

**Bold, underlined text** indicates proposed added language

**~~Bold, strikethrough text~~** indicates proposed deleted language

**FIXED INCOME CLEARING CORPORATION**

**GOVERNMENT SECURITIES DIVISION RULEBOOK**

## RULE 1 – DEFINITIONS

### Legal Entity Identifier

**The term “Legal Entity Identifier” means a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions. The Legal Entity Identifier is based on the ISO 17442 standard developed by the International Organization for Standardization and satisfies the standards implemented by the Global Legal Entity Identifier Foundation.**

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## RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

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### Section 5 – Application Documents

Each applicant to become a Member shall, as required by the Corporation from time to time, complete and deliver to the Corporation an Applicant Questionnaire in such form as may be prescribed by the Corporation. An applicant seeking membership in the Netting System shall also deliver to the Corporation the financial reports, other reports, opinions and other information as the Corporation determines appropriate.

**Each applicant to become a Netting Member shall obtain and provide to the Corporation a Legal Entity Identifier.**

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## RULE 3 – ONGOING MEMBERSHIP REQUIREMENTS

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### Section 2 - Reports by Netting Members

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In addition to all of the above, each Member shall complete and deliver to the Corporation a Cybersecurity Confirmation at least every two years, on a date that is set by the Corporation and following notice that is provided no later than 180 calendar days prior to such due date.

**A Netting Member must have a current Legal Entity Identifier on file with the Corporation at all times.\* The Netting Member shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members (collectively, the “LEI Indemnified Parties”), for any and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a Netting Member’s failure to have its current Legal Entity Identifier on file with the Corporation. “Legal Action” means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.**

Notwithstanding anything to the contrary in this Rule, if a Member qualifies for more than one category of Netting System membership, the Corporation, in its sole discretion, may require that such member provide those reports and other financial or other information required to be provided to the Corporation by Members of any of those membership categories for which such Member qualifies.

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### **RULE 3A—SPONSORING MEMBERS AND SPONSORED MEMBERS**

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#### **Section 2 – Qualifications of Sponsoring Members, the Application Process and Continuance Standards**

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(e) Each Sponsoring Member shall submit to the Corporation, within the timeframes and in the formats required by the Corporation, the reports and information that all Netting Members are required to submit regardless of type of Netting Member and the reports and information required to be submitted for its respective type of Netting Member, all pursuant to Section 2 of Rule 3. **Each Sponsoring Member shall submit the Legal Entity Identifier for each of its Sponsored Member applicants as part of the application of such Sponsored Member applicant. Each Sponsoring Member shall provide the Corporation with a Legal Entity Identifier for each of its Sponsored Members such that the Corporation shall have a current Legal Entity Identifier for each Sponsored Member at all times.† The Sponsoring Member shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members (collectively, the “LEI Indemnified Parties”), for any**

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\* **Proposed rule change File No. SR-FICC-2020-002 was approved by the SEC on [date]. Existing Netting Members shall have 60 calendar days from the date of approval to submit their Legal Entity Identifiers. This footnote shall sunset at the end of the 60-calendar day period.**

† **Proposed rule change File No. SR-FICC-2020-002 was approved by the SEC on [date]. Each Sponsoring Member shall have 60 calendar days from the date of approval to submit the Legal Entity Identifiers of its existing Sponsored Members. This footnote shall sunset at the end of the 60-calendar day period.**

**and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a Sponsoring Member's failure to have the current Legal Entity Identifiers of its Sponsored Members on file with the Corporation. "Legal Action" means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.**

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Section 3 - Qualifications of Sponsored Members, Approval Process and Continuance Standard

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(b) Each time that a Sponsoring Member wishes to sponsor a Person into membership, it shall provide the Corporation with the **Legal Entity Identifier of the Person and the** representation referred to in subsection (a)(ii) immediately above, as well as any additional information in such form as may be prescribed by the Corporation. The Corporation shall approve or disapprove Persons as Sponsored Members. If the Corporation denies the request of a Sponsoring Member to add a Person as a Sponsored Member, such denial shall be handled in the same manner as set forth in Section 6 of Rule 2A with respect to membership applications except that the written statement referred to therein shall be provided to both the Sponsoring Member and the Person seeking to become a Sponsored Member.

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**RULE 3B – CENTRALLY CLEARED INSTITUTIONAL TRIPARTY SERVICE**

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Section 3 – Membership Application Process to Become a CCIT Member

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**(d) Each applicant to become a CCIT Member shall obtain and provide to the Corporation a Legal Entity Identifier.**

~~(d)~~**(e)** Except as otherwise provided in Rule 29 (Release of Clearing Data), any information furnished to the Corporation pursuant to this Rule shall be held in at least the same degree of confidence as may be required by law or the rules and regulations of the appropriate regulatory body having jurisdiction over the applicant or Member.

~~(e)~~**(f)** In evaluating a membership application, the Corporation may:

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Section 5 – On-going Membership Requirements

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(c) Each CCIT Member shall submit to the Corporation written notice of any CCIT Reportable Event. A CCIT Reportable Event means:

(i) an event that would, after giving effect thereto, cause a material change in the control, ownership or management of the CCIT Member, or that could have a material impact on such CCIT Member’s business and/or financial condition;

(ii) material changes in the CCIT Member’s business lines, including new business lines undertaken; or

(iii) any litigation which could reasonably be anticipated to have a material negative effect on the CCIT Member’s financial condition or ability to conduct business.

A CCIT Member must submit to the Corporation written notice of any CCIT Reportable Event at least 90 calendar days prior to the effective date of such CCIT Reportable Event, unless the CCIT Member demonstrates that it could not have reasonably done so, and provides notice, both orally and in writing, to the Corporation as soon as possible.

Each CCIT Member that is an FFI Member shall inform the Corporation, both orally and in writing, if it (i) undergoes a change in circumstance that would affect its FATCA Certification or (ii) otherwise has reason to know that it is not, or will not be, FATCA Compliant, in each case, within two days of knowledge thereof.

**A CCIT Member must have a current Legal Entity Identifier on file with the Corporation at all times.\* The CCIT Member shall indemnify the Corporation, and its employees, officers, directors, shareholders, agents, and Members (collectively, the “LEI Indemnified Parties”), for any and all losses, liabilities, expenses and Legal Actions suffered or incurred by the LEI Indemnified Parties arising from a CCIT Member’s failure to have its current Legal Entity Identifier on file with the Corporation. “Legal Action” means and includes any claim, counterclaim, demand, action, suit, countersuit, arbitration, inquiry, proceeding or investigation before any federal, state or foreign court or other tribunal, or any investigative or regulatory agency or self-regulatory organization.**

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\* **Proposed rule change File No. SR-FICC-2020-002 was approved by the SEC on [date]. Existing CCIT Members shall have 60 calendar days from the date of approval to submit their Legal Entity Identifiers. This footnote shall sunset at the end of the 60-calendar day period.**