

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-92117; File No. SR-FICC-2020-017)

June 7, 2021

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to Modify the Calculation of the MBSD VaR Floor to Incorporate a Minimum Margin Amount

On November 20, 2020, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR-FICC-2020-017 (“Proposed Rule Change”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² The Proposed Rule Change was published for comment in the Federal Register on December 10, 2020.³ On

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 90568 (December 4, 2020), 85 Fed. Reg. 79541 (December 10, 2020) (SR-FICC-2020-017) (“Notice”). FICC also filed the proposal contained in the Proposed Rule Change as advance notice SR-FICC-2020-804 (“Advance Notice”) with the Commission pursuant to Section 806(e)(1) of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”). 12 U.S.C. 5465(e)(1); 17 CFR 240.19b-4(n)(1)(i). Notice of filing of the Advance Notice was published for comment in the Federal Register on January 6, 2021. Securities Exchange Act Release No. 90834 (December 31, 2020), 86 Fed. Reg. 584 (January 6, 2021) (File No. SR-FICC-2020-804) (“Notice of Filing”). Upon publication of the Notice of Filing, the Commission extended the review period of the Advance Notice for an additional 60 days because the Commission determined that the Advance Notice raised novel and complex issues. On March 12, 2021, the Commission issued a request for information regarding the Advance Notice. See Commission’s Request for Additional Information, available at <https://www.sec.gov/comments/sr-ficc-2020-804/srficc2020804-8490035-229981.pdf>. On April 16, 2021, FICC submitted its response thereto. See Response to Commission’s Request for Additional Information, available at <https://www.sec.gov/comments/sr-ficc-2020-804/srficc2020804-8685526-235624.pdf>; Letter from James Nygard, Director and Assistant General Counsel, FICC (April 16, 2021), available at

December 30, 2020, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove the Proposed Rule Change.⁵ On February 16, 2021, the Commission instituted proceedings to determine whether to approve or disapprove the Proposed Rule Change.⁶ The Commission received comment letters on the Proposed Rule Change.⁷ In addition, the Commission received a letter from FICC responding to the public comments.⁸

Section 19(b)(2) of the Act⁹ provides that proceedings to determine whether to approve or disapprove a proposed rule change must be concluded within 180 days of the

<https://www.sec.gov/comments/sr-ficc-2020-804/srficc2020804-8679555-235605.pdf>. The proposal contained in the Proposed Rule Change and the Advance Notice shall not take effect until all regulatory actions required with respect to the proposal are completed.

⁴ 15 U.S.C. 78s(b)(2).

⁵ Securities Exchange Act Release No. 90794 (December 23, 2020), 85 Fed. Reg. 86591 (December 30, 2020) (SR-FICC-2020-017).

⁶ Securities Exchange Act Release No. 91092 (February 9, 2021), 86 Fed. Reg. 9560 (February 16, 2021) (SR-FICC-2020-017).

⁷ Comments on the Proposed Rule Change are available at <https://www.sec.gov/comments/sr-ficc-2020-017/srficc2020017.htm>. Comments on the Advance Notice are available at <https://www.sec.gov/comments/sr-ficc-2020-804/srficc2020804.htm>. Because the proposals contained in the Advance Notice and the Proposed Rule Change are the same, all comments received on the proposal were considered regardless of whether the comments were submitted with respect to the Advance Notice or the Proposed Rule Change.

⁸ See Letter from Timothy J. Cuddihy, Managing Director of Depository Trust & Clearing Corporation Financial Risk Management, (March 5, 2021) (“FICC Letter”).

⁹ 15 U.S.C. 78s(b)(2).

date of publication of notice of filing of the proposed rule change. The time for conclusion of the proceedings may be extended for up to 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination.¹⁰ The 180th day after publication of the Notice in the Federal Register is June 8, 2021.

The Commission is extending the period for Commission action on the Proposed Rule Change. The Commission finds that it is appropriate to designate a longer period within which to take action on the Proposed Rule Change so that the Commission has sufficient time to consider the issues raised by the Proposed Rule Change and to take action on the Proposed Rule Change. Accordingly, pursuant to Section 19(b)(2)(B)(ii)(II) of the Act,¹¹ the Commission designates August 7, 2021, as the date by which the Commission should either approve or disapprove the Proposed Rule Change SR-FICC-2020-017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

J. Matthew DeLesDernier
Assistant Secretary

¹⁰ 15 U.S.C. 78s(b)(2)(B)(ii)(II).

¹¹ Id.

¹² 17 CFR 200.30-3(a)(57).