

## MEMORANDUM

**TO:** File No. SR-FICC-2018-802

**FROM:** Division of Trading and Markets, U.S. Securities and Exchange Commission

**RE:** Deemed No Objection of an Advance Notice to Expand Sponsoring Member Eligibility in the Government Securities Division Rulebook and Make Other Changes

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On December 13, 2018, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”)<sup>1</sup> and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934 (“Exchange Act”)<sup>2</sup> to expand sponsoring member eligibility and make other changes.<sup>3</sup> The Commission received five comment letters to the advance notice,<sup>4</sup> including a response letter from FICC.

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<sup>1</sup> 12 U.S.C. 5465(e)(1). The Financial Stability Oversight Council (“FSOC”) designated FICC a systemically important financial market utility on July 18, 2012. See Financial Stability Oversight Council 2012 Annual Report, Appendix A, <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, FICC is required to comply with the Clearing Supervision Act and file advance notices with the Commission. See 12 U.S.C. 5465(e).

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

<sup>3</sup> On December 13, 2018, FICC also filed the proposal contained in the advance notice as proposed rule change SR-FICC-2018-013 with the Commission pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder, seeking approval of changes to its rules necessary to implement the advance notice. 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. The proposed rule change was published for comment in the Federal Register on December 31, 2018. Securities Exchange Act Release No. 84951 (December 21, 2018), 83 FR 67801 (December 31, 2018) (SR-FICC-2018-013). On February 14, 2019, the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change and reopened the period for comment on the proposed rule change. Securities Exchange Act Release No. 85137 (February 14, 2019), 84 FR 5523 (February 21, 2019) (SR-FICC-2018-013).

<sup>4</sup> See letter from Robert E. Pooler, Jr., Chief Financial Officer, Ronin Capital, LLC, dated January 18, 2019, to Brent J. Fields, Secretary, Commission (“Ronin Letter”); letter from James Tabacchi, Chairman, Independent Dealer and Trade Association, dated January 22, 2019, to Brent J. Fields, Secretary, Commission (“IDTA Letter”); letter from Robert

As of February 11, 2019, pursuant to Section 806(e)(1) of the Clearing Supervision Act,<sup>5</sup> the advance notice (SR-FICC-2018-802) was deemed to not have been objected to by the Commission. Nevertheless, FICC will be authorized to implement the proposed change only if the Commission issues an order approving proposed rule change SR-FICC-2018-013.

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Toomey, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, dated January 22, 2019, to Brent J. Fields, Secretary, Commission (“SIFMA Letter”); letter from Stephen John Berger, Managing Director, Government & Regulatory Policy, Citadel, dated January 30, 2019, to Brent J. Fields, Secretary, Commission (“Citadel Letter”); and letter from Murray Pozmanter, Managing Director, DTCC, dated February 4, 2019, to Brent J. Fields, Secretary, Commission (“FICC Response Letter”). See comments on the proposed rule change (SR-FICC-2018-013), available at <https://www.sec.gov/comments/sr-ficc-2018-013/srficc2018013.htm>. Because the proposal contained in the advance notice was also filed as a proposed rule change, supra note 3, the Commission is considering all public comments received on the proposal regardless of whether the comments were submitted to the advance notice or the proposed rule change.

<sup>5</sup> 12 U.S.C. 5465(e)(1).