Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2025 - * 023
Amendment No. (req. for Amendments *)

Filing by Fixed Income Clearing Corporation

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

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☑ 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 *).

Annual Testing of the Recovery and Wind-down Plan

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

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 11/25/2025

By [redacted] (Name *)

(Title *) [redacted]

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: 2025.11.25 14:20:46 -05'00'

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 EFFS website.

Form 19b-4 Information *

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Narrative (FICC) - RWP Testing - 202

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 *

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Exh 1A (FICC) - RWP Testing - 2025-

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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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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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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Exh 5 (FICC) - RWP Testing - 2025-11

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 Proposed Rule Change

(a) The proposed rule change of Fixed Income Clearing Corporation ("FICC") is provided in Exhibit 5 and consists of modifications to the FICC Mortgage-Backed Securities Division ("MBSD") Clearing Rules ("MBSD Rules") and the FICC Government Securities Division ("GSD") Rulebook ("GSD Rules").[1] The proposed changes would provide that FICC has established standards to be taken into account for designating those "Members," "Limited Members," and "Settling Banks," as such terms are defined in MBSD Rule 17B and GSD Rule 22D ("Wind-down of the Corporation," collectively, "Wind-down Rule"), who shall be required to participate in annual testing of FICC's recovery and wind-down plan ("RWP Testing").[2] The proposed rule change is intended to provide consistency with the RWP Testing requirements of Rule 17ad-26[3] ("SEC Rule 17ad-26" or "Rule 17ad-26") promulgated under the Securities Exchange Act of 1934 ("Act") by the Securities and Exchange Commission ("Commission").

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by a Deputy General Counsel of FICC on November 21, 2025, pursuant to delegated authority from the FICC Board of Directors.

3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The proposed rule change would amend MBSD Rule 3 (Ongoing Membership Requirements) and GSD Rule 3 (Ongoing Membership Requirements) to provide that FICC has established standards for designating those "Members," "Limited Members," and "Settling Banks," as such terms are defined in MBSD Rule 17B and GSD Rule 22D, who shall be required to participate in annual RWP Testing. Currently, MBSD Rule 3 and GSD Rule 3 require certain MBSD Members and GSD Members to fulfill certain operational testing requirements that may be imposed by FICC to test and monitor the continuing operational capability of the Members and provides that FICC has established standards for designating those Members who shall be required to participate in annual business continuity and disaster recovery testing. Under the

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[1] Terms not otherwise defined herein have the meaning set forth in the MBSD Rules and GSD Rules, available at http://www.dtcc.com/legal/rules-and-procedures.

[2] Id.

[3] 17 CFR 240.17ad-26. See Covered Clearing Agency Resilience and Recovery and Orderly Wind-down Plans, Securities Exchange Act Release No. 101446 (Oct. 25, 2024), 89 FR 91000 (Nov.18, 2024) (S7-10-23) ("Adopting Release").

proposed rule change, similar standards would be added with respect to participation in RWP Testing.

The Commission promulgated Rule 17ad-26, which requires that plans for the recovery and orderly wind-down of a covered clearing agency, such as FICC, identify and include certain specific elements.[4] One of the required elements is to include procedures for testing the covered clearing agency's ability to implement its recovery and orderly wind-down plan at least every 12 months, including by requiring the covered clearing agency's participants and when practicable, other stakeholders, to participate in such testing.[5] The Commission recently approved FICC's proposed rule change to reflect the requirements of Rule 17ad-26 in the FICC Recovery & Wind-down Plan (the "Plan" or "RWP").[6] In its filing, FICC described FICC's procedures for testing its ability to implement the Plan at least every 12 months, which included describing the requirement that certain Members participate in the testing based on specified criteria and, when practicable, other stakeholders participate as well.[7] FICC is now proposing to amend MBSD Rule 3 and GSD Rule 3, as described above, for purposes of implementing this aspect of the RWP.

A. *Proposal to amend MBSD Rule 3 and GSD Rule 3 to address standards for required participation in annual RWP Testing*

The proposed amendments to MBSD Rule 3 and GSD Rule 3 would ensure that FICC's practices with respect to RWP Testing are consistent with Rule 17ad-26(a)(8)[8] and the terms of the RWP by setting forth the standards FICC would take into account when designating which Members, Limited Members, and Settling Banks will be required to participate in any given year. The proposed rule would provide that the terms "Members," "Limited Members," and "Settling Banks" would be defined as they are under the Wind-down Rule.[9] The participant types captured by these definitions would be the ones most directly impacted in the event of a FICC recovery or orderly wind-down, and whose rights and obligations are governed by the Wind-down Rule in the event that the Wind-down Plan is initiated.

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4 Id. SEC Rule 17ad-26 identifies the elements that a covered clearing agency's plan must contain.

5 Id. SEC Rule 17ad-26(a)(8) (Testing).

6 See Securities Exchange Act Release No.103221 (June 10, 2025), 90 FR 25414 (June 16, 2025) (SR-FICC-2025-010).

7 Id. Specifically, FICC stated in its proposed rule change filing that the R&R Team [Recovery & Resolution Team] would identify the Member(s) required to participate in the simulation and that considerations for the Member selection may include, but are not limited to, (i) account structure, (ii) affiliated family structure, (iii) business model, (iv) operational details, and (v) Member size in terms of trading and settlement activity.

8 17 CFR 240.17ad-26(a)(8).

9 Supra note 1.

The proposed rule change would provide for FICC's rights to: (i) designate MBSD and GSD Members, Limited Members and Settling Banks required to participate in RWP Testing using considerations such as, but not limited to, account structure, affiliated family structure, business model, operational details, and Member, Limited Member and Settling Bank size, trading and settlement activity; (ii) determine the scope and reporting out of the results of such RWP Testing; and (iii) require MBSD and GSD Members, Limited Members and Settling Banks to comply with such RWP Testing within specified timeframes. Additionally, the proposed rule would state that information on Member, Limited Member and Settling Bank selection as well as key elements of the testing that will be performed would be provided by FICC to all relevant stakeholders.

B. *Implementation of the proposal*

As noted above, the principal purpose of the proposed rule change is to provide that FICC has established standards for designating those "Members," "Limited Members," and "Settling Banks," as such terms are defined in the Wind-down Rule, who shall be required to participate in annual testing of FICC's recovery and wind-down plan, consistent with the requirements of Rule 17ad-26(a)(8).[10] The proposed rule change would help to facilitate implementation of this aspect of the RWP in a manner consistent with SEC Rule 17ad-26 and the RWP recently approved by the Commission.[11] Based on the compliance date of SEC Rule 17ad-26 established by the Commission, the proposed rule change would become operative on December 15, 2025.[12]

(b) Statutory Basis

FICC believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, FICC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,[13] Rule 17ad-22(e)(3)(ii) under the Act,[14] and Rule 17ad-26 under the Act,[15] for the reasons described below.

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[10] 17 CFR 240.17ad-26(a)(8).

[11] Supra note 6.

[12] Supra note 3. As set forth in the Adopting Release, "[…] (2) the proposed rule changes and the Advance Notices must be effective by December 15, 2025. These compliance dates provide sufficient time for CCAs to consider changes to their rules, policies, and procedures necessary to ensure consistency with the rules amended and adopted in this release […]."

[13] 15 U.S.C. 78q-1(b)(3)(F).

[14] 17 CFR 240.17ad-22(e)(3)(ii).

[15] 17 CFR 240.17ad-26.

Section 17A(b)(3)(F) of the Act requires, in part, that the MBSD Rules and GSD Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.[16] As described above, the proposed rule change would provide that FICC has established standards regarding a requirement that MBSD and GSD Members, Limited Members and Settling Banks participate in annual RWP Testing, thereby facilitating the inclusion of participants in RWP Testing. This, in turn, would provide for effective planning by ensuring their familiarity with FICC's processes that would be followed in a recovery or wind-down scenario. It would also allow for preparatory experience among FICC and participants to enable FICC to consider whether improvements need to be made to the RWP or RWP Testing going forward. By providing effective planning for recovery and orderly wind-down scenarios, the proposed rule change would help ensure the continuity of FICC's core services and for the markets served by FICC and thereby promote the prompt and accurate clearance and settlement of securities transactions. As such, FICC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.[17]

Rule 17ad-22(e)(3)(ii) under the Act requires FICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency, which includes plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses.[18] By ensuring that RWP Testing is consistent with the requirements of Rule 17ad-26 and how they are described in the RWP, FICC believes that the proposed rule change is designed to support the maintenance of the RWP and, as such, meets the requirements of Rule 17ad-22(e)(3)(ii) under the Act. Therefore, the proposed changes would help FICC to maintain the RWP in a way that continues to be consistent with the requirements of Rule 17ad-22(e)(3)(ii).[19]

Rule 17ad-26 requires the plans for recovery and orderly wind-down of covered clearing agencies, such as FICC, to identify and address certain information that is pertinent to the RWP.[20] This includes procedures for testing the covered clearing agency's ability to implement its recovery and orderly wind-down plan at least every 12 months and requiring the covered clearing agency's participants and, when practicable, other stakeholders, to participate in such testing. The proposed rule change would provide in the MBSD Rules and GSD Rules the details

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16 15 U.S.C. 78q-1(b)(3)(F).

17 Id.

18 17 CFR 240.17ad-22(e)(3)(ii). FICC is a "covered clearing agency" as defined in Rule 17ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17ad-22. In 2012, FICC was designated a systemically important financial market utility by the Financial Stability Oversight Council.

19 Id.

20 17 CFR 240.17ad-26.

regarding a requirement for MBSD and GSD "Members," "Limited Members," and "Settling Banks," as defined under the Wind-down Rule, to take part in the annual RWP Testing, thereby strengthening FICC's compliance with Rule 17ad-26. As such, FICC believes the proposed rule change is consistent with Rule 17ad-26.[21]

4. Self-Regulatory Organization's Statement on Burden on Competition

FICC does not believe that the proposed rule change would impose any burden on competition because the proposed rule change would apply to those MBSD and GSD participants that are already subject to similar types of testing requirements as part of their ongoing memberships and provides additional opportunities for participants to test their readiness under the Wind-down Rule in the event a FICC recovery or orderly wind-down event were to occur.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change 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, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting 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.

6. Extension of Time Period for Commission Action

Not applicable.

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[21] Id.

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

(a) The proposed rule change is to take effect immediately upon filing pursuant to paragraph (A) of Section 19(b)(3) of the Act.[22]

(b) The proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms does not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.[23]

As described above, MBSD and GSD participants covered by the proposed rule change are already subject to similar types of testing requirements as part of their ongoing membership requirements under MBSD Rule 3 and GSD Rule 3. Further, the proposed rule change would provide additional opportunities for those participants to test their readiness under the Wind-down Rule in the event a FICC recovery or orderly wind-down event were to occur. Furthermore, FICC believes that the proposed rule change is consistent with Rule 17ad-26 and the FICC RWP. For the foregoing reasons, FICC believes that this proposed rule change qualifies as a "non-controversial" rule change in accordance with Rule 19b-4(f)(6) under the Act, which renders the proposed rule change effective upon filing with the Commission.[24]

FICC has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.[25] In addition, FICC respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) under the Act[26] becomes effective in order to allow operability of this filing by the December 15, 2025 compliance date of Rule 17ad-26.[27]

At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the

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22 15 U.S.C. 78s(b)(3)(A).

23 17 CFR 240.19b-4(f)(6).

24 Id.

25 Id.

26 Id.

27 Supra note 3.

Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

(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 Act

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1 – Not applicable.

Exhibit 1A – Notice of proposed rule change for publication in the Federal Register.

Exhibit 2 – Not applicable.

Exhibit 3 – Not applicable.

Exhibit 4 – Not applicable.

Exhibit 5 – Proposed changes to the MBSD Rules and GSD Rules.

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-FICC-2025-023)

[DATE]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Annual Testing of the Recovery and Wind-down Plan

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November __, 2025, Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b-4(f)(6) thereunder.[4] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to the FICC Mortgage-Backed Securities Division ("MBSD") Clearing Rules ("MBSD Rules") and the FICC Government Securities Division ("GSD") Rulebook ("GSD Rules").[5] The proposed

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 15 U.S.C. 78s(b)(3)(A).

4 17 CFR 240.19b-4(f)(6).

5 Terms not otherwise defined herein have the meaning set forth in the MBSD Rules and GSD Rules, available at http://www.dtcc.com/legal/rules-and-procedures.

changes would provide that FICC has established standards to be taken into account for designating those "Members," "Limited Members," and "Settling Banks," as such terms are defined in MBSD Rule 17B and GSD Rule 22D ("Wind-down of the Corporation," collectively, "Wind-down Rule"), who shall be required to participate in annual testing of FICC's recovery and wind-down plan ("RWP Testing").[6] The proposed rule change is intended to provide consistency with the RWP Testing requirements of Rule 17ad-26[7] ("SEC Rule 17ad-26" or "Rule 17ad-26") promulgated under the Act by the Commission.

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

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

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change would amend MBSD Rule 3 (Ongoing Membership Requirements) and GSD Rule 3 (Ongoing Membership Requirements) to provide that FICC has established standards for designating those "Members," "Limited Members,"

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6 Id.

7 17 CFR 240.17ad-26. See Covered Clearing Agency Resilience and Recovery and Orderly Wind-down Plans, Securities Exchange Act Release No. 101446 (Oct. 25, 2024), 89 FR 91000 (Nov.18, 2024) (S7-10-23) ("Adopting Release").

and "Settling Banks," as such terms are defined in MBSD Rule 17B and GSD Rule 22D, who shall be required to participate in annual RWP Testing. Currently, MBSD Rule 3 and GSD Rule 3 require certain MBSD Members and GSD Members to fulfill certain operational testing requirements that may be imposed by FICC to test and monitor the continuing operational capability of the Members and provides that FICC has established standards for designating those Members who shall be required to participate in annual business continuity and disaster recovery testing. Under the proposed rule change, similar standards would be added with respect to participation in RWP Testing.

The Commission promulgated Rule 17ad-26, which requires that plans for the recovery and orderly wind-down of a covered clearing agency, such as FICC, identify and include certain specific elements.[8] One of the required elements is to include procedures for testing the covered clearing agency's ability to implement its recovery and orderly wind-down plan at least every 12 months, including by requiring the covered clearing agency's participants and when practicable, other stakeholders, to participate in such testing.[9] The Commission recently approved FICC's proposed rule change to reflect the requirements of Rule 17ad-26 in the FICC Recovery & Wind-down Plan (the "Plan" or "RWP").[10] In its filing, FICC described FICC's procedures for testing its ability to implement the Plan at least every 12 months, which included describing the requirement that certain Members participate in the testing based on specified criteria and, when

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8 Id. SEC Rule 17ad-26 identifies the elements that a covered clearing agency's plan must contain.

9 Id. SEC Rule 17ad-26(a)(8) (Testing).

10 See Securities Exchange Act Release No.103221 (June 10, 2025), 90 FR 25414 (June 16, 2025) (SR-FICC-2025-010).

practicable, other stakeholders participate as well.[11] FICC is now proposing to amend MBSD Rule 3 and GSD Rule 3, as described above, for purposes of implementing this aspect of the RWP.

A. *Proposal to amend MBSD Rule 3 and GSD Rule 3 to address standards for required participation in annual RWP Testing*

The proposed amendments to MBSD Rule 3 and GSD Rule 3 would ensure that FICC's practices with respect to RWP Testing are consistent with Rule 17ad-26(a)(8)[12] and the terms of the RWP by setting forth the standards FICC would take into account when designating which Members, Limited Members, and Settling Banks will be required to participate in any given year. The proposed rule would provide that the terms "Members," "Limited Members," and "Settling Banks" would be defined as they are under the Wind-down Rule.[13] The participant types captured by these definitions would be the ones most directly impacted in the event of a FICC recovery or orderly wind-down, and whose rights and obligations are governed by the Wind-down Rule in the event that the Wind-down Plan is initiated.

The proposed rule change would provide for FICC's rights to: (i) designate MBSD and GSD Members, Limited Members and Settling Banks required to participate in RWP Testing using considerations such as, but not limited to, account structure,

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[11] Id. Specifically, FICC stated in its proposed rule change filing that the R&R Team [Recovery & Resolution Team] would identify the Member(s) required to participate in the simulation and that considerations for the Member selection may include, but are not limited to, (i) account structure, (ii) affiliated family structure, (iii) business model, (iv) operational details, and (v) Member size in terms of trading and settlement activity.

[12] 17 CFR 240.17ad-26(a)(8).

[13] Supra note 5.

affiliated family structure, business model, operational details, and Member, Limited Member and Settling Bank size, trading and settlement activity; (ii) determine the scope and reporting out of the results of such RWP Testing; and (iii) require MBSD and GSD Members, Limited Members and Settling Banks to comply with such RWP Testing within specified timeframes. Additionally, the proposed rule would state that information on Member, Limited Member and Settling Bank selection as well as key elements of the testing that will be performed would be provided by FICC to all relevant stakeholders.

B. *Implementation of the proposal*

As noted above, the principal purpose of the proposed rule change is to provide that FICC has established standards for designating those "Members," "Limited Members," and "Settling Banks," as such terms are defined in the Wind-down Rule, who shall be required to participate in annual testing of FICC's recovery and wind-down plan, consistent with the requirements of Rule 17ad-26(a)(8).[14] The proposed rule change would help to facilitate implementation of this aspect of the RWP in a manner consistent with SEC Rule 17ad-26 and the RWP recently approved by the Commission.[15] Based on the compliance date of SEC Rule 17ad-26 established by the Commission, the proposed rule change would become operative on December 15, 2025.[16]

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[14] 17 CFR 240.17ad-26(a)(8).

[15] Supra note 10.

[16] Supra note 7. As set forth in the Adopting Release, "[…] (2) the proposed rule changes and the Advance Notices must be effective by December 15, 2025. These compliance dates provide sufficient time for CCAs to consider changes to their rules, policies, and procedures necessary to ensure consistency with the rules amended and adopted in this release […]."

2. Statutory Basis

FICC believes that the proposal is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, FICC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,[17] Rule 17ad-22(e)(3)(ii) under the Act,[18] and Rule 17ad-26 under the Act,[19] for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the MBSD Rules and GSD Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.[20] As described above, the proposed rule change would provide that FICC has established standards regarding a requirement that MBSD and GSD Members, Limited Members and Settling Banks participate in annual RWP Testing, thereby facilitating the inclusion of participants in RWP Testing. This, in turn, would provide for effective planning by ensuring their familiarity with FICC's processes that would be followed in a recovery or wind-down scenario. It would also allow for preparatory experience among FICC and participants to enable FICC to consider whether improvements need to be made to the RWP or RWP Testing going forward. By providing effective planning for recovery and orderly wind-down scenarios, the proposed rule change would help ensure the continuity of FICC's core services and for the markets served by FICC and thereby promote the prompt and accurate clearance and settlement of

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[17] 15 U.S.C. 78q-1(b)(3)(F).

[18] 17 CFR 240.17ad-22(e)(3)(ii).

[19] 17 CFR 240.17ad-26.

[20] 15 U.S.C. 78q-1(b)(3)(F).

securities transactions. As such, FICC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.[21]

Rule 17ad-22(e)(3)(ii) under the Act requires FICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by the covered clearing agency, which includes plans for the recovery and orderly wind-down of the covered clearing agency necessitated by credit losses, liquidity shortfalls, losses from general business risk, or any other losses.[22] By ensuring that RWP Testing is consistent with the requirements of Rule 17ad-26 and how they are described in the RWP, FICC believes that the proposed rule change is designed to support the maintenance of the RWP and, as such, meets the requirements of Rule 17ad-22(e)(3)(ii) under the Act. Therefore, the proposed changes would help FICC to maintain the RWP in a way that continues to be consistent with the requirements of Rule 17ad-22(e)(3)(ii).[23]

Rule 17ad-26 requires the plans for recovery and orderly wind-down of covered clearing agencies, such as FICC, to identify and address certain information that is pertinent to the RWP.[24] This includes procedures for testing the covered clearing

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21 Id.

22 17 CFR 240.17ad-22(e)(3)(ii). FICC is a "covered clearing agency" as defined in Rule 17ad-22(a)(5) under the Act and must comply with paragraph (e) of Rule 17ad-22. In 2012, FICC was designated a systemically important financial market utility by the Financial Stability Oversight Council.

23 Id.

24 17 CFR 240.17ad-26.

agency's ability to implement its recovery and orderly wind-down plan at least every 12 months and requiring the covered clearing agency's participants and, when practicable, other stakeholders, to participate in such testing. The proposed rule change would provide in the MBSD Rules and GSD Rules the details regarding a requirement for MBSD and GSD "Members," "Limited Members," and "Settling Banks," as defined under the Wind-down Rule, to take part in the annual RWP Testing, thereby strengthening FICC's compliance with Rule 17ad-26. As such, FICC believes the proposed rule change is consistent with Rule 17ad-26.[25]

(B) Clearing Agency's Statement on Burden on Competition

FICC does not believe that the proposed rule change would impose any burden on competition because the proposed rule change would apply to those MBSD and GSD participants that are already subject to similar types of testing requirements as part of their ongoing memberships and provides additional opportunities for participants to test their readiness under the Wind-down Rule in the event a FICC recovery or orderly wind-down event were to occur.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change 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, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4,

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[25] Id.

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.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

Because the foregoing proposed rule change does not:

(i) significantly affect the protection of investors or the public interest;

(ii) impose any significant burden on competition; and

(iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act[26] and Rule 19b-4(f)(6) thereunder.[27]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the

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[26] 15 U.S.C. 78s(b)(3)(A).

[27] 17 CFR 240.19b-4(f)(6).

Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the 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-2025-023 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-2025-023. 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-2025-023 and should be submitted on or before [insert date 21 days after publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[28]

Secretary

[28] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Bold and underlined text indicates proposed added language.

FIXED INCOME CLEARING CORPORATION

GOVERNMENT SECURITIES DIVISION RULEBOOK

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RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

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Section 6 – Operational Testing Requirements

(a) The Corporation may, from time to time, require Members to fulfill, within the time frames established by the Corporation, certain operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the Member. The Corporation will assess a fine or terminate the membership of any Member that does not fulfill any such operational testing and related reporting requirements within the time frames established by the Corporation.

(b) The Corporation has established standards for designating those Members who shall be required to participate in annual business continuity and disaster recovery testing that the Corporation reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event that business continuity and disaster recovery plans are required to be activated. The standards shall take into account factors such as: (1) activity-based thresholds; (2) significant operational issues of the Member during the twelve months prior to the designation; and (3) past performance of the Member with respect to operational testing. The specific standards adopted by the Corporation and any updates or modifications thereto shall be published to Members and applied on a prospective basis.

Upon notification that the Member has been designated to participate in the annual business continuity and disaster recovery testing, as described above, Members shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation.

(c) The Corporation has established standards for designating those Members, Limited Members and Settling Banks, as such terms are defined in Rule 22D (Wind-down of the Corporation), who shall be required to participate in annual recovery and wind-down testing that the Corporation reasonably determines are, taken as a whole, the minimum necessary to confirm that the Corporation's testing procedures will be practical and effective in the face of a recovery or orderly wind-down. The standards shall take into account factors such as: (i) account structure, (ii) affiliated family structure, (iii) business model, (iv) operational details, and (v) Member, Limited Member and Settling Bank size, trading and settlement activity. Information on Member, Limited Member and Settling Bank selection as well as key elements of the testing that will be performed will be provided by the Corporation to all relevant stakeholders.

Upon notification that the Member, Limited Member or Settling Bank has been designated to participate in the annual recovery and wind-down testing, as described above, Members, Limited Members and Settling Banks shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation.

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FIXED INCOME CLEARING CORPORATION

MORTGAGE-BACKED SECURITIES DIVISION

CLEARING RULES

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RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

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Section 5 – Operational Testing Requirements

(a) The Corporation may, from time to time, require Members to fulfill, within the time frames established by the Corporation, certain operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the Member. The Corporation may assess a fine or terminate the membership of any Member that does not fulfill any such operational testing and related reporting requirements within the time frames established by the Corporation.

(b) The Corporation has established standards for designating those Members who shall be required to participate in annual business continuity and disaster recovery testing that the Corporation reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event that business continuity and disaster recovery plans are required to be activated. The standards shall take into account factors such as: (1) activity-based thresholds; (2) significant operational issues of the Member during the twelve months prior to the designation; and (3) past performance of the Member with respect to operational testing. The specific standards adopted by the Corporation and any updates or modifications thereto shall be published to Members and applied on a prospective basis.

Upon notification that the Member has been designated to participate in the annual business continuity and disaster recovery testing, as described above, Members shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation.

(c) The Corporation has established standards for designating those Members, Limited Members and Settling Banks, as such terms are defined in Rule 17B (Wind-down of the Corporation), who shall be required to participate in annual recovery and wind-down testing that the Corporation reasonably determines are, taken as a whole, the minimum

necessary to confirm that the Corporation's testing procedures will be practical and effective in the face of a recovery or orderly wind-down. The standards shall take into account factors such as: (i) account structure, (ii) affiliated family structure, (iii) business model, (iv) operational details, and (v) Member, Limited Member and Settling Bank size, trading and settlement activity. Information on Member, Limited Member and Settling Bank selection as well as key elements of the testing that will be performed will be provided by the Corporation to all relevant stakeholders.

Upon notification that the Member, Limited Member or Settling Bank has been designated to participate in the annual recovery and wind-down testing, as described above, Members, Limited Members and Settling Banks shall be required to fulfill, within the timeframes established by the Corporation, certain testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation.

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