



Fixed Income Clearing Corporation  
570 Washington Boulevard  
Jersey City, NJ 07310

September 24, 2024

**Via Electronic Mail** (rule-comments@sec.gov)

Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: Amendment No. 1 to File No. SR-FICC-2024-009**

Dear Secretary:

Fixed Income Clearing Corporation filed a partial amendment to File No. SR-FICC-2024-009 on September 24, 2024, a copy of which is enclosed.

Respectfully,

Fixed Income Clearing Corporation

Enclosures

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 7		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2024 - * 009 Amendment No. (req. for Amendments *) 1	
Filing by Fixed Income Clearing Corporation Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input type="checkbox"/>		Amendment * <input checked="" type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input checked="" type="checkbox"/>		Section 19(b)(3)(A) * <input type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<input type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div></div>					
<b>Contact Information</b> 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 * <input type="text"/> Last Name * <input type="text"/> Title * <input type="text"/> E-mail * <input type="text"/> RuleFilingAdmin@dtcc.com Telephone * <input type="text"/> Fax <input type="text"/>					
<b>Signature</b> 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 <input type="text"/> 09/24/2024 (Title *) By <input type="text"/> <input type="text"/>					
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. <div>Date: 2024.09.24 12:10:33 -04'00'</div>					

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 EDFS website.

**Form 19b-4 Information \***

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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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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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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.

Partial Amd No. 1 - GSD Mandate - 20

Amendment No. 1 to SR-FICC-2024-009

Fixed Income Clearing Corporation (“FICC”) is filing this partial amendment (“Amendment No. 1”) to SR-FICC-2024-009 (“Proposed Rule Change”), which was filed with the Securities and Exchange Commission (“Commission”) on June 12, 2024.

The Proposed Rule Change consists of modifications to FICC’s Government Securities Division (“GSD”) Rulebook (“Rules”) to (1) adopt a requirement that each Netting Member submits all eligible secondary market transactions, both for repurchase agreements and certain categories of cash transactions, to which it is a counterparty to FICC for clearance and settlement and define the scope of such trade submission requirement; (2) adopt ongoing membership requirements and other measures that would facilitate FICC’s ability to identify and monitor Netting Members’ compliance with the trade submission requirement, and adopt fines and other disciplinary actions to address a Netting Member’s failure to submit transactions in compliance with that requirement; (3) enhance the Rules relating to the initial qualifications and ongoing standards for membership to improve FICC’s ability to manage the credit risks presented by Netting Members; and (4) make other revisions to the Rules to clarify, conform and enhance the disclosures of the Rules.

In describing the proposed amendment to the Proposed Rule Change below, by this Amendment No. 1, FICC has marked **bold, underlined, blue highlighted text** to represent additional language proposed to be added to the Proposed Rule Change, **bold, strikethrough, blue highlighted text** to represent language proposed to be deleted from the Proposed Rule Change, and **bold, strikethrough, blue highlighted red text** to represent proposed deletions to language proposed to be added by the Proposed Rule Change.

Please add the following to the text on page 99 of the Proposed Rule Change:

\* \* \*

**Covered Clearing Agency**

**The term “Covered Clearing Agency” shall have the meaning given that term in Rule 17ad-22(a)(5) under the Exchange Act.**

\* \* \*

Please replace the text on page 103 of the Proposed Rule Change with the following:

\* \* \*

Section 3 – Eligibility for Membership: Netting Members

(a) Eligibility for each category of Netting Member shall be as follows:

(i) Bank Netting Member – A Person shall be eligible to apply to become a Bank Netting Member if it is a bank or trust company chartered as such under the laws of the United States, or a State thereof, or is a bank or trust company established or chartered under the laws of a non-U.S. jurisdiction ~~and either participates in the Corporation through its U.S. branch or agency or~~ **that meets the qualifications applicable to a Foreign Person in this Section 3. A bank or trust company that is admitted to membership in the Netting System pursuant to these Rules, and whose membership in the Netting System has not been terminated, shall be a Bank Netting Member. A bank or trust company shall have one membership and may apply to be a Netting Member either through its parent bank entity or through a branch of the bank.**

\* \* \*

Please replace the text on page 109 of the Proposed Rule Change with the following:

\* \* \*

(e) if it is a Netting Member, to: (i) **submit to the Corporation for comparison, pursuant to Rule 56, data on all of its eligible trades with other Netting Members,** (ii) deliver to the Corporation or receive from the Corporation the securities underlying all trades that have been reported as being netted and all monies related thereto, in accordance with these Rules, and (iii) pay or deliver to the Corporation in a timely manner all amounts due pursuant to Rule 4 with regard to its Required Fund Deposit and any loss or liability allocated to it;

\* \* \*

Please replace the text on page 110 of the Proposed Rule Change with the following:

\* \* \*

**In addition, e**Each Member shall comply with the **applicable** ongoing requirements set forth in the Rules**below. If a Member has more than one type of membership with the Corporation or has qualified as more than one category of Netting Member, such Member all comply with all ongoing membership requirements applicable to any such memberships or categories of Netting Member, unless the Corporation otherwise provides. Members shall notify the Corporation if compliance with any ongoing membership requirement or request**

of the Corporation made pursuant to these Rules would cause such firm to violate an applicable law, rule or regulation, and the Corporation shall work with the Member to modify that requirement or request such that compliance would not cause such violation.

\* \* \*

Please replace the text on pages 113-114 of the Proposed Rule Change with the following:

\* \* \*

No less than annually, by a date to be determined and announced on an annual basis by the Corporation, each Netting Member shall attest to its ongoing compliance with the applicable trade submission requirements set forth in Rule 5 in a form prescribed by the Corporation (“Annual Trade Submission Attestation”). Notwithstanding the prior sentence, a Netting Member shall not be required to submit an Annual Trade Submission Attestation in the same calendar year in which it delivers to the Corporation a Triennial Independent Trade Submission Report. The Annual Trade Submission Attestation shall be signed by the Netting Member’s Chief Compliance Officer or the most senior authorized officer of the Netting Member who performs a substantially similar function to a chief compliance officer.

The Annual Trade Submission Attestation shall attest that (i) the attesting officer has read and understands the trade submission requirement set forth in Rule 5; (ii) the Netting Member has established, maintains and enforces policies, procedures or other controls that are reasonably designed to ensure ongoing and continued compliance with the trade submission requirement; (iii) such controls are reasonably designed to promptly identify and remediate any occurrences of non-compliance with the trade submission requirement; and (iv), other than with respect to matters that the Netting Member has, as of the date of the Annual Trade Submission Attestation, disclosed to the Corporation pursuant to the Rules, the Netting Member has, at all times during the 12 months prior to the date of the attestation, complied with the trade submission requirement set forth in Rule 5.

Failure to deliver an executed Annual Trade Submission Attestation by the time and in the form prescribed by the Corporation shall result in a fine, pursuant to the Fine Schedule.

## (2) Triennial Independent Trade Submission Review and Report

No less than every three years, by a date to be determined and announced by the Corporation, each Netting Member shall conduct a review, following established procedures and standards, that is comprehensive and adequate to sufficiently assess and confirm such Netting Member’s ongoing compliance with the trade submission requirements set forth in Rule 5 with respect to the three-year period prior to the date of the review (“Triennial Independent Trade Submission Review”). The Corporation shall stagger the years in which Netting Members are required to conduct a Triennial Independent Trade Submission Review.

\* \* \*

Please replace the text on page 115 of the Proposed Rule Change with the following:

\* \* \*

The Triennial Independent Trade Submission Report shall (i) describe the procedures, methodology and/or standards employed in conducting the Triennial Independent Trade Submission Review; (ii) identify the books, records, processes, operations and/or controls of the Netting Member that were examined in conducting the Triennial Independent Trade Submission Review; (iii) state the conclusions of the Triennial Independent Trade Submission Review, including whether the Netting Member has, at all times and continuously during the 3-year period prior to the date of the Triennial Independent Trade Submission Review, complied with the trade submission requirement set forth in Rule 5; and (iv) if the Netting Member failed to comply with the trade submission requirement during the review period, identify the actions the Netting Member shall take to remediate such failure and the time by when such failure has been, or is expected to be, remediated. Failure to complete a Triennial Independent Trade Submission Review and deliver a Triennial Independent Trade Submission Report to the Corporation by the time and in the form prescribed by the Corporation shall result in a fine, pursuant to the Fine Schedule.

The Corporation shall make available to Netting Members a list of independent third parties that have been approved to conduct the Triennial Independent Trade Submission Review. Netting Members may request that the Corporation include, in the Corporation's sole discretion, additional independent third parties to such list. The Corporation shall also make available to Netting Members standard frameworks for the completion of the Triennial Independent Trade Submission Review and Report.

\* \* \*

Please replace the text on page 128 of the Proposed Rule Change with the following:

\* \* \*

Netting Members shall submit to the Corporation or to another Covered Clearing Agency that provides central counterparty services for transactions in U.S. Treasury securities for Novation all Eligible Secondary Market Transactions, as such term is defined in this Rule, to which such Netting Member is a counterparty.

\* \* \*

Please add the following to the text on page 131 of the Proposed Rule Change:

\* \* \*

Section 1 – General

Trade comparison, which consists of the reporting, validating, and, in some cases, matching by the Corporation of the long and short sides of a securities trade, including a Repo Transaction, to ensure that the details of such trade are in agreement between the parties, is the first step in the clearance and settlement process for securities transactions. ~~A Member of the Comparison System must submit to the Corporation for comparison trade data on all of its trades that are of the type processed by the Corporation (including trades executed and settled on the same day), calling for delivery of Eligible Securities, between it or an Executing Firm on whose behalf it is acting, and another Member or an Executing Firm on whose behalf it or another Member is acting. If the Corporation determines that a Comparison-Only Member has, without good cause, violated its obligations pursuant to this section, such Comparison-Only Member may be reported to the appropriate regulatory body, placed on the Watch List and/or subject to an additional fee. In addition, the Corporation may discipline a Comparison-Only Member for a violation of this section in accordance with Rule 48.~~

\* \* \*