

Bold and underlined text indicates proposed added language

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**FIXED INCOME CLEARING CORPORATION
GOVERNMENT SECURITIES DIVISION RULEBOOK**

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.

As part of its membership application, each applicant (as determined by the Corporation with regard to membership type) shall complete and deliver to the Corporation (1) a FATCA Certification, and (2) a Cybersecurity Confirmation.

Each applicant must also have the successful completion of network and connectivity testing at the current FICC standards (the scope of such testing to be determined by the Corporation in its sole discretion).

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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.

In addition, each Member shall maintain or upgrade their network technology, or communications technology or protocols on the systems that connect to the Corporation to the version being required and within the time periods as provided by Important Notice posted to the Corporation's website.

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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

(a) A Netting Member shall be eligible to apply to become a Category 1 Sponsoring Member if: (i) it is a Bank Netting Member, (ii) it has a level of equity capital as of the end of the month prior to the effective date of its membership of at least \$5 billion, (iii) it is “well-capitalized” as defined by the Federal Deposit Insurance Corporation’s applicable regulations, and (iv) if it has a bank holding company that is registered under the Bank Holding Company Act of 1956, as amended, such bank holding company is also “well-capitalized” as defined by the applicable regulations of the Board of Governors of the Federal Reserve System. A Netting Member that is a Tier One Netting Member, other than an Inter-Dealer Broker Netting Member, or a Non-IDB Repo Broker with respect to activity in its Segregated Repo Account, shall be eligible to apply to become a Category 2 Sponsoring Member. The Corporation may require that a Person be a Netting Member for a time period deemed necessary by the Corporation before that Person may be considered to become a Sponsoring Member.

(b) (i) Each Netting Member applicant to become a Sponsoring Member shall complete and deliver to the Corporation an application in such form as may be prescribed by the Corporation from time to time and any other information requested by the Corporation. An application to become a Sponsoring Member shall first be reviewed by the Corporation. The Corporation shall recommend approval or disapproval of the application to the Board.

(ii) The Corporation may impose financial requirements on a Netting Member applying to become a Category 2 Sponsoring Member that are greater than financial requirements applicable to the applicant in its capacity as a Netting Member under Section 4(b) of Rule 2A, based upon the level of the anticipated positions and obligations of such applicant, the anticipated risk associated with the volume and types of transactions such applicant proposes to process through the Corporation as a Category 2 Sponsoring Member, and the overall financial condition of such applicant. The Board shall approve any increased financial requirements imposed by the Corporation in connection with the approval of an application of a Netting Member to become a Category 2 Sponsoring Member, and the Corporation shall thereafter regularly review such Category 2 Sponsoring Member regarding its compliance with such increased financial requirements.

(iii) If the Board denies the application of a Netting Member to become a Sponsoring Member, such denial shall be handled in the same way as set forth in Section 6 of Rule 2A with respect to membership applications.

(iv) Each Sponsoring Member, or any Netting Member applicant to become such, shall also furnish to the Corporation such adequate assurances of its financial responsibility and operational capability within the meaning of Section 7 of Rule 3 as the Corporation may at any time or from time to time deem necessary or advisable in order to

protect the Corporation and its members, to safeguard securities and funds in the custody or control of the Corporation and for which the Corporation is responsible, or to promote the prompt and accurate clearance and settlement of securities transactions. The Board shall approve any adequate assurances imposed by the Corporation in connection with the approval of an application of a Netting Member to become a Sponsoring Member, and the Corporation shall thereafter regularly review such Sponsoring Member regarding its compliance with such adequate assurances, as appropriate. Any adequate assurances imposed on a Sponsoring Member by the Corporation after its approval shall be communicated in writing to the Sponsoring Member, and the Corporation shall thereafter regularly review such Sponsoring Member regarding its compliance with such adequate assurances, as appropriate.

(v) Each Sponsoring Member or Netting Member applicant must also have the successful completion of network and connectivity testing at the current FICC standards (the scope of such testing to be determined by the Corporation in its sole discretion).

(c) Each Netting Member whose application is approved to become a Sponsoring Member shall sign and deliver to the Corporation a Sponsoring Member Agreement whereby the Netting Member shall agree to any terms and conditions deemed by the Corporation to be necessary in order to protect itself and its Members. Each Netting Member to become a Sponsoring Member shall also sign and deliver to the Corporation a Sponsoring Member Guaranty and a related legal opinion in a form satisfactory to the Corporation.

Nothing in these Rules shall prohibit a Sponsoring Member from seeking reimbursement from a Sponsored Member for payments made by the Sponsoring Member (whether pursuant to the Sponsoring Member Guaranty, out of Clearing Fund deposits or otherwise) with respect to obligations as to which the Sponsored Member is a principal obligor under these Rules, or as otherwise may be agreed by the Sponsored Member and Sponsoring Member.

(d) 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 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.

(e) Each Member shall maintain or upgrade their network technology, or communications technology or protocols on the systems that connect to the Corporation to the version being required and within the time periods as provided by Important Notice posted to the Corporation's website.

(ef) A Sponsoring Member's books and records, insofar as they relate to the Sponsored Member Trades submitted to the Corporation, shall be open to the inspection of the duly authorized representatives of the Corporation to the same extent provided in Section 10 of Rule 3 for other Members.

(fg) A Sponsoring Member shall promptly inform the Corporation, both orally and in writing, if it is no longer in compliance with the relevant standards and qualifications for applying to become a Sponsoring Member set forth in this Rule 3A. Notification must take place immediately and in no event later than 2 business days from the date on which the Sponsoring Member first learns of its non-compliance. The Corporation shall assess a \$1,000 fine against any Sponsoring Member who fails to so notify the Corporation. If the Sponsoring Member fails to maintain a standard, the Corporation will, if necessary, undertake appropriate action to determine the status of the Sponsoring Member and its continued eligibility as such. In addition, the Corporation may review the financial responsibility and operational capability of the Sponsoring Member, and otherwise require from the Sponsoring Member additional reports of its financial or operational condition at such intervals and in such detail as the Corporation shall determine. In addition, if the Corporation has reason to believe that a Sponsoring Member may fail to comply with any of the Rules applicable to Sponsoring Members, it may require the Sponsoring Member to provide it, within such timeframe, and in such detail, and pursuant to such manner as the Corporation shall determine, with assurances in writing of a credible nature that the Sponsoring Member shall not, in fact, violate any of these Rules.

(gh) If a Category 1 Sponsoring Member falls below one or more of the required minimum financial standards for being a Sponsoring Member set forth in subsection (a) above, it shall, for the period beginning on the day on which it fell below such level and continuing until the later of the 90th calendar day after the date on which (i) it returned to compliance with such standard, or (ii) the Corporation received notice of the applicable violation, have a Sponsoring Member Omnibus Account Required Fund Deposit equal to the greater of either: (x) the sum of the normal calculation of its Sponsoring Member Omnibus Account Required Fund Deposit plus \$1,000,000, or (y) 125 percent of the normal calculation of its Sponsoring Member Omnibus Account Required Fund Deposit. If, in the case of a Category 2 Sponsoring Member, the sum of the VaR Charges of its Sponsoring Member Omnibus Account(s) and its Netting System accounts exceeds its Netting Member Capital, the Category 2 Sponsoring Member shall not be permitted to submit activity into its Sponsoring Member Omnibus Account(s), unless otherwise determined by the Corporation in order to promote orderly settlement.

(hi) A Sponsoring Member may voluntarily elect to terminate its status as a Sponsoring Member, with respect to all Sponsored Members or with respect to one or more Sponsored Members from time to time, by providing the Corporation with a written notice of such termination ("Sponsoring Member Voluntary Termination Notice"). The Sponsoring Member shall specify in the Sponsoring Member Voluntary Termination Notice a desired date for the termination of the Sponsoring Member's status as such with respect to the Sponsored

Member(s) as to which the Sponsoring Member has terminated such status (the “Former Sponsored Members”), which date shall not be prior to the scheduled final settlement date of any remaining obligation owed by the Sponsoring Member with respect to the Former Sponsored Members to the Corporation as of the time such Sponsoring Member Voluntary Termination Notice is submitted to the Corporation, unless otherwise approved by the Corporation.

Such termination will not be effective until accepted by the Corporation, which shall be no later than 10 Business Days after the receipt of the Sponsoring Member Voluntary Termination Notice from such Sponsoring Member. The Corporation’s acceptance shall be evidenced by a notice to all Members announcing the termination of the Sponsoring Member’s status as such with respect to the Former Sponsored Members and the effective date of such termination (hereinafter the “Sponsoring Member Termination Date”). As of the Sponsoring Member Termination Date, the Sponsoring Member shall no longer be eligible to submit trades on behalf of its Former Sponsored Members and each of its Former Sponsored Members shall cease to be a Sponsored Member unless it is the Sponsored Member of another Sponsoring Member. If any trade is submitted to the Corporation by the Sponsoring Member on behalf of its Former Sponsored Members that is scheduled to settle on or after the Sponsoring Member Termination Date, such Sponsoring Member’s Sponsoring Member Voluntary Termination Notice will be deemed void, and the Sponsoring Member will remain subject to this Rule as if it had not given such Sponsoring Member Voluntary Termination Notice.

A Sponsoring Member’s voluntary termination of its status as such, in whole or in part, shall not affect its obligations to the Corporation, or the rights of the Corporation, including under the Sponsoring Member Guaranty, with respect to Sponsored Member Trades submitted to the Corporation before the applicable Sponsoring Member Termination Date. Any Sponsored Member Trades which have received the Corporation’s guaranty of settlement and been novated to the Corporation shall continue to be processed and guaranteed by the Corporation.

(i) Any non-public information furnished to the Corporation pursuant to this Rule shall be held in confidence as may be required under the laws, rules and regulations applicable to the Corporation that relate to the confidentiality of records. Each Sponsoring Member shall maintain DTCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care and shall not use DTCC Confidential Information or disclose DTCC Confidential Information to any third party except as necessary to perform such Sponsoring Member’s obligations under these Rules or as otherwise required by applicable law. Each Sponsoring Member acknowledges that a breach of its confidentiality obligations under these Rules may result in serious and irreparable harm to the Corporation and/or DTCC for which there is no adequate remedy at law. In the event of such a breach by the Sponsoring Member, the Corporation and/or DTCC shall be entitled to seek any temporary or permanent injunctive or other equitable relief in addition to any monetary damages hereunder.

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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

(a) Each applicant to become a CCIT 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 and shall also deliver to the Corporation the financial reports, other reports, opinions and other information as the Corporation determines appropriate.

(b) Each applicant to become a CCIT Member or its Joint Account Submitter, as applicable, must also fulfill, within the timeframes established by the Corporation, any operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting the test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the operational capability of the applicant.

(c) Each applicant shall complete and deliver to the Corporation:

(i) a FATCA Certification as part of its membership application. Without limiting the generality of the foregoing, if an applicant is a FFI Member, the Corporation shall require such applicant to certify and periodically to recertify to the Corporation that it is FATCA Compliant under such procedures as are set forth under FATCA, unless such requirements have been explicitly waived in writing by the Corporation; provided, however, that no such waiver will be issued if it shall cause the Corporation to be obligated to withhold under FATCA on gross proceeds from the sale or other disposition of any property. In addition, as part of its membership application, such applicant must agree that it shall indemnify the Corporation for any loss, liability or expense sustained by the Corporation as a result of its failing to be FATCA Compliant; ~~and~~

(ii) Each CCIT Member applicant must have the successful completion of network and connectivity testing at the current FICC standards (the scope of such testing to be determined by the Corporation in its sole discretion); and

(iii) a Cybersecurity Confirmation.

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Section 5 – On-going Membership Requirements

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(b) Each CCIT Member shall submit to the Corporation the following:

(i) Each Member shall maintain or upgrade their network technology, or communications technology or protocols on the systems that connect to the

Corporation to the version being required and within the time periods as provided by Important Notice posted to the Corporation's website;

(**ii**) disclosure on at least an annual basis regarding such CCIT Member's Net Assets, any financial statements the CCIT Member makes publicly available and such other reports, financial and other information as the Corporation from time to time may reasonably require. The time periods prescribed by the Corporation for such disclosure are set forth in the form of notices posted at the Corporation's website and/or distributed by the Corporation from time to time. It shall be the CCIT Member's responsibility to retrieve all notices daily from the Corporation's website; and

(**iii**) a completed 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.

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FINE SCHEDULES

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Failure to Maintain or Upgrade Network Technology, or Communications Technology or Protocols

Fine Name	Amount(s)
<u>Failure to maintain or upgrade technology</u>	<u>\$5,000</u>

**FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES**

RULE 2A – INITIAL MEMBERSHIP REQUIREMENTS

Section 1 - Eligibility for Membership: Clearing Members

Eligibility for Clearing Membership shall be as follows:

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Section 2 - Membership Qualifications and Standards for Clearing Members

The Board may approve an application to become a Clearing Member by a Person that is eligible to apply to become a Clearing Member pursuant to this Rule upon a determination that such applicant meets the following requirements:

(a) Operational Capability - The applicant must be able to satisfactorily communicate with the Corporation, fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy, and conform to any condition and requirement that the Corporation reasonably deems necessary for its protection or that of its Members. The applicant agrees that it must fulfill, within the timeframes established by the Corporation, operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the applicant. **Each applicant must have the successful completion of network and connectivity testing at the current FICC standards (the scope of such testing to be determined by the Corporation in its sole discretion).**

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RULE 3 - ONGOING MEMBERSHIP REQUIREMENTS

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Section 2 - Reports by Clearing Members

Each Clearing Member shall submit to the Corporation the reports and other information set forth below and such other reports and information as the Corporation from time to time may reasonably require. Unless specifically set forth below, the time periods prescribed by the Corporation are set forth in the form of notices posted at the Corporation's website and/or distributed by the Corporation from time to time. It shall be the Member's responsibility to retrieve all notices daily from the website.

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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.

In addition, each Member shall maintain or upgrade their network technology, or communications technology or protocols on the systems that connect to the Corporation to the version being required and within the time periods as provided by Important Notice posted to the Corporation's website.

Notwithstanding anything to the contrary in this Rule, if a Member qualifies for more than one category of Clearing 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.

All information provided to the Corporation shall be in English (and if translated into English, the translation must be a fair and accurate English translation).

A Member that fails to submit the above listed information **or upgrade their network technology, or communications technology or protocols on the systems that connect to the Corporation to the version being required** within the timeframes required by guidelines issued by the Corporation from time to time and in the manner requested, shall:

- (i) be subject to a fine by the Corporation; and
- (ii) until the required information is submitted to the Corporation, have a Clearing Fund deposit equal to the greater of either the sum of the normal calculation of its Required Fund Deposit plus \$1,000,000, or 125 percent of the normal calculation of its Required Fund Deposit.

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RULE 3A - CASH SETTLING BANK MEMBERS

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(d) Each Cash Settling Bank Member:

(i) agrees:

(1) to abide by these Rules applicable to Cash Settling Bank Members and to be bound by all provisions thereof and that the Corporation shall have all the rights and remedies contemplated by the Rules; ~~and~~

(2) Each Cash Settling Bank Member shall maintain or upgrade their network technology, or communications technology or protocols on the systems that connect to the Corporation to the version being required and within the time periods as provided by Important Notice posted to the Corporation's website; and

(23) to be bound by any amendment to these Rules with respect to any transaction occurring subsequent to such time such amendment takes effect as fully as though such amendment were now a part of these Rules.

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**FICC MORTGAGE-BACKED SECURITIES DIVISION
SCHEDULE OF CHARGES BROKER ACCOUNT GROUP**

I. FEES

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II. FINES

Failure to Maintain or Upgrade Network Technology, or Communications Technology or Protocols

<u>Fine Name</u>	<u>Amount(s)</u>
<u>Failure to maintain or upgrade technology</u>	<u>\$5,000</u>

**FICC MORTGAGE-BACKED SECURITIES DIVISION
SCHEDULE OF CHARGES DEALER ACCOUNT GROUP**

I. FEES

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II. FINES

Failure to Maintain or Upgrade Network Technology, or Communications Technology or Protocols

<u>Fine Name</u>	<u>Amount(s)</u>
<u>Failure to maintain or upgrade technology</u>	<u>\$5,000</u>

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
EPN RULES

**ARTICLE III
EPN USERS**

Rule 1. Requirements Applicable to EPN Users

Sec. 1. Applicants Eligible to Become EPN Users

The Corporation shall provide services to those organizations, entities or persons who apply to the Corporation to become an EPN User, who qualify as an EPN User under these EPN Rules and whose EPN User Profiles are approved by the Corporation.

Sec. 2. Approval of Applicants

The Corporation shall approve an EPN User Profile, submitted by an applicant, to become an EPN User if the applicant:

- (a) the applicant has affirmatively shown that it has the ability to satisfactorily communicate with the Corporation, fulfill anticipated commitments to and meet the operational requirements of the Corporation with necessary promptness and accuracy, and conform to any condition and requirement that the Corporation reasonably deems necessary for its protection or that of its Participants. The applicant agrees that it must fulfill, within the timeframes established by the Corporation, operational testing requirements (the scope of such testing to be determined by the Corporation in its sole discretion) and related reporting requirements (such as reporting test results to the Corporation in a manner specified by the Corporation) that may be imposed by the Corporation to ensure the continuing operational capability of the applicant; ~~and~~
- (b) Each applicant must have the successful completion of network and connectivity testing at the current FICC standards (the scope of such testing to be determined by the Corporation in its sole discretion); and**
- ~~(b)~~ (c) has completed and delivered to the Corporation a Cybersecurity Confirmation.

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Sec. 3. Agreements of EPN Users

An EPN User agrees :

- (a) that the only service or system offered by the Corporation that it will utilize as an EPN User is the EPN Service;

(b) that, except to the extent waived by the Corporation, the EPN User shall abide by these EPN Rules and shall be bound by all the provisions thereof, and that the Corporation shall have all of the rights and remedies contemplated by these EPN Rules;

(c) that, except to the extent waived by the Corporation, these EPN Rules shall be a part of the terms and conditions of every contract or Message which the EPN User may make or have with the Corporation and of every contract or Message into which the EPN User, may enter which relates to the EPN Service;

(d) that, upon becoming an EPN User, the applicant shall utilize the EPN Service for all Messages relating to EPN Eligible Securities, except for those Messages which the Corporation specifically exempts and those Messages which both parties agree not to send through the EPN Service.

(e) that the EPN User shall pay to the Corporation (i) the compensation specified in the fee schedules of the Corporation for services rendered to the EPN User, (ii) such fines as may be imposed in accordance with these EPN Rules for the failure of the EPN User, to comply therewith, and (iii) such other amounts as may become payable to the Corporation by the EPN User, under these EPN Rules; ~~and~~

(f) addition, each Member shall maintain or upgrade their network technology, or communications technology or protocols on the systems that connect to the Corporation to the version being required and within the time periods as provided by Important Notice posted to the Corporation's website; and

(fg) that the EPN User shall be bound by any amendment to these EPN Rules with respect to any Message occurring subsequent to the time such amendment takes effect as fully as though such amendment were a part of these EPN Rules; provided, however, that no such amendment shall affect the EPN User's right to cease to be an EPN User.

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**ARTICLE V
MISCELLANEOUS**

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Rule 3. Fines and Other Sanctions

The Corporation may impose a fine on an EPN User for a violation of the EPN Rules or any order pursuant thereto or any agreement between the Corporation and the EPN User; for errors, delays or other conduct embarrassing the operations of the Corporation; or for not providing adequate facilities for its Messages with the Corporation or timely meeting its financial obligations to the Corporation. Fines imposed upon EPN Users for similar conduct occurring with similar frequency shall be uniform. **Each EPN User that fails to submit the above listed information or upgrade their network technology, or communications technology or protocols on the systems that connect to the Corporation to the version being required within the timeframes required by guidelines issued by the Corporation from time to time and in the manner requested, may be subject to a fine as provided in this section.**

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