

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-90794; File No. SR-FICC-2020-017)

December 23, 2020

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Designation of Longer Period for Commission Action and Longer Period for Comment on Proposed Rule Change to Modify the Calculation of the MBS 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”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposed rule change SR-FICC-2020-017 to introduce a new “Minimum Margin Amount” to complement the existing VaR Floor calculation.³ The proposed rule change was published for comment in the Federal Register on December 10, 2020.⁴ As of December 23, 2020, the Commission has received five comment letters to the proposed rule change.⁵

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On November 27, 2020, FICC also filed the proposal contained in the proposed rule change as advance notice SR-FICC-2020-804 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), and Rule 19b-4(n)(1)(i) of the Act, 17 CFR 240.19b-4(n)(1)(i).

⁴ Securities Exchange Act Release No. 90568 (December 4, 2020), 85 FR 79541 (December 10, 2020) (SR-FICC-2020-017) (“Notice”).

⁵ See Letter from Kelli McMorro, Head of Government Affairs, American Securities Association, dated December 18, 2020, to Vanessa Countryman, Secretary, Commission, available at <https://www.sec.gov/comments/sr-ficc-2020-017/srficc2020017.htm> (“ASA Letter”); Letter from Pete Mills, Senior Vice President, Mortgage Bankers Association, dated December 17, 2020, to Jay Clayton, Chairman, Commission, available at <https://www.sec.gov/comments/sr->

Section 19(b)(2) of the Act⁶ provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for the proposed rule change is January 24, 2020.

The Commission is extending the 45-day time 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 it has sufficient time to consider and take action on the proposed rule change.

ficc-2020-017/srficc2020017-8155338-226778.pdf (“MBA Letter”); Letter from Christopher Killian, Managing Director, Securities Industry and Financial Markets Association, dated December 16, 2020, to Vanessa Countryman, Secretary, Commission, available at <https://www.sec.gov/comments/sr-ficc-2020-017/srficc2020017-8154310-226759.pdf> (“SIFMA Letter”); Letter from Curtis Richins, President & CEO, Mortgage Capital Trading, Inc., dated December 15, 2020, to Vanessa Countryman, Secretary, Commission, available at <https://www.sec.gov/comments/sr-ficc-2020-017/srficc2020017-8156568-226839.pdf> (“MCT Letter”); and Letter from James Tabacchi, Chairman, Independent Dealer and Trader Association, dated December 10, 2020, to Vanessa Countryman, Secretary, Commission, available at <https://www.sec.gov/comments/sr-ficc-2020-017/srficc2020017-8127766-226454.pdf> (“IDTA Letter”). See comments on the proposed rule change (SR-FICC-2020-017), available at <https://www.sec.gov/comments/sr-ficc-2020-017/srficc2020017.htm>. Because the proposal contained in the proposed rule change was also filed as an advance notice, 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.

⁶ 15 U.S.C. 78s(b)(2).

Accordingly, pursuant to Section 19(b)(2) of the Act⁷ and for the reasons stated above, the Commission designates March 10, 2020 as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change (File No. SR-FICC-2020-017).

The Commission also seeks to extend the comment period to help further inform its analysis of the proposed rule change. The comment period for the proposed rule change ends on December 31, 2020.⁸ As of December 23, 2020, the Commission has received five comment letters to the proposed rule change.⁹ The Commission is extending the comment period for the proposed rule change to allow interested persons additional time to analyze the issues and prepare their comments. Accordingly, the Commission designates January 29, 2021 as the date comments should be submitted on or before.

Specifically, the Commission invites interested persons to provide views, data, and arguments concerning the proposed rule change, including whether the proposed rule change is consistent with the Act and the applicable rules or regulations thereunder. Please note that comments previously received on the substance of the proposed rule change will be considered together with comments submitted in response to this notice. Therefore, while commenters are free to submit additional comments at this time, they need not re-submit earlier comments.

Comments may be submitted by any of the following methods:

⁷ Id.

⁸ Notice, 85 FR at 79548.

⁹ See supra note 5.

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2020-017 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549.

All submissions should refer to File Number SR-FICC-2020-017. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FICC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting

comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FICC-2020-017 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Eduardo A. Aleman,
Deputy Secretary.

¹⁰ 17 CFR 200.30-3(a)(31).