



GOV #:	GOV045-14
Date:	May 6, 2014
To:	Government Securities Division Members
Category:	Service Updates
Subject:	Submission of FICC Rule Filing 2014-02—Extension of the Current GCF Repo® Service Pilot Program

On May 5, 2014, the Fixed Income Clearing Corporation (“FICC”) filed a proposed rule change (SR-FICC-2014-02) with the Securities and Exchange Commission (the “SEC”) pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934. The purpose of the proposed rule change is to seek the SEC’s approval to extend the pilot program (the “Pilot Program”) that is currently in effect for certain aspects of the GCF Repo® service®.¹ No changes to the GCF Repo service are being proposed at this time.

By way of background, on July 12, 2011, FICC submitted a rule filing to the SEC (SR-FICC-2011-05)² proposing to make certain changes to its GCF Repo® service in order to comply with the recommendations that had been made by the Task Force on Triparty Reform (“TPR”), an industry group formed and sponsored by the Federal Reserve Bank of New York. Because the GCF Repo® service operates as a triparty mechanism, FICC was requested to incorporate changes to the GCF Repo® service to align the service with the other TPR recommended changes for the overall triparty market.

The rule change described in SR-FICC-2011-05 was approved to be run as a pilot program for one year. On June 8, 2012, FICC filed a proposed rule change (SR-FICC-2012-05) to extend the initial pilot program for an additional year.³ On June 5, 2013, FICC then submitted a rule filing to extend the Pilot Program for an additional year (SR-FICC-2013-06)⁴. Because the latest extension is now approaching its expiry date, FICC is seeking the Commission’s approval to extend the Pilot Program for an additional year while the final phase of the tri-party reform is put into place.⁵

The full text of this rule change (SR-FICC-2014-02) may be obtained by visiting The Depository Trust & Clearing Corporation’s website at www.dtcc.com. Written comments on the proposed rule change may be addressed to Nikki Poulos, Managing Director and General Counsel, Fixed Income Clearing Corporation at 55 Water Street, New York, NY 10041; any such comments will be forwarded to the SEC. Written comments may also be addressed to the Secretary of the Commission, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. We request that you provide a copy of any such comments to FICC.

¹ GCF Repo is a registered trademark of FICC/DTCC.

² Securities Exchange Act Release No. 34-65213 (August 29, 2011), 76 FR 54824 (September 2, 2011)(SR-FICC-2011-05).

³ Securities Exchange Release No. 34-67621 (August 8, 2012); 77 FR 48572 (August 14, 2012) (SR-FICC-2012-05)

⁴ Securities Exchange Act Release No. 34-70068 (July 30, 2013) 78 FR 47453 (August 5, 2013) (SR-FICC-2013-06)

⁵ The final phase includes the development of interactive messages for the interbank collateral substitution automation. If FICC determines to change the parameters of the service during the one-year Pilot Program extension period, it will submit a rule filing to the Commission. If FICC seeks to extend the Pilot Program beyond the one-year period or proposes to make the Pilot Program permanent, it will also submit a rule filing to the Commission.

Questions regarding the GCF Repo® service should be directed to Brain Disken, Director, Clearing Services, at (212) 855-7622 or bdisken@dtcc.com, or Murray Pozmanter, Managing Director and Head of Clearing Agency Services, (212) 855-7522 or mpozmanter@dtcc.com. Questions regarding the rule filing should be addressed to Donaldine Temple, Vice President and Assistant General Counsel, at (212) 855-3277 or dtemple@dtcc.com.

Nikki Poulos
Managing Director and General Counsel