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Page 1 of \* 75

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

File No. \* SR 2026 - \* 007

Amendment No. (req. for Amendments \*)

Filing by Fixed Income Clearing Corporation

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

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

Section 806(e)(2) \*

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

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

Modify the GSD Rules to Adopt a U.S. Treasury Clearing Trade Submission Requirement

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \* [Redacted] Last Name \* [Redacted]

Title \* [Redacted]

E-mail \* RuleFilingAdmin@dtcc.com

Telephone \* [Redacted] Fax [Redacted]

**Signature**

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

Date 06/24/2026

(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: 2026.06.24  
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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 \***

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Narrative - GSD Trade Submission Ma

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 \***

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Exhibit 1A - GSD Trade Submission M

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 \***

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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**

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

Exhibit Sent As Paper Document

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

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

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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

**Exhibit 5 - Proposed Rule Text**

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Exhibit 5 - GSD Trade Submission Ma

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**

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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 Proposed Rule Change

(a) The proposed rule change of Fixed Income Clearing Corporation (“FICC”) is provided in Exhibit 5 and consists of modifications to FICC’s Government Securities Division (“GSD”) Rulebook (“Rules”)<sup>1</sup> to (1) adopt a requirement that each Netting Member submits all eligible secondary market transactions, both for repurchase agreements and certain categories of cash transactions, to which it is a counterparty to FICC for clearance and settlement; (2) adopt provisions to monitor and enforce the trade submission requirement; and (3) make other revisions to the Rules to clarify, conform and enhance the disclosures of the Rules, as described below.

These proposed rule changes are primarily designed to comply with the requirements of Rule 17ad-22(e)(18)(iv)(A) and (B) under the Securities Exchange Act of 1934, as amended (“Act”), as described below.<sup>2</sup>

(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 (“Board”) on February 14, 2024 and June 16, 2026.

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

(a) Purpose

### Executive Summary

On December 13, 2023, the U.S. Securities and Exchange Commission (“Commission”) adopted amendments to the covered clearing agency standards that apply to covered clearing agencies that clear transactions in U.S. Treasury securities, including FICC.<sup>3</sup> These amendments require, among other things, that FICC establish objective, risk-based, and publicly disclosed criteria for participation that (i) require FICC’s Netting Members submit for clearance and settlement all of the eligible secondary market transactions to which they are a counterparty; and (ii) identify and monitor Netting Members’ submission of eligible secondary market transactions

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<sup>1</sup> Terms not defined herein are defined in the Rules, available at [www.dtcc.com/~media/Files/Downloads/legal/rules/ficc\\_gov\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf).

<sup>2</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A) and (B). See Securities Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (“Adopting Release”, and the rules adopted therein referred to herein as “Treasury Clearing Rules”).

<sup>3</sup> Id.

to which they are a counterparty, including how FICC would address a failure to submit transactions in accordance with this requirement.<sup>4</sup>

Therefore, under the Treasury Clearing Rules, FICC must require its Netting Members, as direct participants, to submit all eligible secondary market transactions to which they are a counterparty to it for central clearing. FICC is also obligated to adopt provisions that would facilitate its monitoring of Netting Members' compliance with the trade submission requirement and how it would address a Member's failure to comply. As described below, the proposed rules are designed to comply with those requirements.

First, the proposed changes would adopt an ongoing membership requirement that all Netting Members submit to FICC for clearance and settlement eligible secondary market transactions to which they are a party in a new GSD Rule 5. The proposed rules would adopt a definition of Eligible Secondary Market Transactions by reference to the Treasury Clearing Rules<sup>5</sup> to ensure that FICC's trade submission requirement is consistent with such regulations and with the requirements being adopted by other U.S. Treasury clearing agencies.

Second, the proposed changes would adopt provisions to enable FICC to identify and monitor Netting Members' ongoing compliance with the proposed trade submission requirement. These provisions would include affirmative obligations of Netting Members to notify FICC of non-compliance with this requirement. These provisions would also extend FICC's existing authority to request information or review a Netting Member's books and records to its monitoring and verification, as needed, of such compliance. Therefore, FICC's proposal would rely on Member self-reporting and its existing authority to request information and examine a Netting Member's books and records to fulfill its requirement to identify and monitor Netting Members' compliance with the requirement.

The proposed rule changes would also adopt disciplinary measures FICC would take if a Netting Member fails to meet its obligations under the new rules, which would include a fine and notifications to applicable regulatory authorities. The fine would be incorporated into the GSD Fine Schedule and would be waived for any Netting Member that self-reports non-compliance and remediates such non-compliance within a specified timeframe.

Finally, the proposed rule changes would include non-substantive revisions to re-organize, clarify and conform the GSD Rules, as described below.

## **Background**

FICC, through GSD, serves as a central counterparty and provider of clearance and settlement services for the U.S. government securities markets. GSD's central counterparty services are available directly to entities that are approved to be Netting Members and indirectly to other market participants through its indirect access models – the Sponsored Service or Agent

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<sup>4</sup> Id.

<sup>5</sup> Supra note 2. See also 17 CFR 240.17ad-22(a).

Clearing Service.<sup>6</sup> FICC's direct participants include brokers, dealers, inter-dealer brokers, futures commission merchants, government securities issuers, insurance companies, registered clearing agencies, registered investment companies and both U.S. and non-U.S. banks. Currently, other market participants, including investment funds, pension plans and other buy-side institutions, generally access GSD's central counterparty services through one of its indirect access models.

Through GSD, FICC provides real-time trade matching, clearing, risk management and netting for cash purchases and sales of eligible securities, as well as repurchase and reverse repurchase transactions involving eligible securities ("Repo Transactions"). Eligible securities include securities issued by the U.S. Treasury Department ("U.S. Treasury Securities") and securities issued or guaranteed by U.S. government agencies and government sponsored enterprises.<sup>7</sup>

In its role as central counterparty, FICC novates eligible transactions that are submitted to it for clearance and settlement. Novation is defined in the Rules as the termination of deliver, receive, and related payment obligations between pre-novation counterparties and the replacement of such obligations with identical obligations to and from FICC, pursuant to the provisions of the Rules, and generally occurs at the time a submitted transaction is compared by FICC.<sup>8</sup> As recognized by the Commission in the Adopting Release, by "novating transactions (that is, becoming the counterparty to both sides of a transaction), [FICC] addresses concerns about counterparty risk by substituting its own creditworthiness and liquidity for the creditworthiness and liquidity of the counterparties."<sup>9</sup>

The Adopting Release identifies the important operational, risk management and other benefits of central clearing, which include the reduction in counterparty credit risk through novation of trades by the central counterparty, centralized default management, and efficiencies provided by multilateral netting.<sup>10</sup> The efficacy of FICC's own risk management framework is critical to its ability to provide these benefits to the market it serves.

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<sup>6</sup> See Rule 2 (Members) (providing that FICC shall make its services available to entities that are approved to be Members of GSD); Rule 3A (Sponsoring Members and Sponsored Members) (describing the "Sponsored Service"); and Rule 8 (Agent Clearing Service), supra note 1.

<sup>7</sup> See definition of "Eligible Securities" in Rule 1, supra note 1.

<sup>8</sup> See definition of "Novation" in Rule 1, supra note 1.

<sup>9</sup> Supra note 2, at 8-9.

<sup>10</sup> Supra note 2, at 14-17.

## Description of Proposed Rule Changes

### 1. Adopt Trade Submission Requirement and Define Scope of Requirement

The proposed rule changes would adopt an ongoing membership obligation that each Netting Member submit to FICC, or to another clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, for clearance and settlement all “Eligible Secondary Market Transactions” to which such Netting Member (or a part of the Netting Member, as the Commission may provide through interpretive guidance or exemptive relief) is a counterparty. This requirement would be added to a new Rule 5<sup>11</sup> and would be adopted to comply with both the amendments to Rule 17ad-22(e)(18)(iv)(A) under the Act,<sup>12</sup> and with any future guidance or rulemaking of the Commission with respect to the scope of that rule.

Rule 5 would also provide that Netting Members are permitted, but not required, to submit to FICC transactions that are outside the scope of the new trade submission requirement.

#### a. Scope of Trade Submission Requirement

The proposed rule changes would specify the scope of the trade submission requirement by adopting the definition of “Eligible Secondary Market Transactions” in the Treasury Clearing Rules.<sup>13</sup>

The Commission’s definition of Eligible Secondary Market Transactions generally includes secondary market transactions in U.S. Treasury Securities where the transaction is of a type that is accepted by FICC for clearance and settlement and, subject to specified exceptions and exemptions, is one of three specified types of transactions: (i) repurchase transactions in U.S. Treasury Securities entered into by the Netting Member; (ii) cash transactions on U.S. Treasury Securities entered into by the Netting Member if the Netting Member is an Inter-Dealer Broker; and (iii) all cash transactions on U.S. Treasury Securities entered into by the Netting Member with a broker-dealer, government securities dealer, or government securities broker.<sup>14</sup> The Commission’s definition excludes certain transactions entered into with certain specified counterparties, including central banks and sovereign entities.

The proposed rule changes would adopt a definition of the term, Eligible Secondary Market Transactions, into Rule 1 by reference to the definition set forth in Rule 17ad-22(a) under

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<sup>11</sup> The rules currently in Rule 5, describing the Comparison System, would be moved to a new Rule 6. References to current Rule 5 would be updated throughout the Rules to reflect this change. Supra note 1.

<sup>12</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

<sup>13</sup> See 17 CFR 240.17ad-22(a).

<sup>14</sup> See id.

the Act, which would ensure consistency with the Act.<sup>15</sup> The proposed definition further defines Eligible Secondary Market Transaction to include any interpretation of that term that may be issued by the Commission and its staff from time to time and would exclude any transactions that are exempted or excluded from the trade submission requirement under Rule 17ad-22(a) under the Act by the Commission or its staff. Similar to the language that would be added to the proposed Rule 5 (discussed above), this proposed language would permit the scope of the trade submission requirement to remain consistent with the binding definition of such term by preemptively incorporating any future guidance, interpretation or exemption published by Commission or its staff related to that definition.

FICC is also proposing to clarify language in the Rules to make clear that a bank and its branches must all apply under the same membership, as one Bank Netting Member. This proposed revision would clarify that a branch and its parent bank are considered the same legal entity under the GSD Rules and not separate affiliates. The proposed changes would remove reference to a bank applying for membership through its branch or agency from various places in Rules 2A and 3, including (1) updating eligibility to be a Bank Netting Member to remove the ability in Section 3(a)(i) of Rule 2A of a non-U.S. bank to participate through a U.S. branch as an alternative to meeting the qualifications applicable to a Foreign Person and including in this Section 3(a)(i) clarifying language regarding FICC's position on Bank Netting Members; (2) updating the descriptions of financial requirements applicable to both Bank Netting Members established or chartered under the laws of a non-U.S. jurisdiction and other Foreign Persons that are banks to remove reference to an application for membership through a U.S. branch in Sections 4(b)(ii)(A)(2) and (E)(2) of Rule 2A; and (3) removing reference to a bank's branch in the description of the annual attestation that must be provided by non-U.S. bank Netting Members in Section 2 of Rule 3.

b. Remove Existing Trade Submission Requirements

In connection with adopting this trade submission requirement, FICC would remove the existing trade submission requirements from the GSD Rules. These requirements are currently set forth in Section 1 of Rule 5 (to be re-numbered Rule 6), Section 3 of Rule 11, Rule 15, and Section 2 of Rule 18.

Section 1 of Rule 5 requires that Members of the Comparison System submit to FICC for comparison trade data on all trades that are of the type processed by FICC. Section 3 of Rule 11 requires Netting Members to submit data on all of that Netting Member's or the Netting Member's Executing Firm Customers' trades other than Repo Transactions (i) with other Netting Members (or their Executing Firm Customers) that are eligible for netting and (ii) executed by a Covered Affiliate (as defined in Rule 1) that meet certain criteria. Section 2 of Rule 18 includes an identical trade submission obligation with respect to trade data on Netting Members' Repo Transactions. Both Rules exclude certain trades from the submission requirement, including trades executed between Netting Members and their Affiliates (defined in these Rules as

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Id.

“Affiliate Trades”). Rule 15 requires that Inter-Dealer Broker Netting Members submit to FICC trade data regarding their brokered activity, other than Repo Transactions, upon FICC’s request.

FICC is proposing to remove these provisions from the Rules. The activity that would be required to be submitted to FICC pursuant to the trade submission requirement proposed to be added to new Rule 5 pursuant to the Treasury Clearing Rules would include much of the activity that is covered by these existing requirements. Therefore, FICC believes it is unnecessary to retain these trade submission requirements in the Rules with the adoption of the new requirements to Rule 5.

In connection with this change FICC would delete the defined term “Covered Affiliate” from Rule 1.

c. Retain Prohibition Against Pre-Netting Trade Data

FICC is proposing to move and consolidate the existing restriction against pre-netting practices from Section 3 of Rule 11 and Section 2 of Rule 18 into Section 4 of the new Rule 5. These provisions provide that any trade data that is required to be submitted to FICC must be submitted on a trade-by-trade basis with the original terms of the trade unaltered, and specifically prohibits pre-netting practices. The receipt of unaltered trade data permits FICC’s market risk management processes to monitor trades closer to the time of execution and manage the risk exposures of those trades earlier in the day. Maintaining the prohibition against pre-netting practices for trades that are required to be submitted to FICC will, therefore, support the application of the risk management benefits of central clearing to this trading activity and support the goals of the Treasury Clearing Rules.

In moving and consolidating these provisions into Rule 5, FICC would also include the disciplinary action it may take if a Netting Member fails to comply with these requirements. Currently, Rules 11 and 18 provide that a Netting Member that violates this requirement “may be reported to the appropriate regulatory body, placed on the Watch List and/or subject to an additional fee” and that FICC may further discipline the Netting Member pursuant to Rule 48.<sup>16</sup> FICC is proposing to move these disciplinary measures to the new Section 4 of Rule 5.

In connection with this proposed change, FICC would also delete the defined term for “Pre-Netting of Trades” from Rule 1 as that term would be incorporated into the new Section 4 of Rule 5.

2. Adopt Provisions to Monitor and Enforce the Trade Submission Requirement

The proposed changes would adopt provisions to facilitate FICC’s ability to identify and monitor the trade submission requirement. These proposed changes would clarify that FICC’s existing ability to request information from both the Netting Member and from its applicable regulatory authority, and to review Netting Members’ books and records, may be utilized by FICC, as and when it deems it necessary, to monitor Members’ compliance with the requirement.

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<sup>16</sup> Section 3 of Rule 11, Section 2 of Rule 18, supra note 1. See also Rule 48 (addressing FICC’s general authority to discipline any Member for violation of the Rules), id.

The proposed changes would also adopt an affirmative obligation of Netting Members to proactively report any instances of non-compliance with the requirement, as described below.

While FICC would adopt provisions that would allow it to request information from Netting Members and their applicable regulatory authority, and to inspect Netting Members' books and records when it deems such review necessary, given that Netting Members' internal operations, organizational structures and trading practices vary greatly, FICC believes it is also appropriate to apply an approach that entails some degree of Netting Member self-reporting under the general obligation to comply with FICC's ongoing membership requirements. Therefore, and as recommended in the Adopting Release,<sup>17</sup> FICC is proposing to require that Netting Members monitor their own compliance with the requirement and report any instances of non-compliance, as described in detail below.

a. FICC's Authority to Request Information and Inspect Books and Records

FICC would describe in Section 2 of proposed Rule 5 its authority to take certain actions, and Netting Members' agreement to comply with such actions, in connection with its monitoring of Netting Members' ongoing compliance with the trade submission requirement. FICC currently has the authority to take each of these actions under Rules 2A and 3 in connection with its monitoring of Members' compliance with the requirements of membership generally. Therefore, FICC is not proposing to expand its authority to request information, or review the books and records of its Members, but would clarify that it may exercise these existing rights in connection with its monitoring of the trade submission requirement.

First, Netting Members would be required to submit to FICC any reports or other information that FICC may reasonably request, as also set forth in Section 2 of Rule 3, which requires that Netting Members submit to FICC "the reports, financial or other information set forth below and such other reports, financial and other information as the Corporation from time to time may reasonably require." The proposed rule change would specify that this information could include, for example, reports of trading activity, trade data, and the Netting Member's policies, procedures or other controls related to its compliance with the trade submission requirement. Second, Netting Members would agree that FICC may inspect their books and records, as also set forth in Section 10 of Rule 3. Finally, Netting Members would authorize FICC to request information regarding a Netting Member from that firm's Designated Examining Authority or Appropriate Regulatory Agency, which FICC may also do under Rule 2A, Section 6 in evaluating an applicant to be a Netting Member. This provision would incorporate a suggestion in the Adopting Release that reviewing information from regulatory and self-regulatory organizations would be an appropriate method for FICC to assess its Netting Members' compliance with the requirement.<sup>18</sup> The proposed rule would specify that FICC may

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<sup>17</sup> Supra note 2, at 129 ("... U.S. Treasury securities CCA could require direct participants to submit to the CCA information regarding their U.S. Treasury securities transactions ....").

<sup>18</sup> See id. ("The Commission further agrees that a U.S. Treasury securities CCA also could review publicly available information and information made available to it by regulatory

request information from such authority or agency as FICC deems necessary for the purposes of ensuring compliance with the trade submission requirement and as may be available to be shared, and that such information may include, for example, information related to such authority or agency's examination of the Netting Member's trading practices, trading reports and other records.

As noted above and described below, FICC would primarily rely on Netting Members to monitor their own compliance with the trade submission requirement. However, these proposed changes to clarify FICC's existing rights to request information and examine Netting Members' books and records would allow FICC to verify such compliance, for example, before it takes action to enforce the requirement.

b. Requirement to Notify FICC of Non-Compliance

Second, the proposed rule changes would require each Netting Member to notify FICC in writing within 30 calendar days from the date on which it learns that it is no longer in compliance with the trade submission requirement. Currently, under Section 7 of Rule 3, Members are required to notify FICC if they are no longer in compliance with the qualifications, standards or other requirements of membership.<sup>19</sup> This proposed rule change would clarify for Members the application of this existing requirement to a failure to comply with the trade submission requirement, and would provide Netting Members with a longer period in which such notifications are required.

The proposed rule change would also specify that notification of non-compliance shall include all relevant facts that are known to the Netting Member at the time of the notification and would identify examples of such information. Examples of such relevant facts would include (i) the approximate duration of the non-compliance with the trade submission requirement; (ii) either the time when non-compliance with the trade submission requirement was remediated or the anticipated steps to be taken to remediate such non-compliance and the approximate time when non-compliance is expected to be remediated; and (iii) identification and contact information of the member of the Netting Member's Controlling Management (as such term is defined in the Rules)<sup>20</sup> that is overseeing the matter.

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and self-regulatory organizations as part of its assessment of its direct participants' compliance.”).

<sup>19</sup> Section 7 of Rule 3, supra note 1.

<sup>20</sup> See Rule 1 (“The term “Controlling Management” shall mean the Chief Executive Officer, the Chief Financial Officer, and the Chief Operations Officer, or their equivalents, of an applicant or Member or such other individuals or entities with direct or indirect control over the applicant or Member; provided that with respect to a Registered Investment Company Netting Member or an applicant to become a Registered Investment Company Netting Member, the term “Controlling Management” shall include the investment manager.”), supra note 1.

FICC believes this information would assist it in assessing the status and extent of the Netting Member's non-compliance with this requirement and the appropriate, applicable disciplinary measures. By requiring that a Netting Member identify a member of its Controlling Management that is overseeing the matter, the proposed rule change would ensure that the Netting Member has appropriately escalated the non-compliance internally and that the matter is being addressed by its senior management.

c. Enforcement of Trade Submission Requirement

Finally, Section 3 of proposed Rule 5 would provide that a Netting Member that fails to comply with the trade submission requirement would be subject to a fine under the Fine Schedule and that the Netting Member's Designated Examining Authority or Appropriate Regulatory Agency, as applicable, and the Commission would be notified of that failure. FICC believes that notice of a Netting Member's failure to comply with the trade submission requirement to other appropriate regulatory or self-regulatory organizations is an appropriate measure and would be an effective deterrent to non-compliance.

Within the Fine Schedule, FICC would adopt a fine of \$10,000 for failure to comply with the trade submission requirement. Section 3 of Rule 5 would provide Netting Members who notify FICC of their non-compliance with the trade submission requirement before such non-compliance is independently discovered by FICC with a cure period of 30 Business Days before the applicable disciplinary measures are taken. FICC believes it is appropriate to adopt this cure period to encourage Netting Members to effectively monitor their own compliance with the requirement and notify FICC when non-compliance is discovered.

3. Other Revisions and Clarifications to the Rules

Finally, the proposed rule changes would make other revisions to clarify and conform provisions of the Rules to improve their accuracy and transparency.

First, the proposed rule changes would revise and clarify certain defined terms in Rule 1. The revisions would update the definition of "Affiliate" to replace a citation to a particular regulatory definition of this term set forth in rules promulgated under the Act, with the text of the particular regulatory definition of this term.<sup>21</sup> This revision would not change the meaning of this term as it is used in the Rules, but would provide further clarity by including the actual definition and not requiring a reader to find that definition in the cited regulation.

Second, the proposed rule change would define "Buy/Sell Transactions" in Rule 1 to mean a Transaction that is either the purchase or sale of an Eligible Netting Security in exchange for cash for which the trade data is submitted to FICC for Novation.<sup>22</sup>

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<sup>21</sup> 17 CFR 230.405.

<sup>22</sup> The term "Buy/Sell Transaction" would also be used in the definition of "Bilateral Transaction" and "Brokered Transaction" in Rule 1 to clarify the meaning of those terms

Third, the proposed rule changes would update the definition of “Designated Examining Authority” to include the appropriate regulatory bodies that may apply to other legal entity types and to permit FICC to choose the applicable regulatory body when a Member has multiple overseeing regulators. The additional regulatory authorities that would be included in this defined term are already listed along with the term Designated Examining Authority in Section 6 of Rule 3. Expanding the defined term to include these additional regulatory agencies in the defined term would allow FICC to remove that additional language from Rule 3 and simplify the uses of this term in other places in the Rules, including in Sections 2 and 3 of proposed Rule 5 regarding the monitoring and enforcement of the trade submission requirement.

Fourth, the proposed rule changes would update the defined term for “Eligible Treasury Security” to clarify the meaning of this term by using the new proposed defined term for “U.S. Treasury Security” and the existing defined term for “Eligible Security.”

Fifth, FICC would define “Treasury Repo Transaction” in Rule 1 to mean a Repo Transaction collateralized by Eligible Treasury Securities.

Finally, FICC would adopt a new defined term for “U.S. Treasury Securities” in Rule 1 and would use this term in the definition of Eligible Treasury Security.

### **Implementation Timeframe**

Subject to approval by the Commission, FICC expects to implement the proposal, with the exception of the proposed changes to Rule 5 (to be renumbered Rule 6), and Rules 11, 15 and 18, by no later than December 31, 2026. FICC would announce the effective date of the proposed rule change by an Important Notice posted to FICC’s website.

While the Rules would be updated to reflect the majority of the changes proposed by no later than December 31, 2026, Netting Members would not be obligated to comply with the trade submission requirement proposed by this filing until the date set by the Commission as the relevant compliance date for cash transactions that are considered Eligible Secondary Market Transactions (“Eligible Buy/Sell Transactions Compliance Date”) and the date set by the Commission as the relevant compliance date for repurchase transactions that are considered Eligible Secondary Market Transactions (“Eligible Treasury Repo Transactions Compliance Date”), respectively.

As noted in Exhibit 5 to this filing, the proposed changes to Rule 5 (to be re-numbered 6) and Rules 11 and 15 would be implemented on the Eligible Buy/Sell Transactions Compliance Date, and the proposed changes to Rule 18 would be implemented on the Eligible Treasury Repo Transactions Compliance Date.

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and would replace lowercase uses of this term in other places in the Rules with the proposed defined term. Supra note 1.

(b) Statutory Basis

FICC believes the proposed changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, FICC believes the proposed rule changes are consistent with Section 17A(b)(3)(F) and (G) of the Act,<sup>23</sup> and Rules 17ad-22(e)(18)(ii), (iii), (iv)(A) and (B), and (e)(23)(ii), each promulgated under the Act,<sup>24</sup> for the reasons described below.

Section 17A(b)(3)(F) of the Act requires that the rules of FICC be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible.<sup>25</sup>

The proposed rule changes to require that each Netting Member submit to FICC for Novation all Eligible Secondary Market Transactions to which it is a counterparty would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act, by ensuring that such transactions are subject to the risk mitigation benefits of central clearing at FICC. Such benefits are described by the Commission in the Adopting Release and include, for example, (1) reduction in overall counterparty credit risk when FICC Novates such transactions, becoming a counterparty to each transaction, as the buyer to every seller and the seller to every buyer; (2) enhancing the efficiency of, and market confidence in, centralized default management at FICC if a Netting Member defaults; and (3) increasing multilateral netting of these transactions, thereby reducing operational and other risks associated with such transactions.<sup>26</sup> By implementing the trade submission requirement and adopting provisions to monitor and enforce Members' compliance with that requirement, as required by the Treasury Clearing Rules, the proposal would extend the benefits of central clearing to all Eligible Secondary Market Transactions and, thereby, promote the prompt and accurate clearance and settlement of securities transactions, as recognized by the Adopting Release. In this way, the proposal is consistent with the requirements of Section 17A(b)(3)(F) of the Act.<sup>27</sup>

Section 17A(b)(3)(G) of the Act requires that the rules of FICC provide that its participants shall be appropriately disciplined for violation of any provision of the rules of the clearing agency by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, or any other fitting sanction.<sup>28</sup> The proposed rule changes would adopt measures in

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<sup>23</sup> 15 U.S.C. 78q-1(b)(3)(F) and (G).

<sup>24</sup> 17 CFR 240.17ad-22(e)(18)(ii), (iii), (e)(18)(iv)(A) and (B), and (e)(23)(ii).

<sup>25</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>26</sup> See supra note 2, at 14-18.

<sup>27</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

proposed Rule 5 and in the Fine Schedule to address a failure to comply with the trade submission requirement. Under these provisions, FICC would impose a fine and notification to the applicable Netting Members' Designated Examining Authority or Appropriate Regulatory Agency and to the Commission. The disciplinary action would be clearly described in Rule 5, and the proposed fine amount would be set forth in the Fine Schedule. FICC is also proposing to adopt a cure period of 30 Business Days before it takes disciplinary measures if a Netting Member self-reports a failure to comply with the requirement. FICC believes these measures, including the cure period that would be available to Members who self-report a failure to comply with the trades submission requirements, are appropriate deterrents to non-compliance and are consistent with the requirements of Section 17A(b)(3)(G).<sup>29</sup>

Rule 17ad-22(e)(18)(iv)(A) under the Act requires, among other things, that FICC, as a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, require that any direct participant of such covered clearing agency submit for clearance and settlement all of the eligible secondary market transactions to which such direct participant is a counterparty.<sup>30</sup> The proposed rule changes would adopt a requirement that all Netting Members submit to FICC for clearing and settlement all Eligible Secondary Market Transactions to which they are a party, and would adopt the definition of Eligible Secondary Market Transactions as such term is defined in the Treasury Clearing Rules in defining the scope of this requirement. The proposed changes to adopt this requirement, and related defined terms, into Rules 1 and 5 would directly comply, and, therefore, be consistent, with the requirements of Rule 17ad-22(e)(18)(iv)(A).<sup>31</sup>

Rule 17ad-22(e)(18)(iv)(B) under the Act requires, among other things, that FICC, as a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, identify and monitor its direct participants' submission of transactions for clearing as required by Rule 17ad-22(e)(18)(iv)(A), including how FICC would address a failure to submit transactions in accordance with Rule 17ad-22(e)(18)(iv)(A).<sup>32</sup> FICC is proposing to adopt provisions that would specify that its existing authority to request information and inspect its Netting Members' books and records would apply to its monitoring of their compliance with the trade submission requirement. FICC is also proposing to adopt an ongoing membership requirement that would require each Netting Member to report to FICC if the Netting Member is not in compliance with the trade submission requirement. As discussed above, FICC believes it is appropriate to identify and monitor Netting Members' submission of transactions for clearing by adopting both provisions that Netting Members take specific affirmative actions to review their compliance to FICC, and provisions that specify FICC's own authority to inspect and verify such compliance. Collectively, these provisions provide a comprehensive framework for

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<sup>29</sup> Id.

<sup>30</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

<sup>31</sup> Id.

<sup>32</sup> 17 CFR 240.17ad-22(e)(18)(iv)(B).

identifying and monitoring compliance with the trade submission requirements and are consistent with the requirements of Rule 17ad-22(e)(18)(iv)(B).<sup>33</sup>

FICC is also proposing to adopt measures in proposed Rule 5 to specify how FICC would address a failure to comply with the trade submission requirement. Under these provisions, FICC would impose a fine and notification to the applicable Netting Members' Designated Examining Authority or Appropriate Regulatory Agency and to the Commission. FICC is also proposing to adopt a cure period of 30 Business Days before it takes disciplinary measures if a Netting Member self-reports a failure to comply with the requirement. FICC believes these measures, including the cure period, are appropriate deterrents to non-compliance and are consistent with the requirements of Rule 17ad-22(e)(18)(iv)(B).<sup>34</sup>

Rule 17ad-22(e)(23)(ii) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for providing sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in FICC.<sup>35</sup> As described above, FICC is proposing a number of clarifications and revisions to the Rules that do not create new rights or obligations, but are designed instead to improve the clarity and transparency of the Rules. These proposed changes include clarifying existing defined terms and adopting new defined terms that create more consistency in how transactions are described in the GSD Rules. In this way, the proposed changes that are designed to clarify and conform provisions of the Rules are consistent with the requirements of Rule 17ad-22(e)(23)(ii).<sup>36</sup>

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

The proposed rule changes to adopt a trade submission requirement and define the scope of that requirement by adopting definitions from the Treasury Clearing Rules could impose a burden on competition. Specifically, Netting Members that are subject to the trade submission requirement may incur additional costs related to submitting those transactions to FICC for central clearing, such as applicable clearing fees and risk management charges. These costs could burden Netting Members that have lower operating margins or higher costs of capital than other Netting Members or market participants. However, FICC believes that any burden on competition would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.<sup>37</sup>

First, as described above, the proposed rule changes to adopt a trade submission requirement would be necessary in furtherance of the Act. By subjecting Eligible Secondary

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<sup>33</sup> Id.

<sup>34</sup> Id.

<sup>35</sup> 17 CFR 240.17ad-22(e)(23)(ii).

<sup>36</sup> Id.

<sup>37</sup> 15 U.S.C. 78q-1(b)(3)(I).

Market Transactions to the risk mitigation benefits of central clearing at FICC, including reducing overall counterparty credit risk, enhancing the efficiency of, and market confidence in, centralized default management at FICC if a Netting Member defaults, and increasing multilateral netting of these transactions, the proposed trade submission requirement would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.<sup>38</sup>

As described above, the proposed trade submission requirement that would be adopted in proposed Rule 5 and the proposed scope of transactions that are subject to that requirement that would be adopted through the definition of “Eligible Secondary Securities Transactions” as such term is defined in the Exchange Act are necessary in furtherance of Rule 17ad-22(e)(18)(iv)(A) under the Act.<sup>39</sup> The proposed measures that address how FICC would identify and monitor Netting Members’ compliance with the trade submission requirement and how FICC would address a failure to submit transactions in compliance with the trade submission requirement are also necessary in furtherance of Rule 17ad-22(e)(18)(iv)(B) under the Act.<sup>40</sup>

Second, FICC believes the proposed changes are appropriate in furtherance of the Act. Specifically, the proposed trade submission requirement would apply equally to all Netting Members, without any distinction between Members that are different legal entities or have different locations of incorporation, organizational structure or sizes. Under the proposed rules, which are being adopted to comply with the requirements of Rule 17ad-22(e)(18)(iv)(A), all Netting Members would be subject to the same obligation to submit Eligible Secondary Market Transactions to which they are a counterparty to FICC for clearing and settlement.<sup>41</sup>

Similarly, the ongoing reporting requirement proposed to comply with the requirements of Rule 17ad-22(e)(18)(iv)(B) would apply to all Netting Members equally, without distinction.<sup>42</sup> The fines and regulatory reporting measures that FICC is proposing to adopt to address non-compliance with the trade submission requirement would also apply equally to all Netting Members. Finally, FICC is also proposing to adopt a cure period to incentivize Netting Members to self-report any non-compliance with the requirement. In these ways, FICC believes the proposed rule changes are appropriate and designed in a way to minimize the impact the proposal could have on competition.

Therefore, while the proposed rule changes may cause some burden on competition, FICC believes that the proposed rule changes are necessary and appropriate in furtherance of the purposes of the Act.

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<sup>38</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>39</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

<sup>40</sup> 17 CFR 240.17ad-22(e)(18)(iv)(B).

<sup>41</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

<sup>42</sup> 17 CFR 240.17ad-22(e)(18)(iv)(B).

FICC does not believe the proposal to make technical corrections and other clarification changes to the Rules would impact competition. These changes are being proposed to ensure the clarity and accuracy of the Rules. They would not change FICC's current practices or affect Members' rights and obligations. As such, FICC believes those changes would not have any impact on competition.

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

FICC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the 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/rules-regulations/how-submit-comment](http://www.sec.gov/rules-regulations/how-submit-comment). General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the SEC's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto: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**

FICC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act<sup>43</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.

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<sup>43</sup> 15 U.S.C. 78s(b)(2).

**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 Rules.

**EXHIBIT 1A**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-FICC-2026-007)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Modify the GSD Rules to Adopt a U.S. Treasury Clearing Trade Submission Requirement

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June \_\_, 2026, 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. 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

(a) The proposed rule change consists of modifications to FICC’s Government Securities Division (“GSD”) Rulebook (“Rules”)<sup>3</sup> to (1) adopt a requirement that each Netting Member submits all eligible secondary market transactions, both for repurchase agreements and certain categories of cash transactions, to which it is a counterparty to FICC for clearance and settlement; (2) adopt provisions to monitor and enforce the trade submission requirement; and (3) make other revisions to the Rules to clarify, conform and enhance the disclosures of the Rules, as described below.

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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> Terms not defined herein are defined in the Rules, available at [www.dtcc.com/~media/Files/Downloads/legal/rules/ficc\\_gov\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf).

These proposed rule changes are primarily designed to comply with the requirements of Rule 17ad-22(e)(18)(iv)(A) and (B) under the Act, as described below.<sup>4</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**

On December 13, 2023, the Commission adopted amendments to the covered clearing agency standards that apply to covered clearing agencies that clear transactions in U.S. Treasury securities, including FICC.<sup>5</sup> These amendments require, among other things, that FICC establish objective, risk-based, and publicly disclosed criteria for participation that (i) require FICC's Netting Members submit for clearance and settlement all of the eligible secondary market transactions to which they are a counterparty; and (ii) identify and monitor Netting Members' submission of eligible

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<sup>4</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A) and (B). See Securities Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) ("Adopting Release", and the rules adopted therein referred to herein as "Treasury Clearing Rules").

<sup>5</sup> Id.

secondary market transactions to which they are a counterparty, including how FICC would address a failure to submit transactions in accordance with this requirement.<sup>6</sup>

Therefore, under the Treasury Clearing Rules, FICC must require its Netting Members, as direct participants, to submit all eligible secondary market transactions to which they are a counterparty to it for central clearing. FICC is also obligated to adopt provisions that would facilitate its monitoring of Netting Members' compliance with the trade submission requirement and how it would address a Member's failure to comply. As described below, the proposed rules are designed to comply with those requirements.

First, the proposed changes would adopt an ongoing membership requirement that all Netting Members submit to FICC for clearance and settlement eligible secondary market transactions to which they are a party in a new GSD Rule 5. The proposed rules would adopt a definition of Eligible Secondary Market Transactions by reference to the Treasury Clearing Rules<sup>7</sup> to ensure that FICC's trade submission requirement is consistent with such regulations and with the requirements being adopted by other U.S. Treasury clearing agencies.

Second, the proposed changes would adopt provisions to enable FICC to identify and monitor Netting Members' ongoing compliance with the proposed trade submission requirement. These provisions would include affirmative obligations of Netting Members to notify FICC of non-compliance with this requirement. These provisions would also extend FICC's existing authority to request information or review a Netting Member's books and records to its monitoring and verification, as needed, of such compliance.

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<sup>6</sup> Id.

<sup>7</sup> Supra note 4. See also 17 CFR 240.17ad-22(a).

Therefore, FICC's proposal would rely on Member self-reporting and its existing authority to request information and examine a Netting Member's books and records to fulfill its requirement to identify and monitor Netting Members' compliance with the requirement.

The proposed rule changes would also adopt disciplinary measures FICC would take if a Netting Member fails to meet its obligations under the new rules, which would include a fine and notifications to applicable regulatory authorities. The fine would be incorporated into the GSD Fine Schedule and would be waived for any Netting Member that self-reports non-compliance and remediates such non-compliance within a specified timeframe.

Finally, the proposed rule changes would include non-substantive revisions to re-organize, clarify and conform the GSD Rules, as described below.

## **Background**

FICC, through GSD, serves as a central counterparty and provider of clearance and settlement services for the U.S. government securities markets. GSD's central counterparty services are available directly to entities that are approved to be Netting Members and indirectly to other market participants through its indirect access models – the Sponsored Service or Agent Clearing Service.<sup>8</sup> FICC's direct participants include brokers, dealers, inter-dealer brokers, futures commission merchants, government securities issuers, insurance companies, registered clearing agencies, registered

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<sup>8</sup> See Rule 2 (Members) (providing that FICC shall make its services available to entities that are approved to be Members of GSD); Rule 3A (Sponsoring Members and Sponsored Members) (describing the "Sponsored Service"); and Rule 8 (Agent Clearing Service), supra note 3.

investment companies and both U.S. and non-U.S. banks. Currently, other market participants, including investment funds, pension plans and other buy-side institutions, generally access GSD's central counterparty services through one of its indirect access models.

Through GSD, FICC provides real-time trade matching, clearing, risk management and netting for cash purchases and sales of eligible securities, as well as repurchase and reverse repurchase transactions involving eligible securities ("Repo Transactions"). Eligible securities include securities issued by the U.S. Treasury Department ("U.S. Treasury Securities") and securities issued or guaranteed by U.S. government agencies and government sponsored enterprises.<sup>9</sup>

In its role as central counterparty, FICC novates eligible transactions that are submitted to it for clearance and settlement. Novation is defined in the Rules as the termination of deliver, receive, and related payment obligations between pre-novation counterparties and the replacement of such obligations with identical obligations to and from FICC, pursuant to the provisions of the Rules, and generally occurs at the time a submitted transaction is compared by FICC.<sup>10</sup> As recognized by the Commission in the Adopting Release, by "novating transactions (that is, becoming the counterparty to both sides of a transaction), [FICC] addresses concerns about counterparty risk by substituting its own creditworthiness and liquidity for the creditworthiness and liquidity of the counterparties."<sup>11</sup>

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<sup>9</sup> See definition of "Eligible Securities" in Rule 1, supra note 3.

<sup>10</sup> See definition of "Novation" in Rule 1, supra note 3.

<sup>11</sup> Supra note 4, at 8-9.

The Adopting Release identifies the important operational, risk management and other benefits of central clearing, which include the reduction in counterparty credit risk through novation of trades by the central counterparty, centralized default management, and efficiencies provided by multilateral netting.<sup>12</sup> The efficacy of FICC’s own risk management framework is critical to its ability to provide these benefits to the market it serves.

### **Description of Proposed Rule Changes**

1. *Adopt Trade Submission Requirement and Define Scope of Requirement*

The proposed rule changes would adopt an ongoing membership obligation that each Netting Member submit to FICC, or to another clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, for clearance and settlement all “Eligible Secondary Market Transactions” to which such Netting Member (or a part of the Netting Member, as the Commission may provide through interpretive guidance or exemptive relief) is a counterparty. This requirement would be added to a new Rule 5<sup>13</sup> and would be adopted to comply with both the amendments to Rule 17ad-22(e)(18)(iv)(A) under the Act,<sup>14</sup> and with any future guidance or rulemaking of the Commission with respect to the scope of that rule.

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<sup>12</sup> Supra note 4, at 14-17.

<sup>13</sup> The rules currently in Rule 5, describing the Comparison System, would be moved to a new Rule 6. References to current Rule 5 would be updated throughout the Rules to reflect this change. Supra note 3.

<sup>14</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

Rule 5 would also provide that Netting Members are permitted, but not required, to submit to FICC transactions that are outside the scope of the new trade submission requirement.

a. Scope of Trade Submission Requirement

The proposed rule changes would specify the scope of the trade submission requirement by adopting the definition of “Eligible Secondary Market Transactions” in the Treasury Clearing Rules.<sup>15</sup>

The Commission’s definition of Eligible Secondary Market Transactions generally includes secondary market transactions in U.S. Treasury Securities where the transaction is of a type that is accepted by FICC for clearance and settlement and, subject to specified exceptions and exemptions, is one of three specified types of transactions: (i) repurchase transactions in U.S. Treasury Securities entered into by the Netting Member; (ii) cash transactions on U.S. Treasury Securities entered into by the Netting Member if the Netting Member is an Inter-Dealer Broker; and (iii) all cash transactions on U.S. Treasury Securities entered into by the Netting Member with a broker-dealer, government securities dealer, or government securities broker.<sup>16</sup> The Commission’s definition excludes certain transactions entered into with certain specified counterparties, including central banks and sovereign entities.

The proposed rule changes would adopt a definition of the term, Eligible Secondary Market Transactions, into Rule 1 by reference to the definition set forth in

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<sup>15</sup> See 17 CFR 240.17ad-22(a).

<sup>16</sup> See id.

Rule 17ad-22(a) under the Act, which would ensure consistency with the Act.<sup>17</sup> The proposed definition further defines Eligible Secondary Market Transaction to include any interpretation of that term that may be issued by the Commission and its staff from time to time and would exclude any transactions that are exempted or excluded from the trade submission requirement under Rule 17ad-22(a) under the Act by the Commission or its staff. Similar to the language that would be added to the proposed Rule 5 (discussed above), this proposed language would permit the scope of the trade submission requirement to remain consistent with the binding definition of such term by preemptively incorporating any future guidance, interpretation or exemption published by Commission or its staff related to that definition.

FICC is also proposing to clarify language in the Rules to make clear that a bank and its branches must all apply under the same membership, as one Bank Netting Member. This proposed revision would clarify that a branch and its parent bank are considered the same legal entity under the GSD Rules and not separate affiliates. The proposed changes would remove reference to a bank applying for membership through its branch or agency from various places in Rules 2A and 3, including (1) updating eligibility to be a Bank Netting Member to remove the ability in Section 3(a)(i) of Rule 2A of a non-U.S. bank to participate through a U.S. branch as an alternative to meeting the qualifications applicable to a Foreign Person and including in this Section 3(a)(i) clarifying language regarding FICC's position on Bank Netting Members; (2) updating the descriptions of financial requirements applicable to both Bank Netting Members established or chartered under the laws of a non-U.S. jurisdiction and other Foreign

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Id.

Persons that are banks to remove reference to an application for membership through a U.S. branch in Sections 4(b)(ii)(A)(2) and (E)(2) of Rule 2A; and (3) removing reference to a bank's branch in the description of the annual attestation that must be provided by non-U.S. bank Netting Members in Section 2 of Rule 3.

b. Remove Existing Trade Submission Requirements

In connection with adopting this trade submission requirement, FICC would remove the existing trade submission requirements from the GSD Rules. These requirements are currently set forth in Section 1 of Rule 5 (to be re-numbered Rule 6), Section 3 of Rule 11, Rule 15, and Section 2 of Rule 18.

Section 1 of Rule 5 requires that Members of the Comparison System submit to FICC for comparison trade data on all trades that are of the type processed by FICC. Section 3 of Rule 11 requires Netting Members to submit data on all of that Netting Member's or the Netting Member's Executing Firm Customers' trades other than Repo Transactions (i) with other Netting Members (or their Executing Firm Customers) that are eligible for netting and (ii) executed by a Covered Affiliate (as defined in Rule 1) that meet certain criteria. Section 2 of Rule 18 includes an identical trade submission obligation with respect to trade data on Netting Members' Repo Transactions. Both Rules exclude certain trades from the submission requirement, including trades executed between Netting Members and their Affiliates (defined in these Rules as "Affiliate Trades"). Rule 15 requires that Inter-Dealer Broker Netting Members submit to FICC trade data regarding their brokered activity, other than Repo Transactions, upon FICC's request.

FICC is proposing to remove these provisions from the Rules. The activity that would be required to be submitted to FICC pursuant to the trade submission requirement

proposed to be added to new Rule 5 pursuant to the Treasury Clearing Rules would include much of the activity that is covered by these existing requirements. Therefore, FICC believes it is unnecessary to retain these trade submission requirements in the Rules with the adoption of the new requirements to Rule 5.

In connection with this change FICC would delete the defined term “Covered Affiliate” from Rule 1.

c. Retain Prohibition Against Pre-Netting Trade Data

FICC is proposing to move and consolidate the existing restriction against pre-netting practices from Section 3 of Rule 11 and Section 2 of Rule 18 into Section 4 of the new Rule 5. These provisions provide that any trade data that is required to be submitted to FICC must be submitted on a trade-by-trade basis with the original terms of the trade unaltered, and specifically prohibits pre-netting practices. The receipt of unaltered trade data permits FICC’s market risk management processes to monitor trades closer to the time of execution and manage the risk exposures of those trades earlier in the day. Maintaining the prohibition against pre-netting practices for trades that are required to be submitted to FICC will, therefore, support the application of the risk management benefits of central clearing to this trading activity and support the goals of the Treasury Clearing Rules.

In moving and consolidating these provisions into Rule 5, FICC would also include the disciplinary action it may take if a Netting Member fails to comply with these requirements. Currently, Rules 11 and 18 provide that a Netting Member that violates this requirement “may be reported to the appropriate regulatory body, placed on the Watch List and/or subject to an additional fee” and that FICC may further discipline the Netting

Member pursuant to Rule 48.18 FICC is proposing to move these disciplinary measures to the new Section 4 of Rule 5.

In connection with this proposed change, FICC would also delete the defined term for “Pre-Netting of Trades” from Rule 1 as that term would be incorporated into the new Section 4 of Rule 5.

2. *Adopt Provisions to Monitor and Enforce the Trade Submission Requirement*

The proposed changes would adopt provisions to facilitate FICC’s ability to identify and monitor the trade submission requirement. These proposed changes would clarify that FICC’s existing ability to request information from both the Netting Member and from its applicable regulatory authority, and to review Netting Members’ books and records, may be utilized by FICC, as and when it deems it necessary, to monitor Members’ compliance with the requirement. The proposed changes would also adopt an affirmative obligation of Netting Members to proactively report any instances of non-compliance with the requirement, as described below.

While FICC would adopt provisions that would allow it to request information from Netting Members and their applicable regulatory authority, and to inspect Netting Members’ books and records when it deems such review necessary, given that Netting Members’ internal operations, organizational structures and trading practices vary greatly, FICC believes it is also appropriate to apply an approach that entails some degree of Netting Member self-reporting under the general obligation to comply with FICC’s

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<sup>18</sup> Section 3 of Rule 11, Section 2 of Rule 18, supra note 3. See also Rule 48 (addressing FICC’s general authority to discipline any Member for violation of the Rules), id.

ongoing membership requirements. Therefore, and as recommended in the Adopting Release,<sup>19</sup> FICC is proposing to require that Netting Members monitor their own compliance with the requirement and report any instances of non-compliance, as described in detail below.

a. FICC's Authority to Request Information and Inspect Books and Records

FICC would describe in Section 2 of proposed Rule 5 its authority to take certain actions, and Netting Members' agreement to comply with such actions, in connection with its monitoring of Netting Members' ongoing compliance with the trade submission requirement. FICC currently has the authority to take each of these actions under Rules 2A and 3 in connection with its monitoring of Members' compliance with the requirements of membership generally. Therefore, FICC is not proposing to expand its authority to request information, or review the books and records of its Members, but would clarify that it may exercise these existing rights in connection with its monitoring of the trade submission requirement.

First, Netting Members would be required to submit to FICC any reports or other information that FICC may reasonably request, as also set forth in Section 2 of Rule 3, which requires that Netting Members submit to FICC "the reports, financial or other information set forth below and such other reports, financial and other information as the Corporation from time to time may reasonably require." The proposed rule change would specify that this information could include, for example, reports of trading activity, trade

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<sup>19</sup> Supra note 4, at 129 ("... U.S. Treasury securities CCA could require direct participants to submit to the CCA information regarding their U.S. Treasury securities transactions ....").

data, and the Netting Member's policies, procedures or other controls related to its compliance with the trade submission requirement. Second, Netting Members would agree that FICC may inspect their books and records, as also set forth in Section 10 of Rule 3. Finally, Netting Members would authorize FICC to request information regarding a Netting Member from that firm's Designated Examining Authority or Appropriate Regulatory Agency, which FICC may also do under Rule 2A, Section 6 in evaluating an applicant to be a Netting Member. This provision would incorporate a suggestion in the Adopting Release that reviewing information from regulatory and self-regulatory organizations would be an appropriate method for FICC to assess its Netting Members' compliance with the requirement.<sup>20</sup> The proposed rule would specify that FICC may request information from such authority or agency as FICC deems necessary for the purposes of ensuring compliance with the trade submission requirement and as may be available to be shared, and that such information may include, for example, information related to such authority or agency's examination of the Netting Member's trading practices, trading reports and other records.

As noted above and described below, FICC would primarily rely on Netting Members to monitor their own compliance with the trade submission requirement. However, these proposed changes to clarify FICC's existing rights to request information and examine Netting Members' books and records would allow FICC to verify such compliance, for example, before it takes action to enforce the requirement.

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<sup>20</sup> See id. ("The Commission further agrees that a U.S. Treasury securities CCA also could review publicly available information and information made available to it by regulatory and self-regulatory organizations as part of its assessment of its direct participants' compliance.").

b. Requirement to Notify FICC of Non-Compliance

Second, the proposed rule changes would require each Netting Member to notify FICC in writing within 30 calendar days from the date on which it learns that it is no longer in compliance with the trade submission requirement. Currently, under Section 7 of Rule 3, Members are required to notify FICC if they are no longer in compliance with the qualifications, standards or other requirements of membership.<sup>21</sup> This proposed rule change would clarify for Members the application of this existing requirement to a failure to comply with the trade submission requirement, and would provide Netting Members with a longer period in which such notifications are required.

The proposed rule change would also specify that notification of non-compliance shall include all relevant facts that are known to the Netting Member at the time of the notification and would identify examples of such information. Examples of such relevant facts would include (i) the approximate duration of the non-compliance with the trade submission requirement; (ii) either the time when non-compliance with the trade submission requirement was remediated or the anticipated steps to be taken to remediate such non-compliance and the approximate time when non-compliance is expected to be remediated; and (iii) identification and contact information of the member of the Netting Member's Controlling Management (as such term is defined in the Rules)<sup>22</sup> that is overseeing the matter.

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<sup>21</sup> Section 7 of Rule 3, supra note 3.

<sup>22</sup> See Rule 1 ("The term "Controlling Management" shall mean the Chief Executive Officer, the Chief Financial Officer, and the Chief Operations Officer, or their equivalents, of an applicant or Member or such other individuals or entities with direct or indirect control over the applicant or Member; provided that with respect to a Registered Investment Company Netting Member or an applicant to become a

FICC believes this information would assist it in assessing the status and extent of the Netting Member's non-compliance with this requirement and the appropriate, applicable disciplinary measures. By requiring that a Netting Member identify a member of its Controlling Management that is overseeing the matter, the proposed rule change would ensure that the Netting Member has appropriately escalated the non-compliance internally and that the matter is being addressed by its senior management.

c. Enforcement of Trade Submission Requirement

Finally, Section 3 of proposed Rule 5 would provide that a Netting Member that fails to comply with the trade submission requirement would be subject to a fine under the Fine Schedule and that the Netting Member's Designated Examining Authority or Appropriate Regulatory Agency, as applicable, and the Commission would be notified of that failure. FICC believes that notice of a Netting Member's failure to comply with the trade submission requirement to other appropriate regulatory or self-regulatory organizations is an appropriate measure and would be an effective deterrent to non-compliance.

Within the Fine Schedule, FICC would adopt a fine of \$10,000 for failure to comply with the trade submission requirement. Section 3 of Rule 5 would provide Netting Members who notify FICC of their non-compliance with the trade submission requirement before such non-compliance is independently discovered by FICC with a cure period of 30 Business Days before the applicable disciplinary measures are taken. FICC believes it is appropriate to adopt this cure period to encourage Netting Members to

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Registered Investment Company Netting Member, the term "Controlling Management" shall include the investment manager."), supra note 3.

effectively monitor their own compliance with the requirement and notify FICC when non-compliance is discovered.

3. *Other Revisions and Clarifications to the Rules*

Finally, the proposed rule changes would make other revisions to clarify and conform provisions of the Rules to improve their accuracy and transparency.

First, the proposed rule changes would revise and clarify certain defined terms in Rule 1. The revisions would update the definition of “Affiliate” to replace a citation to a particular regulatory definition of this term set forth in rules promulgated under the Act, with the text of the particular regulatory definition of this term.<sup>23</sup> This revision would not change the meaning of this term as it is used in the Rules, but would provide further clarity by including the actual definition and not requiring a reader to find that definition in the cited regulation.

Second, the proposed rule change would define “Buy/Sell Transactions” in Rule 1 to mean a Transaction that is either the purchase or sale of an Eligible Netting Security in exchange for cash for which the trade data is submitted to FICC for Novation.<sup>24</sup>

Third, the proposed rule changes would update the definition of “Designated Examining Authority” to include the appropriate regulatory bodies that may apply to other legal entity types and to permit FICC to choose the applicable regulatory body when a Member has multiple overseeing regulators. The additional regulatory authorities

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<sup>23</sup> 17 CFR 230.405.

<sup>24</sup> The term “Buy/Sell Transaction” would also be used in the definition of “Bilateral Transaction” and “Brokered Transaction” in Rule 1 to clarify the meaning of those terms and would replace lowercase uses of this term in other places in the Rules with the proposed defined term. Supra note 3.

that would be included in this defined term are already listed along with the term Designated Examining Authority in Section 6 of Rule 3. Expanding the defined term to include these additional regulatory agencies in the defined term would allow FICC to remove that additional language from Rule 3 and simplify the uses of this term in other places in the Rules, including in Sections 2 and 3 of proposed Rule 5 regarding the monitoring and enforcement of the trade submission requirement.

Fourth, the proposed rule changes would update the defined term for “Eligible Treasury Security” to clarify the meaning of this term by using the new proposed defined term for “U.S. Treasury Security” and the existing defined term for “Eligible Security.”

Fifth, FICC would define “Treasury Repo Transaction” in Rule 1 to mean a Repo Transaction collateralized by Eligible Treasury Securities.

Finally, FICC would adopt a new defined term for “U.S. Treasury Securities” in Rule 1 and would use this term in the definition of Eligible Treasury Security.

### **Implementation Timeframe**

Subject to approval by the Commission, FICC expects to implement the proposal, with the exception of the proposed changes to Rule 5 (to be renumbered Rule 6), and Rules 11, 15 and 18, by no later than December 31, 2026. FICC would announce the effective date of the proposed rule change by an Important Notice posted to FICC’s website.

While the Rules would be updated to reflect the majority of the changes proposed by no later than December 31, 2026, Netting Members would not be obligated to comply with the trade submission requirement proposed by this filing until the date set by the Commission as the relevant compliance date for cash transactions that are considered Eligible Secondary Market Transactions (“Eligible Buy/Sell Transactions Compliance

Date”) and the date set by the Commission as the relevant compliance date for repurchase transactions that are considered Eligible Secondary Market Transactions (“Eligible Treasury Repo Transactions Compliance Date”), respectively.

As noted in Exhibit 5 to this filing, the proposed changes to Rule 5 (to be re-numbered 6) and Rules 11 and 15 would be implemented on the Eligible Buy/Sell Transactions Compliance Date, and the proposed changes to Rule 18 would be implemented on the Eligible Treasury Repo Transactions Compliance Date.

## 2. Statutory Basis

FICC believes the proposed changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, FICC believes the proposed rule changes are consistent with Section 17A(b)(3)(F) and (G) of the Act,<sup>25</sup> and Rules 17ad-22(e)(18)(ii), (iii), (iv)(A) and (B), and (e)(23)(ii), each promulgated under the Act,<sup>26</sup> for the reasons described below.

Section 17A(b)(3)(F) of the Act requires that the rules of FICC be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible.<sup>27</sup>

The proposed rule changes to require that each Netting Member submit to FICC for Novation all Eligible Secondary Market Transactions to which it is a counterparty would promote the prompt and accurate clearance and settlement of securities

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<sup>25</sup> 15 U.S.C. 78q-1(b)(3)(F) and (G).

<sup>26</sup> 17 CFR 240.17ad-22(e)(18)(ii), (iii), (e)(18)(iv)(A) and (B), and (e)(23)(ii).

<sup>27</sup> 15 U.S.C. 78q-1(b)(3)(F).

transactions, consistent with Section 17A(b)(3)(F) of the Act, by ensuring that such transactions are subject to the risk mitigation benefits of central clearing at FICC. Such benefits are described by the Commission in the Adopting Release and include, for example, (1) reduction in overall counterparty credit risk when FICC Novates such transactions, becoming a counterparty to each transaction, as the buyer to every seller and the seller to every buyer; (2) enhancing the efficiency of, and market confidence in, centralized default management at FICC if a Netting Member defaults; and (3) increasing multilateral netting of these transactions, thereby reducing operational and other risks associated with such transactions.<sup>28</sup> By implementing the trade submission requirement and adopting provisions to monitor and enforce Members' compliance with that requirement, as required by the Treasury Clearing Rules, the proposal would extend the benefits of central clearing to all Eligible Secondary Market Transactions and, thereby, promote the prompt and accurate clearance and settlement of securities transactions, as recognized by the Adopting Release. In this way, the proposal is consistent with the requirements of Section 17A(b)(3)(F) of the Act.<sup>29</sup>

Section 17A(b)(3)(G) of the Act requires that the rules of FICC provide that its participants shall be appropriately disciplined for violation of any provision of the rules of the clearing agency by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, or any other fitting sanction.<sup>30</sup> The proposed rule changes would adopt measures in proposed Rule 5 and in the Fine Schedule to address a failure to

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<sup>28</sup> See supra note 4, at 14-18.

<sup>29</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>30</sup> 15 U.S.C. 78q-1(b)(3)(G).

comply with the trade submission requirement. Under these provisions, FICC would impose a fine and notification to the applicable Netting Members' Designated Examining Authority or Appropriate Regulatory Agency and to the Commission. The disciplinary action would be clearly described in Rule 5, and the proposed fine amount would be set forth in the Fine Schedule. FICC is also proposing to adopt a cure period of 30 Business Days before it takes disciplinary measures if a Netting Member self-reports a failure to comply with the requirement. FICC believes these measures, including the cure period that would be available to Members who self-report a failure to comply with the trades submission requirements, are appropriate deterrents to non-compliance and are consistent with the requirements of Section 17A(b)(3)(G).<sup>31</sup>

Rule 17ad-22(e)(18)(iv)(A) under the Act requires, among other things, that FICC, as a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, require that any direct participant of such covered clearing agency submit for clearance and settlement all of the eligible secondary market transactions to which such direct participant is a counterparty.<sup>32</sup> The proposed rule changes would adopt a requirement that all Netting Members submit to FICC for clearing and settlement all Eligible Secondary Market Transactions to which they are a party, and would adopt the definition of Eligible Secondary Market Transactions as such term is defined in the Treasury Clearing Rules in defining the scope of this requirement. The proposed changes to adopt this requirement, and related defined terms, into Rules 1

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<sup>31</sup> Id.

<sup>32</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

and 5 would directly comply, and, therefore, be consistent, with the requirements of Rule 17ad-22(e)(18)(iv)(A).<sup>33</sup>

Rule 17ad-22(e)(18)(iv)(B) under the Act requires, among other things, that FICC, as a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, identify and monitor its direct participants' submission of transactions for clearing as required by Rule 17ad-22(e)(18)(iv)(A), including how FICC would address a failure to submit transactions in accordance with Rule 17ad-22(e)(18)(iv)(A).<sup>34</sup> FICC is proposing to adopt provisions that would specify that its existing authority to request information and inspect its Netting Members' books and records would apply to its monitoring of their compliance with the trade submission requirement. FICC is also proposing to adopt an ongoing membership requirement that would require each Netting Member to report to FICC if the Netting Member is not in compliance with the trade submission requirement. As discussed above, FICC believes it is appropriate to identify and monitor Netting Members' submission of transactions for clearing by adopting both provisions that Netting Members take specific affirmative actions to review their compliance to FICC, and provisions that specify FICC's own authority to inspect and verify such compliance. Collectively, these provisions provide a comprehensive framework for identifying and monitoring compliance with the trade submission requirements and are consistent with the requirements of Rule 17ad-22(e)(18)(iv)(B).<sup>35</sup>

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<sup>33</sup> Id.

<sup>34</sup> 17 CFR 240.17ad-22(e)(18)(iv)(B).

<sup>35</sup> Id.

FICC is also proposing to adopt measures in proposed Rule 5 to specify how FICC would address a failure to comply with the trade submission requirement. Under these provisions, FICC would impose a fine and notification to the applicable Netting Members' Designated Examining Authority or Appropriate Regulatory Agency and to the Commission. FICC is also proposing to adopt a cure period of 30 Business Days before it takes disciplinary measures if a Netting Member self-reports a failure to comply with the requirement. FICC believes these measures, including the cure period, are appropriate deterrents to non-compliance and are consistent with the requirements of Rule 17ad-22(e)(18)(iv)(B).<sup>36</sup>

Rule 17ad-22(e)(23)(ii) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for providing sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in FICC.<sup>37</sup> As described above, FICC is proposing a number of clarifications and revisions to the Rules that do not create new rights or obligations, but are designed instead to improve the clarity and transparency of the Rules. These proposed changes include clarifying existing defined terms and adopting new defined terms that create more consistency in how transactions are described in the GSD Rules. In this way, the proposed changes that are designed to clarify and conform provisions of the Rules are consistent with the requirements of Rule 17ad-22(e)(23)(ii).<sup>38</sup>

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<sup>36</sup> Id.

<sup>37</sup> 17 CFR 240.17ad-22(e)(23)(ii).

<sup>38</sup> Id.

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

The proposed rule changes to adopt a trade submission requirement and define the scope of that requirement by adopting definitions from the Treasury Clearing Rules could impose a burden on competition. Specifically, Netting Members that are subject to the trade submission requirement may incur additional costs related to submitting those transactions to FICC for central clearing, such as applicable clearing fees and risk management charges. These costs could burden Netting Members that have lower operating margins or higher costs of capital than other Netting Members or market participants. However, FICC believes that any burden on competition would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.<sup>39</sup>

First, as described above, the proposed rule changes to adopt a trade submission requirement would be necessary in furtherance of the Act. By subjecting Eligible Secondary Market Transactions to the risk mitigation benefits of central clearing at FICC, including reducing overall counterparty credit risk, enhancing the efficiency of, and market confidence in, centralized default management at FICC if a Netting Member defaults, and increasing multilateral netting of these transactions, the proposed trade submission requirement would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.<sup>40</sup>

As described above, the proposed trade submission requirement that would be adopted in proposed Rule 5 and the proposed scope of transactions that are subject to that

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<sup>39</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>40</sup> 15 U.S.C. 78q-1(b)(3)(F).

requirement that would be adopted through the definition of “Eligible Secondary Securities Transactions” as such term is defined in the Exchange Act are necessary in furtherance of Rule 17ad-22(e)(18)(iv)(A) under the Act.<sup>41</sup> The proposed measures that address how FICC would identify and monitor Netting Members’ compliance with the trade submission requirement and how FICC would address a failure to submit transactions in compliance with the trade submission requirement are also necessary in furtherance of Rule 17ad-22(e)(18)(iv)(B) under the Act.<sup>42</sup>

Second, FICC believes the proposed changes are appropriate in furtherance of the Act. Specifically, the proposed trade submission requirement would apply equally to all Netting Members, without any distinction between Members that are different legal entities or have different locations of incorporation, organizational structure or sizes. Under the proposed rules, which are being adopted to comply with the requirements of Rule 17ad-22(e)(18)(iv)(A), all Netting Members would be subject to the same obligation to submit Eligible Secondary Market Transactions to which they are a counterparty to FICC for clearing and settlement.<sup>43</sup>

Similarly, the ongoing reporting requirement proposed to comply with the requirements of Rule 17ad-22(e)(18)(iv)(B) would apply to all Netting Members equally, without distinction.<sup>44</sup> The fines and regulatory reporting measures that FICC is proposing to adopt to address non-compliance with the trade submission requirement would also

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<sup>41</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

<sup>42</sup> 17 CFR 240.17ad-22(e)(18)(iv)(B).

<sup>43</sup> 17 CFR 240.17ad-22(e)(18)(iv)(A).

<sup>44</sup> 17 CFR 240.17ad-22(e)(18)(iv)(B).

apply equally to all Netting Members. Finally, FICC is also proposing to adopt a cure period to incentivize Netting Members to self-report any non-compliance with the requirement. In these ways, FICC believes the proposed rule changes are appropriate and designed in a way to minimize the impact the proposal could have on competition.

Therefore, while the proposed rule changes may cause some burden on competition, FICC believes that the proposed rule changes are necessary and appropriate in furtherance of the purposes of the Act.

FICC does not believe the proposal to make technical corrections and other clarification changes to the Rules would impact competition. These changes are being proposed to ensure the clarity and accuracy of the Rules. They would not change FICC's current practices or affect Members' rights and obligations. As such, FICC believes those changes would not have any impact on competition.

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

FICC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

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

All prospective commenters should follow the Commission's instructions on how to submit comments, available at [www.sec.gov/rules-regulations/how-submit-comment](http://www.sec.gov/rules-regulations/how-submit-comment). General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the SEC's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto: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

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-FICC-2026-007 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-FICC-2026-007. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website ([www.sec.gov/rules/sro.shtml](http://www.sec.gov/rules/sro.shtml)). Copies of the filing 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](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-FICC-2026-007 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>45</sup>

Secretary

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<sup>45</sup> 17 CFR 200.30-3(a)(12).

**Bold and underlined text** indicates proposed new language.

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

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

## RULE 1 – DEFINITIONS

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

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### Affiliate

The term “Affiliate” ~~shall have the meaning given that word in SEC Rule 405, promulgated under the authority of the Securities Act of 1933~~**means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another Person.**

\* \* \*

### Bilateral Transaction

The term “Bilateral Transaction” means any Buy/Sell T transaction, ~~including a or~~ Repo Transaction, the data on which has been submitted to the Corporation by two Members, and is not a Brokered Transaction.

\* \* \*

### Brokered Transaction

The term “Brokered Transaction” means ~~the side of a~~ any Buy/Sell T transaction, ~~including a or~~ Repo Transaction, ~~that is submitted to the Corporation for Novation by an Inter-Dealer Broker Netting Member~~ calling for the delivery of an Eligible Netting Security, or the posting of cash or an Eligible Netting Security as collateral, that **such an** Inter-Dealer Broker Netting Member enters into with another Netting Member or a Sponsored Member or Executing Firm Customer through the Inter-Dealer Broker Netting Member’s own trading platform.

\* \* \*

### Buy/Sell Transaction

**The term “Buy/Sell Transaction” means a Transaction that is either the purchase or sale of an Eligible Netting Security in exchange for cash for which the trade data is submitted to the Corporation for Novation.**

\* \* \*

### **Covered Affiliate**

~~The term “Covered Affiliate” means an Affiliate of a Netting Member that: (1) is not itself a Netting Member; (2) is not a Foreign Person; and (3) is a Broker, Dealer, bank, trust company, and/or Futures Commission Merchant.~~

\* \* \*

### **Designated Examining Authority**

The term “Designated Examining Authority” shall mean any of the following, as applicable to an applicant or Member, (1) in the case of a Broker or Dealer, ~~as applicable~~, that belongs to only one Self-Regulatory Organization, such Self-Regulatory Organization; ~~and~~ (2) in the case of a Broker or Dealer, ~~as applicable~~, that belongs to more than one Self-Regulatory Organization, the Self-Regulatory Organization designated by the SEC pursuant to Section 17(d) of the Exchange Act as the entity with responsibility for examining such Broker or Dealer; **(3) in the case of an applicant that is a futures commission merchant or a Futures Commission Merchant Netting Member, the CFTC and the applicable self-regulatory organization designated under the Commodity Exchange Act; (4) in the case of an applicant that is an insurance company or an Insurance Company Netting Member, the insurance regulator in the applicant or Member’s state of domicile; (5) any other examining authority or regulator with supervisory authority over the applicant or Member; and (6) any Self-Regulatory Organization of which the applicant or Member is a member or with which the applicant or Member has otherwise registered. When an applicant or Member has multiple Designated Examining Authorities, the Corporation may determine, in its sole discretion, which Designated Examining Authority is applicable under the Rules.**

\* \* \*

### **Eligible Secondary Market Transaction**

The term “Eligible Secondary Market Transaction” shall have the meaning given that term in Rule 17ad-22(a) under the Exchange Act, as interpreted by the SEC and its staff from time to time, and excluding any transaction that is exempted or excluded from the trade submission requirement under Rule 17ad-22(a) under the Exchange Act by the SEC or its staff.

\* \* \*

### **Eligible Treasury Security**

The term “Eligible Treasury Security” means a U.S. Treasury Security that is an Eligible Security ~~an unmatured, marketable debt security in book entry form that is a direct obligation of the United States Government.~~

\* \* \*

### **Novation or Novate**

The term “Novation” means the termination of deliver, receive, and related payment obligations between Netting Members, or between a CCIT Member (or Joint Account) and a Netting Member, and the replacement of such obligations with identical obligations to and from the Corporation, pursuant to Section 8 of Rule **56**. The term “Novate” shall have a corollary meaning.

\* \* \*

### **~~Pre Netting of Trades~~**

~~The term “Pre Netting of Trades” means any trade submission data practice other than the submission of data to the Corporation on a trade by trade basis as executed in the market and that identifies the actual parties to each trade.~~

\* \* \*

### **Treasury Repo Transaction**

**The term “Treasury Repo Transaction” means a Repo Transaction collateralized by Eligible Treasury Securities.**

\* \* \*

### **U.S. Treasury Security**

**The term “U.S. Treasury Security” means any security issued by the Treasury Department.**

\* \* \*

### **Yield Comparison Trade**

The term “Yield Comparison Trade” means a trade involving Eligible Securities the data on which have been submitted by Members to the Corporation on a yield basis but have not yet been compared on a final money basis pursuant to Rule **56** or Rule 9.

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## RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

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### Section 3 – Eligibility for Membership: Netting Members

(a) A Person shall be eligible to apply to become a Netting Member if it meets the applicable eligibility criteria for one of the categories of Netting Members set forth below. If a Person qualifies for more than one category of Netting Member, the Corporation, in its sole discretion, may determine the category of Netting Member for which that Person will be considered.

Eligibility for each category of Netting Member shall be as follows:

(i) Bank Netting Member – A Person shall be eligible to apply to become a Bank Netting Member if it is a bank or trust company chartered as such under the laws of the United States, or a State thereof, or is a bank or trust company established or chartered under the laws of a non-U.S. jurisdiction that meets the qualifications applicable to a Foreign Person in this Section 3.

**A bank or trust company shall have one membership, through which its home office and all of its branches and agencies shall have access to the services of the Corporation and shall be bound by these Rules. A bank or trust company may apply to be a Netting Member and may enter into the Membership Agreement (as described in Section 7 of this Rule 2A) or onboarding documentation through a branch acting for the bank or trust company. However, a Bank Netting Member is not required to reflect a transaction on the books, records or accounts of the particular home office, branch or agency through which the Bank Netting Member applied for membership (except to the extent that the Corporation determines such is necessary in order to ensure the Corporation can view its exposure to the Bank Netting Member on a net basis in respect of all of the Bank Netting Member’s proprietary transactions, regardless of the branch or agency at which such transactions are booked).**

\* \* \*

### Section 4 – Membership Qualifications and Standards for Netting Members

\* \* \*

(b) Financial Responsibility – The applicant shall:

\* \* \*

(ii) satisfy the following minimum financial requirements:

(A) Bank Netting Member

\* \* \*

(2) if the applicant is a bank or trust company established or chartered under the laws of a non-U.S. jurisdiction and applying to become a Bank Netting Member ~~through its U.S. branch or agency~~, it must (i) have CET1 Capital of at least \$500 million, (ii) comply with the minimum capital requirements (including, but not limited to, any capital conservation buffer, countercyclical buffer, and any domestic systemically important bank (D-SIB) or global systemically important bank (G-SIB) buffer, if applicable) and capital ratios required by its home country regulator, or, if greater, with such minimum capital requirements or capital ratios standards promulgated by the Basel Committee on Banking Supervision and (iii) provide an attestation for itself, including the its parent bank and its the parent bank holding company (as applicable) detailing the minimum capital requirements (including, but not limited to, any capital conservation buffer, countercyclical buffer, and any D-SIB or G-SIB buffer, if applicable) and capital ratios required by their home country regulator.

\* \* \*

(E) Foreign Person – If the applicant is a Foreign Person that is applying to become a Netting Member, it must, at a minimum, satisfy its home country regulator’s minimum financial requirements, in addition to the following, as applicable:

\* \* \*

(2) In the case of a Foreign Person that is a bank or trust company established or chartered under the laws of a non-U.S. jurisdiction ~~(and not applying to become a Bank Netting Member through a U.S. branch or agency)~~, it must (i) have CET1 Capital of at least \$500 million, (ii) comply with the minimum capital requirements (including, but not limited to, any capital conservation buffer, countercyclical buffer, and any D-SIB or G-SIB buffer, if applicable) and capital ratios required by its home country regulator, or, if greater, with such minimum capital requirements or capital ratios standards promulgated by the Basel Committee on Banking Supervision and (iii) provide an attestation for itself and its parent bank holding company detailing the minimum capital requirements

(including, but not limited to, any capital conservation buffer, countercyclical buffer, and any D-SIB or G-SIB buffer, if applicable) and capital ratios required by their home country regulator; and

\* \* \*

#### Section 6 – Evaluation of Applicant

\* \* \*

In evaluating a membership application, the Corporation may:

(i) contact the applicant's Designated Examining Authority, or Appropriate Regulatory Agency, ~~primary regulatory authority (the CFTC and the applicable self-regulatory organization designated under the Commodity Exchange Act in the case of a Futures Commission Merchant, and the insurance regulator in the company's state of domicile in the case of an Insurance Company), or other examining authority or regulator, or any Self-Regulatory Organization or self-regulatory organization of which the applicant is a member~~ and request from such authority or organization any records, reports, or other information that, in their judgment, may be relevant to the application;

\* \* \*

#### Section 7 – Membership Agreement

Each Member agrees:

\* \* \*

(e) if it is a Netting Member, to: (i) ~~submit to the Corporation for comparison, pursuant to Rule 5, data on all of its eligible trades with other Netting Members,~~ (ii) deliver to the Corporation or receive from the Corporation the securities underlying all trades that have been reported as being netted and all monies related thereto, in accordance with these Rules, and (iii) pay or deliver to the Corporation in a timely manner all amounts due pursuant to Rule 4 with regard to its Required Fund Deposit and any loss or liability allocated to it;

\* \* \*

### RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

#### Section 2 – Reports by Netting Members

\* \* \*

A Member that is a bank or trust company established or chartered under the laws of a non-U.S. jurisdiction and a Bank Netting Member ~~that is a U.S. branch or agency~~ must (i) provide, no less than annually and upon request by the Corporation, an attestation for itself, **including the** ~~its~~ parent bank and ~~its~~ the parent bank holding company (as applicable) detailing the minimum capital requirements (including, but not limited to, any capital conservation buffer, countercyclical buffer, and any DSIB or G-SIB buffer, if applicable) and capital ratios required by their home country regulator and (ii) promptly notify the Corporation: (a) within two Business Days of any of their capital requirements (including, but not limited to, any capital conservation buffer, countercyclical buffer, and any D-SIB or G-SIB buffer, if applicable) or capital ratios falling below any minimum required by their home country regulator; and (b) within 15 calendar days of any such minimum capital requirement or capital ratio changing.

\* \* \*

## RULE 3A – SPONSORING MEMBERS AND SPONSORED MEMBERS

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

### Section 6 – Trade Submission and the Comparison System

\* \* \*

(b)

\* \* \*

The comparison of Sponsored Member Trades shall be governed by Rule **56** and either: (i) Rule 6A, (ii) Rule 6B or (iii) Sections 1, 2, 4, 6 through 10 and 13 of Rule 6C depending upon the type of comparison for which the Sponsored Member Trades are submitted. The Sponsoring Member shall act as processing agent for performing all functions and receiving Reports and information set forth in these trade submission and comparison Rules on behalf of its Sponsored Members. The Corporation's provision of such Reports and information to the Sponsoring Member shall constitute satisfaction of the Corporation's obligations to provide such Reports and information to the affected Sponsored Members.

\* \* \*

### Section 7 – The Netting System and Novation

(a) The following provisions apply to Sponsored Member Trades other than Sponsored GC Trades:

(i) The Sponsored Member Trades of each Sponsored Member shall be Novated and netted in the same manner as set forth in Section 8 of Rule **56** and Sections 1, 4 and 6 of Rule 11 for Netting Member trades as long as such Sponsored Member Trades meet the requirements of Section 2 of Rule 11. The Sponsoring Member shall act as processing agent for performing all functions and receiving Reports and information set forth in Rule 11 on behalf of its Sponsored Members. The Corporation's provision of such Reports and information to the Sponsoring Member shall constitute satisfaction of the Corporation's obligations to provide such Reports and information to the affected Sponsored Members.

\* \* \*

(iv) Sponsored Member Trades shall be Novated in the same manner in which trades of Netting Members are Novated pursuant to Section 8 of Rule **56**.

(b) The following provisions apply only to Sponsored GC Trades:

\* \* \*

(ii) The End Leg of each Sponsored GC Trade shall be Novated in the same manner as set forth in Section 8 of Rule 56 as of the time that the following requirements have been satisfied on a given Business Day;

\* \* \*

**RULE 3B – CENTRALLY CLEARED INSTITUTIONAL TRIPARTY SERVICE**

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

**Section 9 – Trade Submission and the Comparison System**

\* \* \*

(c) The provisions of Rule **56** (Comparison System) shall apply to CCIT Transactions subject to the following:

(i) “Member”, when used in Rule **56**, shall include a CCIT Member or a Joint Account Submitter acting on behalf of a CCIT Member, as applicable.

(ii) With respect to Section 3 (Trade Submission Communication Methods) of Rule **56**, CCIT Transactions may only be submitted using the Interactive Submission Method or the Corporation’s web interface.

(iii) With respect to Section 4 (Submission Size Alternatives) of Rule **56**, CCIT Transactions must be submitted exactly as executed.

\* \* \*

## **RULE 5 – TRADE SUBMISSION REQUIREMENT**

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

### **Section 1 – Trade Submission Requirement**

**Netting Members shall submit to the Corporation, or to another covered clearing agency (as defined in Rule 17ad-22(a) under the Exchange Act) that provides central counterparty services for transactions in U.S. Treasury Securities, for Novation all Eligible Secondary Market Transactions to which such Netting Member is a counterparty.<sup>1</sup>**

**For the avoidance of doubt, Netting Members may submit to the Corporation transactions that are excluded from the trade submission requirement set forth in this Rule 5 but are in Eligible Securities and of a type that is accepted by the Corporation for Novation.**

### **Section 2 – Monitoring of Compliance with the Trade Submission Requirement**

**(a) In connection with the Corporation’s right to monitor each Netting Member’s ongoing compliance with the trade submission requirement set forth in this Rule, each Netting Member agrees to the following:**

**(i) Each Netting Member must submit to the Corporation, within the timeframes and in the formats required by the Corporation, any reports, attestations and other information that the Corporation may reasonably request, as provided for under Section 1 of Rule 3, which may include, for example, reports of trading activity, trade data, and the Netting Member’s policies, procedures or other controls related to its compliance with the trade submission requirement;**

**(ii) The Corporation may inspect the books and records of each Netting Member, as provided for under Section 10 of Rule 3; and**

**(iii) Each Netting Member authorizes the Corporation to request information from such Netting Member’s Designated Examining Authority or**

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<sup>1</sup> **Netting Members shall not be required to comply with the trade submission requirement set forth in this Rule 5 until (i) the date set by the SEC as the relevant compliance date for Buy/Sell Transactions that are considered Eligible Secondary Market Transactions (“Eligible Buy/Sell Transactions Compliance Date”), and (ii) the date set by the SEC as the relevant compliance date for Treasury Repo Transactions that are considered Eligible Secondary Market Transactions (“Eligible Treasury Repo Transactions Compliance Date”). This footnote will automatically be updated on the Eligible Buy/Sell Transactions Compliance Date to remove references to that date and will be automatically removed from this Rule 5 on the Eligible Treasury Repo Transactions Compliance Date.**

Appropriate Regulatory Agency as the Corporation deems necessary for the purposes of ensuring compliance with the trade submission requirement set forth in this Rule 5 and as may be available to be shared, which may include, for example, information related to such authority or agency's examination of the Netting Member's trading practices, trading reports and other records.

(b) Each Netting Member shall promptly notify the Corporation in writing within 30 calendar days from the date on which it learns that it is no longer in compliance with the trade submission requirement set forth in this Rule 5, as provided for in Section 7(a) of Rule 3. Written notification of non-compliance shall include all relevant facts that are known to the Netting Member at the time of the notification, including, for example, (i) the approximate duration of the non-compliance with the trade submission requirement; (ii) either the time when non-compliance with the trade submission requirement was remediated or the anticipated steps to be taken to remediate such non-compliance and the approximate time when non-compliance is expected to be remediated; and (iii) identification and contact information of the member of the Netting Member's Controlling Management that is overseeing the matter.

### Section 3 – Enforcement of Compliance with the Trade Submission Requirement

If a Netting Member fails to comply with the trade submission requirement set forth in this Rule 5, the Corporation shall (i) assess a fine pursuant to the Fine Schedule; and (ii) notify the Netting Member's Designated Examining Authority or Appropriate Regulatory Agency and the SEC.

If a Netting Member notifies the Corporation that it has failed to comply with the trade submission requirement set forth in this Rule 5 before such failure is independently discovered by the Corporation, the Corporation shall waive the applicable fine provided that the Netting Member remediates such compliance failure within 30 Business Days following notification to the Corporation.

### Section 4 – Prohibition Against Pre-Netting of Trade Data

All trade data submitted to the Corporation must be submitted on a trade-by-trade basis in the form executed with the original terms of the trades unaltered and without any pre-netting of such trades prior to their submission. The Corporation shall deem any form of summarization, compression or other form of netting or practice that combines two or more trades prior to their submission to the Corporation, or any practice or action designed to contravene this prohibition, as a violation of this Rule, and this prohibition shall apply to any Netting Member (including any Sponsoring Member and Agent Clearing Member) that, directly or indirectly, engages in such practice.

If the Corporation determines, in its sole discretion, that a Netting Member has violated its obligations pursuant to this Section 4, such Netting Member may be reported to the appropriate regulatory body, placed on the Watch List and/or subject to an additional fee. In addition, the Corporation may discipline a Netting Member for a violation of this section in accordance with Rule 48.

RULE 56 – COMPARISON SYSTEM

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On the Eligible Buy/Sell Transactions Compliance Date, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

Section 1 – General

Trade comparison, which consists of the reporting, validating, and, in some cases, matching by the Corporation of the long and short sides of a securities trade, including a Repo Transaction, to ensure that the details of such trade are in agreement between the parties, is the first step in the clearance and settlement process for securities transactions. ~~A Member of the Comparison System must submit to the Corporation for comparison trade data on all of its trades that are of the type processed by the Corporation (including trades executed and settled on the same day), calling for delivery of Eligible Securities, between it or an Executing Firm Customer on whose behalf it is acting, and another Member or an Executing Firm Customer on whose behalf it or another Member is acting. If the Corporation determines that a Comparison Only Member has, without good cause, violated its obligations pursuant to this section, such Comparison Only Member may be reported to the appropriate regulatory body, placed on the Watch List and/or subject to an additional fee. In addition, the Corporation may discipline a Comparison Only Member for a violation of this section in accordance with Rule 48.~~

\* \* \*

## RULE 6B – DEMAND COMPARISON

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

### Section 1 – General

In order for the Corporation to process a trade for Demand Comparison, the Corporation must receive the trade data from a Demand Trade Source.

The Corporation has designated the Repo Brokers as Demand Trade Sources with respect to Brokered Repo Transactions (other than GCF Repo Transactions) that are submitted to the Corporation by the deadline established for this purpose in the Schedule of Timeframes. Brokered Repo Transactions (other than GCF Repo Transactions) submitted by the deadline noted in the previous sentence will be processed for Demand Comparison. With respect to such transactions, Repo Parties remain subject to Section 1 of Rule ~~56~~ which requires the Repo Party to also submit the transaction data to the Corporation. Brokered Repo Transactions submitted after the deadline noted in the first sentence of this paragraph will be processed for Bilateral Comparison.

\* \* \*

## **RULE 10 – ENHANCED COMPARISON PROCESSES PRESUMED MATCH DATA**

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

### Section 3 – Summarization of Par Amounts

If the data on a ~~trade~~ **Buy/Sell Transaction** do not compare because the information submitted regarding par amount, viewed on an individual buy/sell basis, does not match, the Corporation may, in its discretion, compare the trade based on a match of either the total of the par amounts on two or more buy sides equaling the par amount(s) on one or more sell sides, or the total of the par amounts on two or more sell sides equaling the par amount(s) on one or more buy sides. This Section shall not apply to Repo Transactions.

If the data on a Full-Sized Trade do not compare because: (i) one side of a trade submitted a Full-Sized Trade and the other side of the trade did not, and (ii) the Corporation was not able to compare the trade pursuant to the procedures referred to in Section 4 of Rule ~~56~~, the Corporation may, in its discretion, perform a par summarization or similar process in order to attempt to match the trade.

### Section 4 – Trade Date Information

If the data on a trade do not compare because the information submitted regarding trade date does not match, the Corporation shall, compare the trade based on a presumption that the earlier trade date submitted is the correct trade date.

Notwithstanding the above, if the First Member submits a side of a ~~b~~**Buy/s**~~S~~**ell** ~~t~~**ransaction** to the Corporation, and the Second Member as contra-party submits more than one (1) side of a ~~b~~**Buy/s**~~S~~**ell** ~~t~~**ransaction** with similar trade data to the Corporation where the trade date does not match, the Corporation shall compare the side of the ~~b~~**Buy/s**~~S~~**ell** ~~t~~**ransaction** submitted by the First Member with a side of a ~~b~~**Buy/s**~~S~~**ell** ~~t~~**ransaction** submitted by the Second Member where the trade date on the Second Member's ~~b~~**Buy/s**~~S~~**ell** ~~t~~**ransaction** is closest in date range to the trade date submitted by the First Member.

The enhanced comparison process referenced in this Section shall not apply to Repo Transactions when such process is performed at end of day.

\* \* \*

## RULE 11 – NETTING SYSTEM

[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On the Eligible Buy/Sell Transactions Compliance Date, these changes will be implemented, and this legend will automatically be removed.]

\* \* \*

### ~~Section 3—Obligation to Submit Trades~~

~~Each Netting Member must submit to the Corporation for comparison and netting, pursuant to these Rules, data on all of its trades, (including trades executed and settled on the same day and trades executed between it or an Executing Firm Customer on whose behalf it is acting) with other Netting Members (or an Executing Firm Customer on whose behalf it or another Member is acting) that are eligible for netting pursuant to these Rules, except that this requirement is not applicable to a Netting Member's Repo Transactions (a Netting Member's obligation to submit to the Corporation data on its Repo Transactions is governed by Rule 18).~~

~~Each Netting Member must also submit to the Corporation for netting and settlement pursuant to these Rules data on each trade (hereinafter an "Eligible Trade") executed by a Covered Affiliate that satisfies the following criteria: (i) the trade is eligible for netting pursuant to these Rules, and (ii) the trade is executed with another Netting Member or with a Covered Affiliate of another Netting Member. For purposes of this Section the term "executed" shall include trades that are cleared and guaranteed as to their settlement by the Covered Affiliate.~~

~~The preceding paragraph shall not apply to: (i) a trade that is executed between a Member and its Affiliates or between Affiliates of the same Member (an "Affiliate Trade"), (ii) a trade of a Covered Affiliate that has executed less than an average of 30 Eligible Trades plus Eligible Repo Transactions (as defined in Section 3 of Rule 18) (excluding Affiliate Trades) per business day per month within the prior twelve month period, or (iii) a trade the submission of which to the Corporation would cause the Member to be in violation of any applicable law, rule or regulation.~~

~~All trade data required to be submitted to the Corporation under this Section must be submitted on a trade by trade basis with the original terms of the trades unaltered. A Member or any of its Affiliates may not engage in the Pre-Netting of Trades prior to their submission to the Corporation in contravention of this section. In addition, a Member or any of its Affiliates may not engage in any practice designed to contravene the prohibition against the Pre-Netting of Trades.~~

~~If the Corporation determines that a Netting Member has, without good cause, violated its obligations pursuant to this Section, such Netting Member may be reported to the appropriate regulatory body, placed on the Watch List and/or subject to an additional fee. In addition, the Corporation may discipline a Netting Member for a violation of this section in accordance with Rule 48.~~

~~Notwithstanding the above, the trade submission requirements related to Repo Transactions are governed by Rule 18.~~

Section ~~4~~3 – Calculation of Net Settlement Positions

\* \* \*

Section ~~5~~4 – Allocation of Deliver and Receive Obligations

\* \* \*

Section ~~6~~5 – Netting of Obligations

Net Settlement Positions and resultant Deliver Obligations and Receive Obligations of a Netting Member, either as originally established by the Corporation or as may be adjusted by the Corporation as the result of a correction of compared data made pursuant to these Rules, shall be fixed at the time the Report of such Net Settlement Positions and Deliver Obligations is made available by the Corporation to a Netting Member, as provided in Section 10 of this Rule. At that time, all deliver, receive, and related payment obligations between such Netting Member and the Corporation that were created by the trades, Novated pursuant to Section 8 of Rule ~~5~~6, and that comprise a Net Settlement Position or Net Settlement Positions are terminated and replaced by the Deliver Obligations, Receive Obligations, and related payment obligations for such Members that are listed in the Report.

Notwithstanding anything to the contrary in the above paragraph, a Right of Substitution applicable to a Repo Transaction that constitutes all or part of a Net Settlement Position shall be recognized by the Corporation pursuant to these Rules.

Section ~~7~~6 – Settlement at the Settlement Value

\* \* \*

Section ~~8~~7 – Fail Deliver Obligations and Fail Receive Obligations

\* \* \*

Section ~~9~~8 – Obligation to Make Settlement

\* \* \*

Section ~~10~~9 – Receipt of Netting Output

\* \* \*

Section ~~11~~10 – Responsibility for Third Party Actions

\* \* \*

Section ~~12~~11 – Obligation to Inform the Corporation

\* \* \*

Section ~~13~~12 – Buy-in Notices

\* \* \*

Section ~~14~~13 – Fails Charge

\* \* \*

## RULE 14 – FORWARD TRADES

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

### Section 3 – Netting

Forward Net Settlement Positions of a Netting Member, either as originally established by the Corporation or as may be adjusted by the Corporation as the result of a correction of compared data made pursuant to these Rules, shall be fixed at the time the Report of such Forward Net Settlement Positions is made available by the Corporation to a Netting Member, as provided in Section 10 of Rule 11. At that time, all deliver, receive, and related payment obligations between such Netting Member and the Corporation that were created by the Forward Trades, Novated by the Corporation pursuant to Section 8 of Rule ~~56~~, and that comprise each Forward Net Settlement Position are terminated and replaced by the Deliver Obligations, Receive Obligations, and related payment obligations that will be established and reported by the Corporation with respect to each such Forward Net Settlement Position on and, as applicable, after the Scheduled Settlement Date for such Forward Net Settlement Positions.

\* \* \*

**RULE 15 – SPECIAL PROVISIONS FOR INTER-DEALER BROKER NETTING MEMBERS RESERVED**

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On the Eligible Buy/Sell Transactions Compliance Date, these changes will be implemented, and this legend will automatically be removed.]**

~~At the request of the Corporation, each Inter-Dealer Broker Netting Member shall submit to the Corporation, data on all of its trades in Eligible Netting Securities, including trades done with customers. Such request may include such data as is necessary to indicate, by reference number, a buy side that matches in par amount, and is bound to, one or more sell sides, and vice versa. Moreover, for every trade done by an Inter-Dealer Broker Netting Member involving an Eligible Netting Security, including trades done with customers, the identity of each buy side and sell side counterparty shall be disclosed to the Corporation, in the form and manner prescribed by the Corporation for such disclosure. The requirements of this paragraph shall not apply to Repo Transactions.~~

~~If an Inter-Dealer Broker Netting Member fails to comply with the requirements of this Section, the Corporation, in its sole discretion, may treat such Member for purposes of these Rules as if it were a Dealer Netting Member, upon providing notice of such to the Member.~~

~~Notwithstanding anything to the contrary elsewhere in these Rules, including Rule 1, trades by an Inter-Dealer Broker Netting Member with a customer that clears all of its trades in Eligible Netting Securities through one or more Netting Members (excluding Netting Members that are Inter-Dealer Broker Netting Members), each of which in turn submits all of such trades of the Inter-Dealer Broker Netting Member to the Corporation for netting and settlement through the Netting System, shall be treated by the Corporation for purposes of determining the status of the Inter-Dealer Broker Netting Member as if they were trades with a Netting Member.~~

**This Rule is reserved for future use.**

\* \* \*

## RULE 18 – SPECIAL PROVISIONS FOR REPO TRANSACTIONS

[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. On the Eligible Treasury Repo Transactions Compliance Date, these changes will be implemented, and this legend will automatically be removed.]

\* \* \*

### ~~Section 2—Obligation to Submit Repo Transactions~~

~~Each Netting Member that has requested to add the repo netting service operated by the Corporation, must submit to the Corporation, or to either another Registered Clearing Agency or a Clearing Agency that has been exempted from registration as a Clearing Agency by the SEC, for comparison and netting, data on all of its Repo Transactions, including Repo Transactions executed by an Executing Firm Customer on whose behalf it is acting, with any other Netting Member or Executing Firm Customer on whose behalf it or another Netting Member is acting, if such Repo Transactions are eligible for netting pursuant to these Rules.~~

~~Each Netting Member must also submit to the Corporation for netting and settlement pursuant to these Rules data on each Repo Transaction (hereinafter, an “Eligible Repo Transaction”) executed by a Covered Affiliate that satisfies the following criteria: (i) the Repo Transaction is eligible for netting pursuant to these Rules, and (ii) the Repo Transaction is executed with another Netting Member or with a Covered Affiliate of another Netting Member. For purposes of this Section, the term “executed” shall include Repo Transactions that are cleared and guaranteed as to their settlement by the Covered Affiliate.~~

~~The preceding paragraph shall not apply to: (i) a Repo Transaction that is executed between a Member and its Affiliates or between Affiliates of the same Member (hereinafter, an “Affiliate Trade”), (ii) a trade of a Covered Affiliate that has executed less than an average of 30 Eligible Trades (as defined in Section 3 of Rule 11) plus Eligible Repo Transactions (excluding Affiliate Trades) per business day per month within the prior twelve-month period meeting such criteria, or (iii) a Repo Transaction the submission of which to the Corporation would cause the Member to be in violation of any applicable law, rule or regulation.~~

~~All trade data required to be submitted to the Corporation under this Section must be submitted on a trade by trade basis with the original terms of the trades unaltered. A Member or any of its Affiliates may not engage in the Pre-Netting of Trades prior to their submission to the Corporation in contravention of this section. In addition, a Member or any of its Affiliates may not engage in any practice designed to contravene the prohibition against the Pre-Netting of Trades.~~

~~If the Corporation determines that a Netting Member has, without good cause, violated its obligations pursuant to this section, such Netting Member may be reported to the appropriate regulatory body and/or placed on the Watch List. In addition, the Corporation may discipline a Netting Member for a violation of this section in accordance with Rule 48.~~

Section 32 – Collateral Substitutions

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Section 43 – General Collateral Forward-Starting Repos

\* \* \*

Section 54 – Repo Transactions with Maturing Collateral

\* \* \*

## **RULE 20 – SPECIAL PROVISIONS FOR GCF REPO TRANSACTIONS**

**[Changes to this Rule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

### Section 5 – Novation

GCF Net Settlement Positions and resultant Collateral Allocation Entitlements and Collateral Allocation Obligations, either as originally established by the Corporation or as may be adjusted by the Corporation as the result of a modification of data made pursuant to these Rules, shall be fixed at the time the Report of such GCF Net Settlement Positions, Collateral Allocation Entitlements, and Collateral Allocation Obligations is made available by the Corporation to a Netting Member. At that time, all deliver, receive, and related payment and Collateral Allocation Obligations between such Netting Member and the Corporation that were created by the GCF Repo Transactions, Novated by the Corporation pursuant to Section 8 of Rule ~~56~~, and that comprise a GCF Net Settlement Position or GCF Net Settlement Positions are terminated and replaced by the Collateral Allocation Entitlements and Collateral Allocation Obligations and related payment obligations for such Members that are listed in the Report.

\* \* \*

## SCHEDULE OF REQUIRED MATCH DATA

**[Changes to this Schedule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

These Required Match Data items are applicable to all Transactions, including Repo Transactions, except as otherwise noted below:

\* \* \*

- (5) Settlement Amount (final money) - if this field is left blank, the Corporation will calculate the settlement amount using: (a) for Repo Transactions, the start amount, the Contract Repo Rate, and the number of days from start date to settlement date, and (b) for ~~h~~**B**uy/~~s~~**S**ell ~~€~~**T**ransactions, the par value, price, and accrued interest

\* \* \*

## SCHEDULE OF REQUIRED DATA SUBMISSION ITEMS

**[Changes to this Schedule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

In addition to the data items listed in the Schedule of Required Match Data, the following data items are required, as indicated below, to be submitted by Members when they submit trade data to the Corporation:

\* \* \*

- (6) Pricing Method - for ~~h~~Buy/~~s~~Sell ~~€~~Transactions, this field must be submitted with either a “D” (discount), “P” (price), or “Y” (yield), while for Repo Transactions, this field must be submitted with an “R” (rate)

\* \* \*

## SCHEDULE OF MONEY TOLERANCES

**[Changes to this Schedule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

The following Money Tolerances have been established by the Corporation:

- (1) Settlement amount – \$0.10 per \$1 million for Repo Transactions (applicable in Real Time and at the end of the day) Notwithstanding this tolerance, any money difference of \$1.00 or less in the settlement amount of a trade will not prevent the trade from being matched.

Settlement amount – \$2 per \$1 million for ~~b~~Buy/~~s~~Sell ~~€~~Transactions (applicable in Real Time)

- (2) Settlement amount – \$40 per \$1 million for ~~buy-sell~~Buy/Sell ~~€~~Transactions (applicable at the end of the day)
- (3) Start amount (applies only to Repo Transactions) – \$1 per Repo Transaction

\* \* \*

## FEE STRUCTURE

\* \* \*

**[Changes to this Fee Structure, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

### I. TRANSACTION FEES

\* \* \*

#### B. Yield-to-Price Conversion

The charge for the conversion by the Corporation of a side of a ~~b~~**B**uy/~~s~~**S**ell ~~t~~**T**ransaction from a yield basis to a price basis is \$0.15 per such side.

#### C. Modifications and Cancellations

The charge to a Member for the entry of a request to modify or cancel either a side of a ~~b~~**B**uy/~~s~~**S**ell ~~t~~**T**ransaction or a Repo Transaction, other than a GCF Repo Transaction or a CCIT Transaction, is \$0.25 per such request.

\* \* \*

#### F. Auction Takedown Process

The fees for ~~b~~**B**uy/~~s~~**S**ell ~~t~~**T**ransactions associated with the Auction Takedown Service will be charged in accordance with the “Transaction Processing” fees in Section I.A. and the “Position Management Fees” in Section II.

#### G. Locked-In Trade Data

Data received by the Corporation on a locked-in basis from a Locked-In Trade Source related to a side of a ~~b~~**B**uy/~~s~~**S**ell ~~t~~**T**ransaction entered into by a Member, or entered into by a non-Member that the Member is clearing for, shall result in the charges established by the “Transaction Processing” fees in Section I.A. above. These fees are for the processing and reporting of Locked-In Trade data by the Corporation to the Member. This charge shall not apply to GCF Repo Transactions or CCIT Transactions.

\* \* \*

### II. POSITION MANAGEMENT FEES

#### A. Intraday Position Fee

An intraday position fee of \$0.04 per million par value will be charged to a Member each Business Day based on the largest gross position of the Member (including positions of any

customer that the Member is clearing for) that Business Day. The gross position of a Member on a Business Day is determined in 15-minute intervals between 9 a.m. and 4 p.m. on that Business Day by netting par value of all compared ~~b~~Buy/~~s~~Sell ~~€~~€Transactions, Repo Transactions, and unsettled obligations of the Member (and any customers that the Member is clearing for) by CUSIP Number and taking the sum of the absolute par value of each such CUSIP Number. This fee shall not apply to GCF Repo Transactions or CCIT Transactions.

B. End of Day Position Fee

An end of day position fee of \$0.105 per million par value will be charged to a Member each Business Day based on the end of day gross position of the Member (including positions of any customer that the Member is clearing for) that Business Day. The end of day gross position of a Member on a Business Day is determined by netting par value of all compared ~~b~~Buy/~~s~~Sell ~~€~~€Transactions, Repo Transactions, and unsettled obligations of the Member (and any customer that the Member is clearing for) at the end of the Business Day by CUSIP Number and taking the sum of the absolute par value of each such CUSIP Number. This fee shall not apply to GCF Repo Transactions or CCIT Transactions.

\* \* \*

VIII. DEFINITION

For purposes of this Fee Structure, a “side” of a ~~b~~Buy/~~s~~Sell ~~€~~€Transaction, and a Start Leg or an End Leg of a Repo Transaction other than a GCF Repo Transaction or a CCIT Transaction, shall be limited to \$50 million increments. Thus, if the aggregate amount of a side of a ~~b~~Buy/~~s~~Sell ~~€~~€Transaction, or of a Start Leg or End Leg of a Repo Transaction other than a GCF Repo Transaction or a CCIT Transaction, is greater than \$50 million, each \$50 million portion of that aggregate amount (including the final, residual portion if that is less than \$50 million) shall be considered as a separate “side” or Leg for purposes of this Fee Structure. A Term GCF Repo Transaction and a CCIT Transaction shall each be considered to have only one Start Leg and one End Leg during its term.

\* \* \*

FINE SCHEDULES

**[Changes to this Schedule, as amended by File No. SR-FICC-2026-007, are available at [www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings). These changes have been approved by the SEC but have not yet been implemented. By no later than December 31, 2026, these changes will be implemented, and this legend will automatically be removed.]**

\* \* \*

**~~FINE SCHEDULE~~**

**Failure to Timely Provide Financial and Related Information**

\* \* \*

**Failure to Maintain or Upgrade Network Technology, or Communications Technology or Protocols**

\* \* \*

**Failure to Comply with Trade Submission Requirements**

<b><u>Fine Name</u></b>	<b><u>Amount</u></b>
<b><u>Failure to Comply with Trade Submission Requirement</u></b>	<b><u>\$10,000</u></b>

**The fine shall be assessed by the Corporation on the Business Day that the Corporation has determined that a Netting Member has failed to comply with the trade submission requirements set forth in Rule 5.**

\* \* \*