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

File No. * SR 2026 - * 801

Amendment No. (req. for Amendments *)

Filing by Fixed Income Clearing Corporation

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

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

Raise Prefunded Default Liquidity Through the Commercial Paper Program

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 02/26/2026

(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: 2026.02.26
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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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AN Narrative - FICC CP Program Adv

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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AN Exhibit 1A - FICC CP Program Adv

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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Exhibit 3 - Redacted - Sample Terms c

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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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 Advance Notice

(a) This advance notice is filed by Fixed Income Clearing Corporation (“FICC”) in connection with a proposed program to raise prefunded, default liquidity through the periodic issuance and private placement of short-term, unsecured commercial paper notes (“Commercial Paper Program”). The proceeds from the Commercial Paper Program would supplement FICC’s existing default liquidity risk management resources.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Clearing Agency

The Commercial Paper Program and the filing of this advance notice were approved by the Risk Committee of FICC’s Board of Directors at its meeting held on June 17, 2025.

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

Not applicable.

4. Clearing Agency’s Statement on Burden on Competition

Not applicable.

5. Clearing Agency’s Statement on Comments on the Advance Notice 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, FICC will amend this filing to publicly file such comments as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

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

All prospective commenters should follow the Commission’s instructions on How to Submit Comments, [available at 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 Commission’s Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

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

6. Extension of Time Period for Commission Action

Not applicable.

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

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

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

Not applicable.

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

Not applicable.

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

Description of Proposed Change

FICC is proposing to establish the Commercial Paper Program in order to raise prefunded, default liquidity and diversify its liquidity resources through the issuance and private placement of unsecured debt, consisting of short-term promissory notes (“Commercial Paper”). The Commercial Paper would be issued to qualified institutional buyers¹ and institutional accredited investors² in an aggregate amount not to exceed \$10 billion.

The proceeds from the Commercial Paper Program would supplement the qualifying liquidity resources maintained by FICC for each of its two divisions, the Government Securities Division (“GSD”) and Mortgage-Backed Securities Division (“MBSD”). FICC’s existing qualifying liquidity resources are described in the Clearing Agency Liquidity Risk Management Framework (“Framework”)³ and include cash deposits to the GSD and MBSD Clearing Funds

¹ See 17 CFR 230.144A.

² See 17 CFR 230.501(a).

³ See Securities Exchange Act Release No. 82377 (Dec. 21, 2017), 82 FR 61617 (Dec. 28, 2017) (SR-DTC-2017-004; SR-FICC-2017-008; SR-NSCC-2017-005). Following the completion of the initial issuance and private placement of Commercial Paper, the

and amounts available to FICC through the committed repurchase facilities that are set forth in the GSD Rulebook (“GSD Rules”) and the MBSD Clearing Rules (“MBSD Rules” and together with the GSD Rules, the “Rules”),⁴ each referred to as a Capped Contingency Liquidity Facility® (“CCLF”).⁵ Collectively, these resources provide FICC with liquidity to complete end-of-day settlement in the event of the default of a GSD Netting Member or an MBSD Clearing Member (collectively, “Members”).⁶

More precisely, while the specific terms of the Commercial Paper Program would depend on a number of factors, as described in greater detail below, the proceeds of a Commercial Paper Program would be used only for default liquidity.

FICC, along with its affiliates, National Securities Clearing Corporation (“NSCC”) and The Depository Trust Company (“DTC,” and, together with NSCC and FICC, the “Clearing Agencies”), maintain the Framework which sets forth the manner in which FICC measures, monitors and manages the liquidity risks that arise in or are borne by it.⁷ FICC’s liquidity risk

Clearing Agencies would file a proposed rule change to amend the Framework and include the proceeds of the Commercial Paper Program as an additional qualifying liquidity resource of FICC.

⁴ Capitalized terms not defined herein are defined in the Rules available at www.dtcc.com/legal/rules-and-procedures.

⁵ See GSD Rule 22A (Procedures for When the Corporation Ceases to Act), Section 2a, and MBSD Rule 17 (Procedures for When the Corporation Ceases to Act), Section 2a, id. Participation in the CCLF is a membership requirement for all GSD Netting Members and MBSD Clearing Member. Funding under the CCLF takes the form of a repurchase (“repo”) agreement. Once a “CCLF Event” (as such term is defined in the Rules) is declared by FICC, Members are required to provide financing up to a predetermined cap amount by entering into repo transactions with FICC until they complete the associated closeout. The CCLF allows Members to manage their potential financing requirements with predetermined caps, which are set based on the liquidity exposure generated by Members’ use of the clearing services of GSD and MBSD. Supra note 4.

⁶ See GSD Rule 21 (Restrictions on Access to Services) and MBSD Rule 14 (Restrictions on Access to Services) (specifying the events that constitute a Member default), id. Such Rules provide that FICC’s Board of Directors may suspend a Member or prohibit or limit a Member’s access to FICC’s services in enumerated circumstances; this includes default in delivering funds or securities to FICC, or a Member experiencing such financial or operational difficulties that FICC determines, in its discretion, that restriction on access to services is necessary for FICC’s protection and for the protection of its membership. Supra note 4.

⁷ Supra note 1. Each of the Clearing Agencies is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”), which operates on a shared service model with respect to the Clearing Agencies. Most corporate functions are established

management strategy and resources are designed to maintain “sufficient liquid resources at a minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the [Member] family that would generate the largest aggregate payment obligation for [FICC] in extreme but plausible market conditions.”⁸

The proposed Commercial Paper Program would provide FICC with an additional source of default liquidity, which would allow it to diversify its sources of default liquidity and mitigate risks to FICC that it is unable to secure default liquidity resources in an amount necessary to meet its liquidity needs. As stated above, FICC currently maintains two default liquidity resources to draw upon in the event of a Member default: cash deposits to the GSD and MBSD Clearing Funds and amounts available to FICC through the CCLF. As such, the existing default liquidity resources are sourced entirely from FICC’s Members, who are obligated as Members to make deposits to the respective Clearing Funds and participate in the CCLF in the circumstances and pursuant to the terms set forth in the Rules.

Additionally, 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.⁹ These amendments require, among other things, that FICC establish objective, risk-based, and publicly disclosed criteria for participation that require GSD Netting Members submit for clearance and settlement all of the eligible secondary market transactions to which they are a counterparty.¹⁰ FICC anticipates significant increases in both the volume of activity submitted to it for clearing at GSD and associated liquidity obligations following the compliance dates for these rules.¹¹ Therefore, by allowing FICC to diversify its sources of default liquidity, the proposal would provide FICC with an alternative and supplemental source of default liquidity to diversify its liquidity providers and address its anticipated increased liquidity needs.

Terms of the Commercial Paper Program. Subject to approval of this proposal, FICC would engage an issuing and paying agent, as well as certain placement agent dealers, to develop

and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides relevant services to the Clearing Agencies.

⁸ Id.

⁹ 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) (S7-23-22) (“Adopting Release,” and the rules adopted therein referred to herein as “Treasury Clearing Rules.”)

¹⁰ Id. 17 CFR 240.17ad-22(e)(18)(iv)(A), (B).

¹¹ See Securities Exchange Act Release No. 102487 (Feb. 25, 2025), 90 FR 11134 (March 4, 2025) (S7-23-22) (extending the compliance dates for Rule 17ad-22(e)(18)(iv)(A) and (B) to December 31, 2026, for eligible cash market transactions, and June 30, 2027, for eligible repo market transactions).

a program to issue the Commercial Paper. The Commercial Paper would be issued to qualified institutional buyers and institutional accredited investors through a private placement and offered in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933.¹² FICC would be party to certain transaction documents required to establish the Commercial Paper Program, including an issuing and paying agent agreement, and a dealer agreement with each of the placement agent dealers. The dealer agreements would each be based on the standard form of dealer agreement for commercial paper programs, which is published by the Securities Industry and Financial Markets Association.¹³

While the anticipated material terms and conditions of the Commercial Paper Program are summarized below, the actual terms of a future Commercial Paper Program would depend on a number of factors, including FICC's liquidity needs and market conditions at the time of issuance. Therefore, with the exception of the authorized aggregate amount that FICC may issue of \$10 billion, the anticipated terms summarized below are reasonable estimates but may not reflect the actual terms of a future Commercial Paper Program.

The Commercial Paper Program would consist of Commercial Paper issued in an aggregate amount not to exceed \$10 billion with an expected average amount issued and outstanding at any time of approximately \$2-3 billion, as FICC deems reasonable, or as necessitated by liquidity needs. FICC believes it is advisable to authorize up to the aggregate amount of \$10 billion in order to help manage its potential future liquidity needs without further reliance on its Members, as the existing liquidity providers under the rules-based CCLF. FICC would develop internal procedures to govern the allocation of default liquidity across GSD and MBSD based on the actual and estimated liquidity needs driven by activity cleared through each of the Divisions. Such procedures would describe the process for determining when it may be appropriate for FICC to raise additional prefunded liquidity through the issuance of Commercial Paper in order to continue to meet its liquidity needs, and how such decision, including the timing and amount of such funds, would be communicated between the appropriate teams at FICC.

The Commercial Paper Program would be structured such that the maturities of the issued Commercial Paper are staggered to avoid concentrations of maturing liabilities. The average maturity of the aggregate Commercial Paper outstanding issued under the Commercial Paper Program is broadly estimated to range between three and six months. The Commercial Paper would be represented by one or more master notes issued in the name of The Depository Trust Company ("DTC"), or its nominee. The Commercial Paper would be issued only through the book-entry system of DTC and would not be certificated. The Commercial Paper would either be interest bearing or would be sold at a discount from their face amount. Interest payable on the Commercial Paper would be at market rates customary for such type of debt and reflective of the creditworthiness of FICC. The Commercial Paper would have a maturity not to exceed 397 calendar days from the date of issue, would not be redeemable by FICC prior to maturity,

¹² 15 U.S.C. 77d(4)(a)(2).

¹³ Available at www.sifma.org/documents/model-commercial-paper-dealer-agreement-42-program.

nor would they contain any provision for extension, renewal, automatic rollover or voluntary prepayment.

FICC would hold the proceeds from the Commercial Paper Program in either its cash deposit account at the Federal Reserve Bank of New York (“FRBNY”) or in accounts at other creditworthy financial institutions in accordance with the Clearing Agency Investment Policy.¹⁴ These amounts would be available to draw to complete settlement as needed.

FICC Liquidity Risk Management. As a central counterparty (“CCP”), FICC occupies an important role in the securities settlement system by interposing itself between counterparties to financial transactions thereby reducing the risk faced by its Members and contributing to global financial stability. FICC’s liquidity risk management framework plays an integral part in FICC’s ability to perform this role, and is designed to ensure that FICC maintains sufficient liquid resources to timely meet its payment (principally settlement) obligations with a high degree of confidence.

The liquidity needs of GSD and MBSD are driven by FICC’s requirement to cover settlement and funds-only settlement, on an ongoing basis, in the event of a Member default. As a cash market CCP, if a Member defaults, FICC will need to complete settlement of guaranteed transactions on the failing Member’s behalf from the date of insolvency through the settlement date. As such, FICC measures the sufficiency of its qualifying liquid resources through daily liquidity studies across a range of scenarios, including amounts needed over the settlement cycle in the event that the Member or Member family with the largest aggregate liquidity exposure becomes insolvent.

As noted above, the Framework describes FICC’s liquidity risk management strategy, which is designed to maintain liquidity resources sufficient to meet the potential amount of funding required to settle the outstanding transactions of a defaulting Member or affiliated family of Members in a timely manner.¹⁵ The Framework also describes how FICC meets its requirement to hold qualifying liquid resources, as such term is defined in Rule 17ad-22(a) under the Securities Exchange Act of 1934 (“Act”),¹⁶ sufficient to meet its minimum liquidity resource requirement in each relevant currency for which it has payment obligations owed to its Members.

¹⁴ See Securities Exchange Act Release Nos. 79528 (Dec. 12, 2016), 81 FR 91232 (Dec. 16, 2016) (SR-DTC-2016-007, SR-FICC-2016-005, SR-NSCC-2016-003); 84949 (Dec. 21, 2018), 83 FR 67779 (Dec. 31, 2018) (SR-DTC-2018-012, SR-FICC-2018-014, SR-NSCC-2018-013). Following the issuance of a Notice of No Objection by the Commission of this proposal and prior to the initial issuance of Commercial Paper, the Clearing Agencies would file a proposed rule change to amend the Clearing Agency Investment Policy to include the proceeds of the Commercial Paper Program as default liquidity funds, within the definition of “Investable Funds,” as such term is defined therein, and provide that such amounts would be held in bank deposits at eligible commercial banks or at FICC’s cash deposit account at the FRBNY.

¹⁵ Supra note 1.

¹⁶ 17 CFR 240.17ad-22(a).

FICC considers each of its existing default liquidity resources to be qualifying liquid resources, and the proceeds from the Commercial Paper Program would also be default liquidity that is considered a qualifying liquid resource.

The proceeds from the Commercial Paper Program would provide FICC with additional, prefunded, and readily available qualifying liquid resources to be used to cover settlement and funds-only settlement, on an ongoing basis, in the event of a Member default. FICC's existing liquidity resources include the cash deposits to the GSD and MBSD Clearing Funds and amounts available under the rules-based CCLFs. The Commercial Paper Program would allow FICC to diversify and expand its sources of default liquidity to address potential increased liquidity needs without further reliance on its rules-based resources. As a source of prefunded, default liquidity, the Commercial Paper Program would provide additional certainty, stability, and safety to FICC, its Members, and the U.S. markets that it serves.

By diversifying FICC's sources of qualifying liquid resources, the Commercial Paper Program could also mitigate concentration risks related to its liquidity providers. More specifically, while FICC would not limit the potential investors that purchase Commercial Paper and, therefore, is not able to ensure that the Commercial Paper Program would reduce concentration risk, the types of entities who typically invest in commercial paper (for example, insurance companies, asset managers and pension funds) are generally not Members of FICC. Therefore, the prospective investors in the Commercial Paper are not expected to be the same firms that currently provide default liquidity resources to FICC as Members. In this way, the proposed Commercial Paper Program would reduce the concentration risk related to its liquidity providers, by reducing the likelihood that an impairment of a liquidity provider to perform under one qualifying liquid resource would impact FICC's ability to fully access its other qualifying liquid resources.

Anticipated Effect on and Management of Risk

FICC's consistent ability to timely complete settlement is a key part of FICC's role as a CCP and allows FICC to mitigate counterparty risk within the U.S. markets. In order to sufficiently perform this key role in promoting market stability, it is critical that FICC has access to liquidity resources to enable it to complete end-of-day settlement, notwithstanding the default of a Member. FICC believes that the overall impact of the Commercial Paper Program on risks presented by FICC would be to reduce the liquidity risks associated with FICC's operation as a CCP by providing it with an additional source of liquidity to complete end-of-day settlement in the event of a Member default. FICC further believes that a reduction in its liquidity risk would reduce systemic risk and would have a positive impact on the safety and soundness of the clearing system.

While the proposed Commercial Paper Program, like any liquidity resource, would involve certain risks, most of these risks are standard in any commercial paper program. One risk associated with the proposed Commercial Paper Program would be the risk that FICC does not have sufficient funds to repay issued Commercial Paper when that Commercial Paper matures. FICC believes that this risk is extremely remote, as the proceeds of the Commercial Paper Program would be used only in the event of a Member default, and FICC would replenish that cash, as it would replenish any of its liquidity resources that are used to facilitate settlement in

the event of a Member default, with the proceeds of the close out of that defaulted Member's portfolio. This notwithstanding, in the event that proceeds from the close out are insufficient to fully repay a liquidity borrowing, then FICC would look to its loss waterfall to repay any outstanding liquidity borrowings.¹⁷ A second risk is that FICC may be unable to issue Commercial Paper as issued Commercial Paper matures due to, for example, stressed markets at the time the issued Commercial Paper matures. This risk would be mitigated by FICC's continued maintenance of the rules-based CCLFs to address liquidity needs and, as such, would not depend on the Commercial Paper Program as its sole source of liquidity. Additionally, as described above, the Commercial Paper Program would be structured such that the maturities of the issued Commercial Paper are staggered to avoid concentration in maturing liabilities.

FICC believes that the significant systemic risk mitigation benefits of providing FICC with additional, prefunded, default liquidity resources outweigh these risks.

Consistency with Section 805 Clearing Supervision Act

FICC believes the proposed rule changes are consistent with Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act").¹⁸ Specifically, FICC believes the proposed rule changes are consistent with the risk management objectives and principles of Section 805 of the Clearing Supervision Act.¹⁹

(i) Consistency with Section 805(b) of the Clearing Supervision Act

Section 805(b) of the Clearing Supervision Act provides that "[t]he objectives and principles for the risk management standards prescribed under subsection (a) shall be to (1) promote robust risk management; (2) promote safety and soundness; (3) reduce systemic risks; and (4) support the stability of the broader financial system."²⁰

FICC believes the proposal is consistent with Section 805(b)(1) of the Clearing Supervision Act because it would support FICC's robust risk management by providing it with an additional source of liquidity to complete end-of-day settlement, notwithstanding the default of a Member. By allowing FICC to diversify its sources of default liquidity, the proposal would support its ability to manage liquidity risks and, therefore, promote robust risk management.

By strengthening FICC's liquidity risk management, FICC also believes the proposal would promote safety and soundness, mitigate systemic risk in the financial system and support the stability of the broader financial system in the event of a Member default, consistent with

¹⁷ See GSD Rule 4 (Clearing Fund and Loss Allocation), Section 7 and MBSD Rule 4 (Clearing Fund and Loss Allocation), Section 7, supra note 4.

¹⁸ 12 U.S.C. 5461, et seq.

¹⁹ 12 U.S.C. 5464.

²⁰ 12 U.S.C. 5464(b).

Section 805(b)(2)-(4) of the Clearing Supervision Act. By supplementing FICC's existing default liquidity resources with prefunded liquidity, the proposal would contribute to FICC's goal of assuring that FICC has adequate liquidity resources to meet its settlement obligations notwithstanding the default of any of its Members.

In its critical role as a CCP, FICC is obligated to cover settlement and funds-only settlement, on an ongoing basis, in the event of a Member default. In order to sufficiently perform this role, FICC must have ready access to adequate liquidity resources. Therefore, a reduction in FICC's liquidity risk through the introduction of an additional source of prefunded, default liquidity would promote safety and soundness, reduce systemic risk and support the stability of the wider financial system.

As a result, FICC believes the proposed rule changes would advance Section 805(b)'s objectives and principles of promoting robust risk management, promoting safety and soundness, reducing systemic risks, and supporting the stability of the broader financial system.

(ii) Consistency with Section 805(a)(2) of the Clearing Supervision Act

Section 805(a)(2) of the Clearing Supervision Act authorizes the Commission to prescribe risk management standards for the payment, clearing and settlement activities of designated clearing entities, like FICC.²¹ Accordingly, the Commission has adopted risk management standards under this section and Section 17A of the Act.²² These standards require covered clearing agencies to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for their operations and risk management practices on an ongoing basis.²³ FICC believes that the proposed Commercial Paper Program is consistent with Rule 17ad-22(e)(7)(i) and (ii) under the Act for the reasons described below.²⁴

Rule 17ad-22(e)(7)(i) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for the covered clearing agency in extreme but plausible market conditions.²⁵ Rule 17ad-22(e)(7)(ii) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to hold qualifying liquid resources sufficient to meet the

²¹ 12 U.S.C. 5464(a)(2).

²² 17 CFR 240.17ad-22(e).

²³ Id.

²⁴ 17 CFR 240.17ad-22(e)(7)(i), (ii).

²⁵ 17 CFR 240.17ad-22(e)(7)(i).

minimum liquidity resource requirement under Rule 17ad-22(e)(7)(i) in each relevant currency for which FICC has payment obligations owed to its Members.²⁶

As described above, the proposed Commercial Paper Program would provide FICC with an additional resource of prefunded, default liquidity, which it would use to complete end-of-day settlement, notwithstanding the default of a Member. The proceeds of the Commercial Paper Program would be cash held by FICC at either its cash deposit account at the FRBNY or at a creditworthy commercial bank, pursuant to the Clearing Agency Investment Policy.²⁷ Therefore, the proceeds of the Commercial Paper Program would be considered a qualifying liquid resource, as defined by Rule 17ad-22(a) under the Act.²⁸ As such, the proposed Commercial Paper Program would support FICC's ability to hold sufficient qualifying liquid resources to meet its minimum liquidity resource requirement under Rule 17ad-22(e)(7)(ii).²⁹

For these reasons, FICC believes the proposal would support its compliance with Rule 17ad-22(e)(7)(i) and (ii) under the Act by providing it with an additional qualifying liquid resource.³⁰

Accelerated Commission Action Requested

Pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,³¹ FICC requests that the Commission notify FICC that it has no objection to the Commercial Paper Program as soon as practicable, in order ensure that FICC can access this source of additional liquidity on a timely basis given the importance of maintaining diverse funding sources in connection with FICC's risk management.

11. Exhibits

Exhibit 1 – Not applicable.

Exhibit 1A – Notice of Advance Notice for publication in the Federal Register.

Exhibit 2 – Not applicable.

²⁶ 17 CFR 240.17ad-22(e)(7)(ii). For purposes of this Rule, “qualifying liquid resources” are defined in Rule 17ad-22(a) as including, in part, cash held either at the central bank of issue or at creditworthy commercial banks. 17 CFR 240.17ad-22(a).

²⁷ Supra note 12.

²⁸ 17 CFR 240.17ad-22(a).

²⁹ 17 CFR 240.17ad-22(e)(7)(ii).

³⁰ 17 CFR 240.17ad-22(e)(7)(i), (ii).

³¹ 12 U.S.C. 5465(e)(1)(I).

Exhibit 3 – Sample Commercial Paper Program Term Sheet. ***Omitted and filed separately with the Commission. Confidential treatment of this Exhibit 3 is requested pursuant to 17 CFR 240.24b-2.***

Exhibit 4 – Not applicable.

Exhibit 5 – Not applicable.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[____]; File No. SR-FICC-2026-801)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Advance Notice to Raise Prefunded Default Liquidity Through the Commercial Paper Program

Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”)¹ and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934 (“Act”),² notice is hereby given that on February __, 2026, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the advance notice SR-FICC-2026-801 (“Advance Notice”) 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 Advance Notice from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Advance Notice

This advance notice is filed by Fixed Income Clearing Corporation (“FICC”) in connection with a proposed program to raise prefunded, default liquidity through the periodic issuance and private placement of short-term, unsecured commercial paper notes (“Commercial Paper Program”). The proceeds from the Commercial Paper Program would supplement FICC’s existing default liquidity risk management resources.

¹ 12 U.S.C. 5465(e)(1).

² 17 CFR 240.19b-4(n)(1)(i).

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the Advance Notice and discussed any comments it received on the Advance Notice. 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 and B below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement on Comments on the Advance Notice 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, FICC will amend this filing to publicly file such comments as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting written 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. General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at tradingandmarkets@sec.gov or 202-551-5777.

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

(B) Advance Notice Filed Pursuant to Section 806(e) of the Clearing Supervision Act

Description of Proposed Change

FICC is proposing to establish the Commercial Paper Program in order to raise prefunded, default liquidity and diversify its liquidity resources through the issuance and private placement of unsecured debt, consisting of short-term promissory notes (“Commercial Paper”). The Commercial Paper would be issued to qualified institutional buyers³ and institutional accredited investors⁴ in an aggregate amount not to exceed \$10 billion.

The proceeds from the Commercial Paper Program would supplement the qualifying liquidity resources maintained by FICC for each of its two divisions, the Government Securities Division (“GSD”) and Mortgage-Backed Securities Division (“MBSD”). FICC’s existing qualifying liquidity resources are described in the Clearing Agency Liquidity Risk Management Framework (“Framework”)⁵ and include cash deposits to the GSD and MBSD Clearing Funds and amounts available to FICC through the committed repurchase facilities that are set forth in the GSD Rulebook (“GSD Rules”) and the MBSD Clearing Rules (“MBSD Rules” and together with the GSD

³ See 17 CFR 230.144A.

⁴ See 17 CFR 230.501(a).

⁵ See Securities Exchange Act Release No. 82377 (Dec. 21, 2017), 82 FR 61617 (Dec. 28, 2017) (SR-DTC-2017-004; SR-FICC-2017-008; SR-NSCC-2017-005). Following the completion of the initial issuance and private placement of Commercial Paper, the Clearing Agencies would file a proposed rule change to amend the Framework and include the proceeds of the Commercial Paper Program as an additional qualifying liquidity resource of FICC.

Rules, the “Rules”),⁶ each referred to as a Capped Contingency Liquidity Facility® (“CCLF”).⁷ Collectively, these resources provide FICC with liquidity to complete end-of-day settlement in the event of the default of a GSD Netting Member or an MBSD Clearing Member (collectively, “Members”).⁸

More precisely, while the specific terms of the Commercial Paper Program would depend on a number of factors, as described in greater detail below, the proceeds of a Commercial Paper Program would be used only for default liquidity.

FICC, along with its affiliates, National Securities Clearing Corporation (“NSCC”) and The Depository Trust Company (“DTC,” and, together with NSCC and FICC, the “Clearing Agencies”), maintain the Framework which sets forth the manner in

⁶ Capitalized terms not defined herein are defined in the Rules available at www.dtcc.com/legal/rules-and-procedures.

⁷ See GSD Rule 22A (Procedures for When the Corporation Ceases to Act), Section 2a, and MBSD Rule 17 (Procedures for When the Corporation Ceases to Act), Section 2a, id. Participation in the CCLF is a membership requirement for all GSD Netting Members and MBSD Clearing Member. Funding under the CCLF takes the form of a repurchase (“repo”) agreement. Once a “CCLF Event” (as such term is defined in the Rules) is declared by FICC, Members are required to provide financing up to a predetermined cap amount by entering into repo transactions with FICC until they complete the associated closeout. The CCLF allows Members to manage their potential financing requirements with predetermined caps, which are set based on the liquidity exposure generated by Members’ use of the clearing services of GSD and MBSD. Supra note 6.

⁸ See GSD Rule 21 (Restrictions on Access to Services) and MBSD Rule 14 (Restrictions on Access to Services) (specifying the events that constitute a Member default), id. Such Rules provide that FICC’s Board of Directors may suspend a Member or prohibit or limit a Member’s access to FICC’s services in enumerated circumstances; this includes default in delivering funds or securities to FICC, or a Member experiencing such financial or operational difficulties that FICC determines, in its discretion, that restriction on access to services is necessary for FICC’s protection and for the protection of its membership. Supra note 6.

which FICC measures, monitors and manages the liquidity risks that arise in or are borne by it.⁹ FICC’s liquidity risk management strategy and resources are designed to maintain “sufficient liquid resources at a minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the [Member] family that would generate the largest aggregate payment obligation for [FICC] in extreme but plausible market conditions.”¹⁰

The proposed Commercial Paper Program would provide FICC with an additional source of default liquidity, which would allow it to diversify its sources of default liquidity and mitigate risks to FICC that it is unable to secure default liquidity resources in an amount necessary to meet its liquidity needs. As stated above, FICC currently maintains two default liquidity resources to draw upon in the event of a Member default: cash deposits to the GSD and MBSD Clearing Funds and amounts available to FICC through the CCLF. As such, the existing default liquidity resources are sourced entirely from FICC’s Members, who are obligated as Members to make deposits to the respective Clearing Funds and participate in the CCLF in the circumstances and pursuant to the terms set forth in the Rules.

⁹ Supra note 3. Each of the Clearing Agencies is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”), which operates on a shared service model with respect to the Clearing Agencies. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides relevant services to the Clearing Agencies.

¹⁰ Id.

Additionally, 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.¹¹ These amendments require, among other things, that FICC establish objective, risk-based, and publicly disclosed criteria for participation that require GSD Netting Members submit for clearance and settlement all of the eligible secondary market transactions to which they are a counterparty.¹² FICC anticipates significant increases in both the volume of activity submitted to it for clearing at GSD and associated liquidity obligations following the compliance dates for these rules.¹³ Therefore, by allowing FICC to diversify its sources of default liquidity, the proposal would provide FICC with an alternative and supplemental source of default liquidity to diversify its liquidity providers and address its anticipated increased liquidity needs.

Terms of the Commercial Paper Program. Subject to approval of this proposal, FICC would engage an issuing and paying agent, as well as certain placement agent dealers, to develop a program to issue the Commercial Paper. The Commercial Paper would be issued to qualified institutional buyers and institutional accredited investors through a private placement and offered in reliance on an exemption from registration

¹¹ 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) (S7-23-22) (“Adopting Release,” and the rules adopted therein referred to herein as “Treasury Clearing Rules.”)

¹² Id. 17 CFR 240.17ad-22(e)(18)(iv)(A), (B).

¹³ See Securities Exchange Act Release No. 102487 (Feb. 25, 2025), 90 FR 11134 (March 4, 2025) (S7-23-22) (extending the compliance dates for Rule 17ad-22(e)(18)(iv)(A) and (B) to December 31, 2026, for eligible cash market transactions, and June 30, 2027, for eligible repo market transactions).

under Section 4(a)(2) of the Securities Act of 1933.¹⁴ FICC would be party to certain transaction documents required to establish the Commercial Paper Program, including an issuing and paying agent agreement, and a dealer agreement with each of the placement agent dealers. The dealer agreements would each be based on the standard form of dealer agreement for commercial paper programs, which is published by the Securities Industry and Financial Markets Association.¹⁵

While the anticipated material terms and conditions of the Commercial Paper Program are summarized below, the actual terms of a future Commercial Paper Program would depend on a number of factors, including FICC's liquidity needs and market conditions at the time of issuance. Therefore, with the exception of the authorized aggregate amount that FICC may issue of \$10 billion, the anticipated terms summarized below are reasonable estimates but may not reflect the actual terms of a future Commercial Paper Program.

The Commercial Paper Program would consist of Commercial Paper issued in an aggregate amount not to exceed \$10 billion with an expected average amount issued and outstanding at any time of approximately \$2-3 billion, as FICC deems reasonable, or as necessitated by liquidity needs. FICC believes it is advisable to authorize up to the aggregate amount of \$10 billion in order to help manage its potential future liquidity needs without further reliance on its Members, as the existing liquidity providers under the rules-based CCLF. FICC would develop internal procedures to govern the allocation

¹⁴ 15 U.S.C. 77d(4)(a)(2).

¹⁵ Available at www.sifma.org/documents/model-commercial-paper-dealer-agreement-42-program.

of default liquidity across GSD and MBSD based on the actual and estimated liquidity needs driven by activity cleared through each of the Divisions. Such procedures would describe the process for determining when it may be appropriate for FICC to raise additional prefunded liquidity through the issuance of Commercial Paper in order to continue to meet its liquidity needs, and how such decision, including the timing and amount of such funds, would be communicated between the appropriate teams at FICC.

The Commercial Paper Program would be structured such that the maturities of the issued Commercial Paper are staggered to avoid concentrations of maturing liabilities. The average maturity of the aggregate Commercial Paper outstanding issued under the Commercial Paper Program is broadly estimated to range between three and six months. The Commercial Paper would be represented by one or more master notes issued in the name of The Depository Trust Company (“DTC”), or its nominee. The Commercial Paper would be issued only through the book-entry system of DTC and would not be certificated. The Commercial Paper would either be interest bearing or would be sold at a discount from their face amount. Interest payable on the Commercial Paper would be at market rates customary for such type of debt and reflective of the creditworthiness of FICC. The Commercial Paper would have a maturity not to exceed 397 calendar days from the date of issue, would not be redeemable by FICC prior to maturity, nor would they contain any provision for extension, renewal, automatic rollover or voluntary prepayment.

FICC would hold the proceeds from the Commercial Paper Program in either its cash deposit account at the Federal Reserve Bank of New York (“FRBNY”) or in accounts at other creditworthy financial institutions in accordance with the Clearing

Agency Investment Policy.¹⁶ These amounts would be available to draw to complete settlement as needed.

FICC Liquidity Risk Management. As a central counterparty (“CCP”), FICC occupies an important role in the securities settlement system by interposing itself between counterparties to financial transactions thereby reducing the risk faced by its Members and contributing to global financial stability. FICC’s liquidity risk management framework plays an integral part in FICC’s ability to perform this role, and is designed to ensure that FICC maintains sufficient liquid resources to timely meet its payment (principally settlement) obligations with a high degree of confidence.

The liquidity needs of GSD and MBSD are driven by FICC’s requirement to cover settlement and funds-only settlement, on an ongoing basis, in the event of a Member default. As a cash market CCP, if a Member defaults, FICC will need to complete settlement of guaranteed transactions on the failing Member’s behalf from the date of insolvency through the settlement date. As such, FICC measures the sufficiency of its qualifying liquid resources through daily liquidity studies across a range of scenarios, including amounts needed over the settlement cycle in the event that the

¹⁶ See Securities Exchange Act Release Nos. 79528 (Dec. 12, 2016), 81 FR 91232 (Dec. 16, 2016) (SR-DTC-2016-007, SR-FICC-2016-005, SR-NSCC-2016-003); 84949 (Dec. 21, 2018), 83 FR 67779 (Dec. 31, 2018) (SR-DTC-2018-012, SR-FICC-2018-014, SR-NSCC-2018-013). Following the issuance of a Notice of No Objection by the Commission of this proposal and prior to the initial issuance of Commercial Paper, the Clearing Agencies would file a proposed rule change to amend the Clearing Agency Investment Policy to include the proceeds of the Commercial Paper Program as default liquidity funds, within the definition of “Investable Funds,” as such term is defined therein, and provide that such amounts would be held in bank deposits at eligible commercial banks or at FICC’s cash deposit account at the FRBNY.

Member or Member family with the largest aggregate liquidity exposure becomes insolvent.

As noted above, the Framework describes FICC's liquidity risk management strategy, which is designed to maintain liquidity resources sufficient to meet the potential amount of funding required to settle the outstanding transactions of a defaulting Member or affiliated family of Members in a timely manner.¹⁷ The Framework also describes how FICC meets its requirement to hold qualifying liquid resources, as such term is defined in Rule 17ad-22(a) under the Act, sufficient to meet its minimum liquidity resource requirement in each relevant currency for which it has payment obligations owed to its Members. FICC considers each of its existing default liquidity resources to be qualifying liquid resources, and the proceeds from the Commercial Paper Program would also be default liquidity that is considered a qualifying liquid resource.

The proceeds from the Commercial Paper Program would provide FICC with additional, prefunded, and readily available qualifying liquid resources to be used to cover settlement and funds-only settlement, on an ongoing basis, in the event of a Member default. FICC's existing liquidity resources include the cash deposits to the GSD and MBSD Clearing Funds and amounts available under the rules-based CCLFs. The Commercial Paper Program would allow FICC to diversify and expand its sources of default liquidity to address potential increased liquidity needs without further reliance on its rules-based resources. As a source of prefunded, default liquidity, the Commercial Paper Program would provide additional certainty, stability, and safety to FICC, its Members, and the U.S. markets that it serves.

¹⁷ Supra note 3.

By diversifying FICC's sources of qualifying liquid resources, the Commercial Paper Program could also mitigate concentration risks related to its liquidity providers. More specifically, while FICC would not limit the potential investors that purchase Commercial Paper and, therefore, is not able to ensure that the Commercial Paper Program would reduce concentration risk, the types of entities who typically invest in commercial paper (for example, insurance companies, asset managers and pension funds) are generally not Members of FICC. Therefore, the prospective investors in the Commercial Paper are not expected to be the same firms that currently provide default liquidity resources to FICC as Members. In this way, the proposed Commercial Paper Program would reduce the concentration risk related to its liquidity providers, by reducing the likelihood that an impairment of a liquidity provider to perform under one qualifying liquid resource would impact FICC's ability to fully access its other qualifying liquid resources.

Anticipated Effect on and Management of Risk

FICC's consistent ability to timely complete settlement is a key part of FICC's role as a CCP and allows FICC to mitigate counterparty risk within the U.S. markets. In order to sufficiently perform this key role in promoting market stability, it is critical that FICC has access to liquidity resources to enable it to complete end-of-day settlement, notwithstanding the default of a Member. FICC believes that the overall impact of the Commercial Paper Program on risks presented by FICC would be to reduce the liquidity risks associated with FICC's operation as a CCP by providing it with an additional source of liquidity to complete end-of-day settlement in the event of a Member default. FICC

further believes that a reduction in its liquidity risk would reduce systemic risk and would have a positive impact on the safety and soundness of the clearing system.

While the proposed Commercial Paper Program, like any liquidity resource, would involve certain risks, most of these risks are standard in any commercial paper program. One risk associated with the proposed Commercial Paper Program would be the risk that FICC does not have sufficient funds to repay issued Commercial Paper when that Commercial Paper matures. FICC believes that this risk is extremely remote, as the proceeds of the Commercial Paper Program would be used only in the event of a Member default, and FICC would replenish that cash, as it would replenish any of its liquidity resources that are used to facilitate settlement in the event of a Member default, with the proceeds of the close out of that defaulted Member's portfolio. This notwithstanding, in the event that proceeds from the close out are insufficient to fully repay a liquidity borrowing, then FICC would look to its loss waterfall to repay any outstanding liquidity borrowings.¹⁸ A second risk is that FICC may be unable to issue Commercial Paper as issued Commercial Paper matures due to, for example, stressed markets at the time the issued Commercial Paper matures. This risk would be mitigated by FICC's continued maintenance of the rules-based CCLFs to address liquidity needs and, as such, would not depend on the Commercial Paper Program as its sole source of liquidity. Additionally, as described above, the Commercial Paper Program would be structured such that the maturities of the issued Commercial Paper are staggered to avoid concentration in maturing liabilities.

¹⁸ See GSD Rule 4 (Clearing Fund and Loss Allocation), Section 7 and MBSD Rule 4 (Clearing Fund and Loss Allocation), Section 7, supra note 6.

FICC believes that the significant systemic risk mitigation benefits of providing FICC with additional, prefunded, default liquidity resources outweigh these risks.

Consistency with Section 805 Clearing Supervision Act

FICC believes the proposed rule changes are consistent with Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”).¹⁹ Specifically, FICC believes the proposed rule changes are consistent with the risk management objectives and principles of Section 805 of the Clearing Supervision Act.²⁰

(i) Consistency with Section 805(b) of the Clearing Supervision Act

Section 805(b) of the Clearing Supervision Act provides that “[t]he objectives and principles for the risk management standards prescribed under subsection (a) shall be to (1) promote robust risk management; (2) promote safety and soundness; (3) reduce systemic risks; and (4) support the stability of the broader financial system.”²¹

FICC believes the proposal is consistent with Section 805(b)(1) of the Clearing Supervision Act because it would support FICC’s robust risk management by providing it with an additional source of liquidity to complete end-of-day settlement, notwithstanding the default of a Member. By allowing FICC to diversify its sources of default liquidity, the proposal would support its ability to manage liquidity risks and, therefore, promote robust risk management.

¹⁹ 12 U.S.C. 5461, et seq.

²⁰ 12 U.S.C. 5464.

²¹ 12 U.S.C. 5464(b).

By strengthening FICC's liquidity risk management, FICC also believes the proposal would promote safety and soundness, mitigate systemic risk in the financial system and support the stability of the broader financial system in the event of a Member default, consistent with Section 805(b)(2)-(4) of the Clearing Supervision Act. By supplementing FICC's existing default liquidity resources with prefunded liquidity, the proposal would contribute to FICC's goal of assuring that FICC has adequate liquidity resources to meet its settlement obligations notwithstanding the default of any of its Members.

In its critical role as a CCP, FICC is obligated to cover settlement and funds-only settlement, on an ongoing basis, in the event of a Member default. In order to sufficiently perform this role, FICC must have ready access to adequate liquidity resources. Therefore, a reduction in FICC's liquidity risk through the introduction of an additional source of prefunded, default liquidity would promote safety and soundness, reduce systemic risk and support the stability of the wider financial system.

As a result, FICC believes the proposed rule changes would advance Section 805(b)'s objectives and principles of promoting robust risk management, promoting safety and soundness, reducing systemic risks, and supporting the stability of the broader financial system.

(ii) Consistency with Section 805(a)(2) of the Clearing Supervision Act

Section 805(a)(2) of the Clearing Supervision Act authorizes the Commission to prescribe risk management standards for the payment, clearing and settlement activities of designated clearing entities, like FICC.²² Accordingly, the Commission has adopted

²² 12 U.S.C. 5464(a)(2).

risk management standards under this section and Section 17A of the Act.²³ These standards require covered clearing agencies to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for their operations and risk management practices on an ongoing basis.²⁴ FICC believes that the proposed Commercial Paper Program is consistent with Rule 17ad-22(e)(7)(i) and (ii) under the Act for the reasons described below.²⁵

Rule 17ad-22(e)(7)(i) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for the covered clearing agency in extreme but plausible market conditions.²⁶ Rule 17ad-22(e)(7)(ii) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to hold qualifying liquid resources sufficient to meet the minimum liquidity resource requirement under Rule 17ad-22(e)(7)(i) in each relevant currency for which FICC has payment obligations owed to its Members.²⁷

²³ 17 CFR 240.17ad-22(e).

²⁴ Id.

²⁵ 17 CFR 240.17ad-22(e)(7)(i), (ii).

²⁶ 17 CFR 240.17ad-22(e)(7)(i).

²⁷ 17 CFR 240.17ad-22(e)(7)(ii). For purposes of this Rule, “qualifying liquid resources” are defined in Rule 17ad-22(a) as including, in part, cash held either at

As described above, the proposed Commercial Paper Program would provide FICC with an additional resource of prefunded, default liquidity, which it would use to complete end-of-day settlement, notwithstanding the default of a Member. The proceeds of the Commercial Paper Program would be cash held by FICC at either its cash deposit account at the FRBNY or at a creditworthy commercial bank, pursuant to the Clearing Agency Investment Policy.²⁸ Therefore, the proceeds of the Commercial Paper Program would be considered a qualifying liquid resource, as defined by Rule 17ad-22(a) under the Act.²⁹ As such, the proposed Commercial Paper Program would support FICC's ability to hold sufficient qualifying liquid resources to meet its minimum liquidity resource requirement under Rule 17ad-22(e)(7)(ii).³⁰

For these reasons, FICC believes the proposal would support its compliance with Rule 17ad-22(e)(7)(i) and (ii) under the Act by providing it with an additional qualifying liquid resource.³¹

Accelerated Commission Action Requested

Pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,³² FICC requests that the Commission notify FICC that it has no objection to the Commercial Paper

the central bank of issue or at creditworthy commercial banks. 17 CFR 240.17ad-22(a).

²⁸ Supra note 14.

²⁹ 17 CFR 240.17ad-22(a).

³⁰ 17 CFR 240.17ad-22(e)(7)(ii).

³¹ 17 CFR 240.17ad-22(e)(7)(i), (ii).

³² 12 U.S.C. 5465(e)(1)(I).

Program as soon as practicable, in order ensure that FICC can access this source of additional liquidity on a timely basis given the importance of maintaining diverse funding sources in connection with FICC's risk management.

III. Date of Effectiveness of the Advance Notice, and Timing for Commission Action

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date that the proposed change was filed with the Commission or (ii) the date that any additional information requested by the Commission is received. The clearing agency shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date the advance notice is filed, or the date further information requested by the Commission is received, if the Commission notifies the clearing agency in writing that it does not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

The clearing agency shall post notice on its website of proposed changes that are implemented.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (www.sec.gov/rules/sro.shtml); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2026-801 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-2026-801. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (www.sec.gov/rules/sro.shtml). Copies of the 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). 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-2026-801 and should be submitted on or before [insert date 21 days after publication in the Federal Register].

By the Commission.

Secretary

EXHIBIT 3

The information contained in this Exhibit 3 is subject to exemption from mandatory disclosure under Exemptions #4 and #8 of the Freedom of Information Act because the information concerns (i) trade secrets and commercial or financial information that is privileged or confidential and (ii) the supervision of Fixed Income Clearing Corporation (“FICC”), which is a financial institution. The Exhibit 3 Sample Commercial Paper Program Term Sheet is not intended for public disclosure. Accordingly, this Exhibit 3 has been redacted and confidential treatment requested pursuant to 17 CFR 240.24b-2. An unredacted version was filed separately and confidentially with the Securities and Exchange Commission.

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