The Framework is currently owned and managed by an officer within the DTCC Securities Valuation team, which is part of the Group Chief Risk Office of DTCC, on behalf of the Clearing Agencies.<sup>9</sup> The processes and systems described in the Framework, and any policies, procedures, or other documents created to support those processes, support the Clearing Agencies' compliance with the requirements of Rule 17ad-22(e)(4)(i)<sup>10</sup> and, with respect to the CCPs, Rule 17ad-22(e)(6)(iv)<sup>11</sup> under the Act.

### **Proposed Changes to the Framework**

The Clearing Agencies propose to revise the Framework to address the newly adopted CCAS Margin Rules and make other clarifying, organizational and cleanup changes. Specifically, the Clearing Agencies would (i) add a new section on other margin input data (aside from price data) to address CCAS Margin Rules related to substantive inputs to CCA margin systems; (ii) add a new glossary of key terms to the

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<sup>8</sup> See Securities Exchange Act Release Nos. 82006 (Nov. 2, 2017), 82 FR 51892 (Nov. 8, 2017) (SR-DTC-2017-016, SR-NSCC-2017-016, SR-FICC-2017-020); 97280 (Apr. 11, 2023), 88 FR 23482 (Apr. 17, 2023) (SR-NSCC-2023-003); 97283 (Apr. 11, 2023), 88 FR 23478 (Apr. 17, 2023) (SR-FICC-2023-004); and 97284 (Apr. 11, 2023), 88 FR 23474 (Apr. 17, 2023) (SR-DTC-2023-003).

<sup>9</sup> The parent company of the Clearing Agencies is The Depository Trust & Clearing Corporation ("DTCC"). DTCC operates on a shared services model with respect to the Clearing Agencies. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides a relevant service to a Clearing Agency.

<sup>10</sup> 17 CFR 240.17ad-22(e)(4)(i).

<sup>11</sup> 17 CFR 240.17ad-22(e)(6)(iv).

Framework; (iii) make clarifying changes to the securities valuation section of the Framework; and (iv) make other clarifying and conforming changes throughout the Framework.

*Margin Input Data (Including Substantive Inputs)*

The primary purpose of the proposed rule change is to add a new section to the Framework to address new CCAS Margin Rules concerning the substantive inputs to CCA margin systems. The proposed new section would provide that NSCC and FICC, as CCPs, maintain policies and procedures for (i) evaluating data inputs (other than price data) to their margin systems and methodologies, (ii) determining which data inputs are Substantive Inputs (as defined below), (iii) maintaining an inventory of Substantive Inputs and alternative sources or margin systems/methodologies that do not rely on Substantive Inputs that are unavailable or unreliable, and (iv) addressing circumstances in which Substantive Inputs may not be readily available or reliable.

The proposed new section would describe “Substantive Inputs” as inputs that each CCP determines are “necessary” and “consequential” to the calculation of its respective margin requirements. Specifically, a data input is deemed to be “necessary” if the margin calculation cannot be performed without some form of the data input. A data input is determined to be “consequential” if the unavailability or unreliability of the input would impact margin requirements such that the CCP is not adequately able to cover the risk intended to be addressed by the respective margin model, component or charge. The proposed new section would provide examples of Substantive Inputs that include, but are not limited to, inputs such as (i) market data, (ii) reference data, and (iii) sensitivity data.

The proposed new section would also specify the relevant team(s) within DTCC that would review each CCP's margin inputs to determine whether they are Substantive Inputs. Based on these determinations, an inventory of Substantive Inputs for each CCP would be maintained and reviewed on at least an annual basis.

In addition, the proposed new section would specify the relevant team(s) within DTCC that would define and implement data quality rules to regularly monitor the ongoing availability and reliability of each Substantive Input. If a Substantive Input is unavailable or unreliable, the designated team(s) would escalate the issue to relevant stakeholders in accordance with their procedures. The designated team(s) would also facilitate an internal annual review of the inventory of data quality rules in accordance with its procedures.

Furthermore, the designated team(s) would maintain procedures for addressing circumstances in which their respective Substantive Inputs are not readily available or reliable. Such procedures would include (i) the use of Substantive Inputs from an alternative source or (ii) the use of a risk-based margin system that does not rely on the Substantive Inputs that are unavailable or unreliable. The proposed new section would provide that an alternate source for a Substantive Input generally should meet the same level of reliability as the primary source, is not required to be sourced externally, and may be created internally. In addition, the new section would provide that an alternate source may be the result of internal policies and procedures that establish a methodology or approach to determining an appropriate input that meets the needs of the CCP's margin methodology and maintains compliance with the overall requirements of Rule 17ad-

22(e)(6).<sup>12</sup> Lastly, the new section would provide that any alternate risk-based margin system is subject to the requirements of Rule 17ad-22(e)(6)(vi) and (vii)<sup>13</sup> under the Act with respect to monitoring, review, testing, verification, and model validation.

#### *Glossary of Key Terms*

In order to enhance the transparency of the Framework, the Clearing Agencies propose to add a new section to include a glossary of key terms used in the Framework as well as their definitions. The Clearing Agencies believe the new glossary would help improve clarity of the Framework by providing a concise and easy-to-use reference tool for users of the Framework.

#### *Clarifying Changes Regarding Securities Valuation*

The Clearing Agencies propose changes to clarify and further streamline the description of the Clearing Agencies' practices concerning the price data of (i) securities eligible for clearance and settlement processing by the applicable Clearing Agency and (ii) with respect to the CCPs, eligible securities in their respective Clearing Funds. Specifically, the Clearing Agencies propose to include clarifying language that provides each Clearing Agency uses reliable sources of timely price data and has policies and procedures to address circumstances in which price data are not readily available or reliable in support of the Framework. As proposed, such procedures would include the use of price data from an alternate source or an alternative valuation model/methodology.

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<sup>12</sup> 17 CFR 240.17ad-22(e)(6).

<sup>13</sup> 17 CFR 240.17ad-22(e)(6)(vi) and (vii).

### *Other Conforming and Clarifying Changes*

The Clearing Agencies propose other conforming and clarifying changes. These other conforming and clarifying changes include renaming the Framework as the Clearing Agency Price and Margin Input Data Framework to reflect that, as proposed, the Framework would set forth the manner in which each of the Clearing Agencies identifies, measures, monitors, and manage the risks related to both price and margin input data. These changes also include updates to the description of applicable regulatory requirements to align with the new CCAS Margin Rules concerning the use of substantive inputs in a CCA's risk-based margin systems. Furthermore, the Clearing Agencies propose changes to align terminologies used throughout the Framework with those defined in the new glossary of key terms.

### **Implementation Timeframe**

The Clearing Agencies expect to implement the proposed rule change by no later than December 15, 2025, and would announce the effective date of the proposed changes by an Important Notice posted to the DTCC website.

### **2. Statutory Basis**

The Clearing Agencies believe that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, the Clearing Agencies believe the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>14</sup> and Rules 17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv)<sup>15</sup> under the Act for the reasons set forth below.

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<sup>14</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>15</sup> 17 CFR 240.17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv).

Section 17A(b)(3)(F) of the Act<sup>16</sup> requires, in part, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. The proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. The Framework and the policies and procedures that support the Framework help assure that each Clearing Agency is using reliable sources of timely price data and other substantive inputs, as applicable, for determining margin requirements and collateral valuation for risk management and settlement purposes. Since margin and collateral play key roles in the applicable Clearing Agency's risk management process, having accurate margin requirements and collateral valuation facilitate the Clearing Agencies' ability to continue the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds which are in their custody or control or for which they are responsible, in accordance with Section 17A(b)(3)(F) of the Act.

The proposed rule change has also been designed to be consistent with Rules 17ad-22(e)(4)(i), (e)(6)(i) and (e)(6)(iv) under the Act.<sup>17</sup> Rule 17ad-22(e)(4)(i) under the Act<sup>18</sup> requires a CCA to establish, implement, maintain, and enforce written policies and

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<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>17</sup> 17 CFR 240.17ad-22(e)(4)(i), (e)(6)(i) and (e)(6)(iv).

<sup>18</sup> 17 CFR 240.17ad-22(e)(4)(i).



procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those exposures arising from its payment, clearing, and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. The proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. The Framework and the policies and procedures that support the Framework help assure that each Clearing Agency is using reliable sources of timely price data and other substantive inputs, as applicable, for determining margin requirements and collateral valuation for risk management and settlement purposes. Since margin and collateral play key roles in the applicable Clearing Agency's risk management process, having accurate margin requirements and collateral valuation would enable it to better identify, measure, monitor, and manage its credit exposures to participants by maintaining sufficient resources to cover those credit exposures fully with a high degree of confidence. As a result, the Clearing Agencies believe that the proposed rule change would enhance the applicable Clearing Agency's ability to effectively identify, measure, and monitor its credit exposures and would enhance its ability to maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence, consistent with the requirements of Rule 17ad-22(e)(4)(i) under the Act.<sup>19</sup>

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<sup>19</sup> Id.

Rule 17ad-22(e)(6)(i) under the Act<sup>20</sup> requires each CCA that is a CCP to establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.<sup>21</sup>

The proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. The Framework and the policies and procedures that support the Framework help assure that each Clearing Agency is using reliable sources of timely price data and other substantive inputs, as applicable, for determining margin requirements and collateral valuation for risk management and settlement purposes. Since margin and collateral play key roles in the applicable Clearing Agency's risk management process, having accurate margin requirements and collateral valuation would help to ensure that margin levels are commensurate with the risk exposure of each portfolio throughout the day and that the margin that the applicable Clearing Agency collects from participants is sufficient to mitigate the credit exposure presented by the participants. Overall, the proposed change would allow the applicable Clearing Agency to more effectively address the risks presented by participants. In this way, the proposed change would enhance the ability of the applicable Clearing Agency to produce margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market. As such, the Clearing Agencies believe that the proposed change is consistent with the requirements of

Rule 17ad-22(e)(6)(i) under the Act.<sup>22</sup> Rule 17ad-22(e)(6)(iv)<sup>23</sup> under the Act requires each CCA that is a CCP to establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, uses reliable sources of timely price data and other substantive inputs (and, with respect to price data, sound valuation models) for addressing circumstances in which price data or other substantive inputs are not readily available or reliable, to ensure that the CCA can continue to meet its obligations under Rule 17ad-22(e)(6).<sup>24</sup> Such policies and procedures must include either (i) the use of price data or substantive inputs from an alternate source; or (ii) if it does not use an alternate source, the use of a risk-based margin system that does not rely on substantive inputs that are unavailable or unreliable.

As discussed above, the proposed rule change would amend the Framework to describe how the Clearing Agencies maintain policies and procedures that are reasonably designed to (i) use reliable sources of timely price data and other substantive inputs and (ii) address circumstances in which price data and other substantive inputs are not readily available or reliable. This includes the maintenance of procedures detailing (i) the use of price data or substantive inputs from an alternate source or (ii) if the CCP does not use an alternate source, the use of a risk-based margin system that does not rely on substantive

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<sup>20</sup> 17 CFR 240.17ad-22(e)(6)(i).

<sup>21</sup> Id.

<sup>22</sup> Id.

<sup>23</sup> 17 CFR 240.17ad-22(e)(6)(iv).

<sup>24</sup> See 17 CFR 240.17ad-22(e)(6).

inputs that are unavailable or unreliable. The Clearing Agencies believe the proposed changes to the Framework are designed to facilitate the use of timely and reliable substantive inputs to each CCP's margin system, and where such inputs are unavailable or unreliable, the use of appropriate alternative sources or procedures, to ensure that the Clearing Agencies continue to meet their obligations under Rule 17ad-22(e)(6) under the Act.<sup>25</sup>

For the reasons set forth above, the Clearing Agencies believe the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>26</sup> and Rules 17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv) thereunder.<sup>27</sup>

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

Section 17A(b)(3)(I) of Act<sup>28</sup> requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Clearing Agencies do not believe that the proposed rule change would have any impact, or impose any burden, on competition. The proposed changes would enhance the Framework by addressing the new CCAS Margin Rules concerning the use of substantive inputs in a CCA's risk-based margin systems. These changes apply to the CCA's margin systems generally and would not advantage or disadvantage any particular participant or user of the Clearing Agencies' services or unfairly inhibit access to the Clearing Agencies' services. The Clearing Agencies therefore do not

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<sup>25</sup> See 17 CFR 240.17ad-22(e)(6).

<sup>26</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>27</sup> 17 CFR 240.17ad-22(e)(4)(i), (e)(6)(i), and (e)(6)(iv).

<sup>28</sup> 15 U.S.C. 78q-1(b)(3)(I).

believe that the proposed rule change would have any impact, or impose any burden, on competition.

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

The Clearing Agencies have 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](http://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](mailto:tradingandmarkets@sec.gov) or 202-551-5777.

The Clearing Agencies reserve the right not to respond to any comments received.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds

such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

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

#### IV. Solicitation of Comments

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

##### Electronic Comments:

- Use the Commission's Internet comment form  
([www.sec.gov/rules/sro.shtml](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-DTC-2025-006 on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR-DTC-2025-006. 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](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 DTC and on DTCC's website ([www.dtcc.com/legal/sec-rule-filings](http://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-DTC-2025-006 and should be submitted on or before [insert date 21 days after publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

Secretary

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

## **EXHIBIT 5**

**The information contained in this Exhibit 5 is subject to exemption from mandatory disclosure under Exemptions #4 and #8 of the Freedom of Information Act because the information concerns (i) trade secrets and commercial information that is privileged or confidential and (ii) the supervision of The Depository Trust Company, Fixed Income Clearing Corporation, and National Securities Clearing Corporation (collectively, the “Clearing Agencies”), which are financial institutions. This Exhibit 5 consists of the Clearing Agency Securities Valuation Framework, which is not intended for public disclosure. Accordingly, this Exhibit 5 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version was filed separately and confidentially with the Securities and Exchange Commission. Notwithstanding the request for confidential treatment, the Clearing Agencies believe the substance of this Exhibit 5 is clearly and adequately described in the accompanying Exhibit 1A and Form 19b-4 narrative to the proposed rule change filing, thus allowing for meaningful public comment.**

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