



Important Notice

Fixed Income Clearing Corporation - GOV

GOV#:	GOV054-14
Date:	August 11, 2014
To:	Government Securities Division Members
Category:	Service Updates
Subject:	Submission of Amendment No. 1 to Advance Notice Filing SR-FICC-2014-801— GSD's inclusion of GCF Repo® positions in its intraday participant Clearing Fund requirement calculation, and its hourly internal surveillance cycles

On August 11, 2014, Fixed Income Clearing Corporation (“FICC”) filed an amendment to advance notice SR-FICC-2014-801 (“Amendment No. 1”) with the Securities and Exchange Commission (the “Commission”) pursuant to Section 806(e) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

The initial advance notice filing (SR-FICC-2014-801), which was filed with the Commission on January 10, 2014, relates to FICC’s proposal to incorporate the underlying collateral pertaining to the GCF Repo®¹ positions in its noon intraday participant Clearing Fund requirement calculation, and its hourly internal surveillance cycles. This enhancement is intended to align the Government Securities Division’s (“GSD”) risk management calculations and monitoring with the changes that have been implemented to the tri-party infrastructure by the Tri-Party Reform Task Force,² specifically, with respect to the locking up of GCF Repo® collateral until 3:30 p.m. (ET) rather than 7:45 a.m. (ET).

Subsequent to the initial advance notice filing, FICC discovered that under the proposed change, a potential exposure may result from a GCF Repo® participant’s cash substitutions and early unwinds of interbank allocations. As a result, Amendment No. 1 amends the initial filing to discuss the manner in which GSD intends to protect itself and its members from the potential exposure.

The full text of the advance notice filing (SR-FICC-2014-801) and Amendment No. 1 may be obtained by visiting The Depository Trust & Clearing Corporation’s website at <http://www.dtcc.com/legal/sec-rule-filings.aspx>. Written comments on the filing, as amended, 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 Commission. 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 The GCF Repo® service enables dealers to trade general collateral repos, based on rate, term, and underlying product, throughout the day without requiring intra-day, trade-for-trade settlement on a Deliver-versus-Payment (DVP) basis. The service fosters a highly liquid market for securities financing.

² The Tri-Party Repo Infrastructure Task Force was formed in September 2009 under the auspices of the Payments Risk Committee, a private-sector body sponsored by the Federal Reserve Bank of New York. The Task Force’s goal is to enhance the repo market’s ability to navigate stressed market conditions by implementing changes that help better safeguard the market. DTCC has worked in close collaboration with the Task Force on their reform initiatives.

Questions regarding this 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