

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-82820; File No. SR-FICC-2018-801)

March 7, 2018

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Extension of Review Period of Advance Notice to Implement Changes to the Method of Calculating Netting Members' Margin in the Government Securities Division Rulebook

On January 12, 2018, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-FICC-2018-801 ("Advance Notice") 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> The Advance Notice was published for comment in the Federal Register on March 2, 2018.<sup>3</sup> The Commission has received two comments on the proposal contained in the Advance

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<sup>1</sup> 12 U.S.C. 5465(e)(1). The Financial Stability Oversight Council 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 Payment, Clearing and Settlement 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> Securities Exchange Act Release No. 82779 (February 26, 2018), 83 FR 9055 (March 2, 2018) (SR-FICC-2018-801). FICC also filed a related proposed rule change (SR-FICC-2018-001) 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 ("Proposed Rule Change"). 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. The Proposed Rule Change was published in the Federal Register on February 1, 2018. Securities Exchange Act Release No. 82588 (January 26, 2018), 83 FR 4687 (February 1, 2018) (SR-FICC-2018-001).

Notice.<sup>4</sup>

Section 806(e)(1)(G) of the Clearing Supervision Act provides that FICC may implement the changes if it has not received an objection to the proposed changes within 60 days of the later of (i) the date that the Commission receives the Advance Notice or (ii) the date that any additional information requested by the Commission is received,<sup>5</sup> unless extended as described below.

Pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act, the Commission may extend the review period of an advance notice for an additional 60 days, if the changes proposed in the advance notice raise novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension.<sup>6</sup>

Here, as the Commission has not requested any additional information, the date that is 60 days after FICC filed the Advance Notice with the Commission is March 13, 2018. However, the Commission finds the Advance Notice complex because FICC proposes to make detailed, substantial, and numerous changes to the GSD margin

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<sup>4</sup> See letter from Robert E. Pooler, Chief Financial Officer, Ronin Capital LLC, dated February 22, 2018, to Robert W. Errett, Deputy Secretary, Commission, available at <https://www.sec.gov/comments/sr-ficc-2018-001/ficc2018001-3133039-161947.pdf>; letter from Michael Santangelo, Chief Financial Officer, Amherst Pierpont Securities LLC, dated February 22, 2018, to Brent J. Fields, Secretary, Commission, available at <https://www.sec.gov/comments/sr-ficc-2018-001/ficc2018001-3130095-161938.pdf>. Since 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)(G).

<sup>6</sup> 12 U.S.C. 5465(e)(1)(H).

calculation. Therefore, the Commission finds it appropriate to extend the review period of the Advance Notice for an additional 60 days under Section 806(e)(1)(H) of the Clearing Supervision Act.<sup>7</sup>

Accordingly, the Commission, pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act,<sup>8</sup> extends the review period for an additional 60 days so that the Commission shall have until May 12, 2018 to issue an objection or non-objection to advance notice SR-FICC-2018-801.

By the Commission.

Eduardo A. Aleman  
Assistant Secretary

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<sup>7</sup> Id.

<sup>8</sup> Id.