In connection with the Same-Day Settling (“SDS”) initiative, the Fixed Income Clearing Corporation’s (“FICC”) Government Securities Division (“GSD”) has further reviewed the transactions being submitted by Repo Brokers. The SDS Trades that have different configurations or “shapes” (e.g., two Reverse Repo transactions with a par value of $25 million each versus one Repo Transaction with a par value of $50 million) can create an end of day clearing bank position for FICC if all sides do not settle. This results in FICC having to finance securities at end of day.

The practice described in the previous paragraph creates financial risk to FICC, given the uncertainty of the size and volume of these trades on any given day. FICC needs to ensure a prompt and efficient settlement process, which would be enhanced with matching shapes.

As a result, effective on June 1, 2021, FICC will require all SDS Trades submitted by a Repo Broker to be in equal and identical size and shapes between Netting Members. Trades that do not follow these requirements will be cancelled by FICC and the Repo Broker will need to resubmit the SDS Trades following the appropriate form as described above.¹

If you have any questions on the requirements described above, please contact your Relationship Manager.

¹ See GSD Rule 5, Section 5, GSD Rule 6B, Section 7 and GSD Rule 12, Section 11.

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