DTCC | *Important Notice*
Fixed Income Clearing Corporation - GOV

GOV #:	GOV1552-23
Date:	October 13, 2023
To:	FICC Government Securities Division (“GSD”) Members
Category:	Service Updates
Subject:	Implementation of Portfolio Differential Charge and MLA Charge Enhancement

On September 25, 2023 and September 27, 2023, the Securities and Exchange Commission (“SEC”) approved proposed rule changes SR-FICC-2023-011 (“PD Rule Change”) and SR-FICC-2023-012 (“MLA Rule Change,” collectively with PD Rule Change (“Rule Changes”)), respectively, filed by Fixed Income Clearing Corporation (“FICC”).

The PD Rule Change will add a new margin component, the Portfolio Differential Charge (“PD Charge”), to the GSD Required Fund Deposit. The PD Charge is designed to mitigate the risks presented to FICC by period-over-period fluctuations in a Member’s Margin Portfolio(s) that may occur between the collections of Member’s GSD Required Fund Deposits. Upon implementation, FICC will use a 100-day look-back period in conjunction with a decay factor of 0.97 and a multiplier of 1.25.

The MLA Rule Change will enhance the MLA Charge calculation for Sponsored Members that clear through multiple accounts sponsored by multiple Sponsoring Members to better align with the position concentration risks arising from such Sponsored Members.

The full text of the respective Rule Changes may be viewed on the DTCC website at www.dtcc.com/legal/sec-rule-filings.aspx.

As described in the Rule Changes, FICC committed to implementing the proposed changes by no later than 60 Business Days after SEC’s approval of the respective Rule Changes. As such, these changes will become effective on **October 30, 2023**.

Questions or inquiries regarding this Important Notice may be addressed to FICC Market Risk at 1-212-855-2020 or FICCProductRisk@dtcc.com.