

Bold and underlined text indicates proposed added language

~~Bold and strikethrough text~~ indicates proposed deleted language

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

RULE 4 – CLEARING FUND AND LOSS ALLOCATION

[Changes to this Rule, as amended by File No. SR-FICC-2023-014, are available at www.dtcc.com/legal/sec-rule-filings. These changes have been approved by the SEC but have not yet been implemented. By no later than [insert date 60 Business Days after the approval of SR-FICC-2023-014], these changes will be implemented and this legend will be automatically removed from this Rule.]

Section 3b – Special Provisions Related to Eligible Clearing Fund Securities

All Eligible Clearing Fund Securities pledged to secure Clearing Fund deposits shall, for collateral valuation purposes, be subject to a haircut and may be subject to a concentration limit. The Corporation shall determine the applicable haircuts and any concentration limits from time to time in accordance with its internal policy and governance process, based on factors determined to be relevant by the Corporation, which may include, for example, backtesting results and the Corporation’s assessment of market conditions, in order to set appropriately conservative haircuts and/or concentration limits for the Eligible Clearing Fund Securities and minimize backtesting deficiency occurrences. The haircuts and any concentration limits prescribed by the Corporation shall be set forth in a haircut schedule that is published on the Corporation’s website. It shall be the Member’s responsibility to retrieve the haircut schedule. The Corporation will provide Members with at a minimum one Business Day’s advance notice of any change in the haircut schedule.

~~(a) — Any deposits of Eligible Clearing Fund Agency Securities or Eligible Clearing Fund Mortgage-Backed Securities, respectively, in excess of 25 percent of the Member’s Required Fund Deposit will be subject to an additional haircut equal to twice the percentage as specified in the haircut schedule.~~

~~(b) — No more than 20 percent of the Required Fund Deposit may be in the form of Eligible Clearing Fund Agency Securities that are of a single issuer and no Member may post as eligible collateral Eligible Clearing Fund Agency Securities of which it is the issuer.~~

~~(c) — A Member may post as eligible collateral Eligible Clearing Fund Mortgage-Backed Securities of which it is the issuer, however such collateral will be subject to a premium haircut as specified in the haircut schedule.~~

Eligible Clearing Fund Securities that are used to secure an open account indebtedness must be pledged to the Corporation on such terms and conditions as it may require, and be delivered to the Corporation or to the Corporation’s account at a financial institution designated by the Corporation. The valuation of such Eligible Clearing Fund Securities shall be at current market value, which shall be determined by the Corporation not less frequently than on a daily basis, less an applicable haircut. All Eligible Clearing Fund Securities shall be subject to a haircut set forth in these Rules. The Corporation has the right, in its discretion, to refuse to accept a particular type of Eligible Clearing Fund Security as a permissible form of Clearing Fund deposit.

**SCHEDULE OF HAIRCUTS
FOR ELIGIBLE CLEARING FUND SECURITIES**

[Changes to this Schedule, as amended by File No. SR-FICC-2023-014, are available at www.dtcc.com/legal/sec-rule-filings. These changes have been approved by the SEC but have not yet been implemented. By no later than [insert date 60 Business Days after the approval of SR-FICC-2023-014], these changes will be implemented and this legend will be automatically removed from this Schedule.]

Security Type	Remaining Maturity	Haircut
1. Treasury		
Bills, Notes, Bonds, TIPS	Zero to 1 year	2.0%
	1 year to 2 years	2.0%
	2 years to 5 years	3.0%
	5 years to 10 years	4.0%
	10 years to 15 years	6.0%
	15 years or greater	6.0%
Zero Coupon	Zero to 1 year	5.0%
	1 year to 2 years	5.0%
	2 years to 5 years	5.0%
	5 years to 10 years	12.0%
	10 years to 15 years	12.0%
	15 years or greater	12.0%

Security Type	Remaining Maturity	Haireut
2. Agency*		
Notes, Bonds	Zero to 1 year	7.0%
	1 year to 2 years	7.0%
	2 years to 5 years	7.0%
	5 years to 10 years	7.0%
	10 years to 15 years	10.0%
	15 years or greater	10.0%
	Zero Coupon	Zero to 1 year
1 year to 2 years		7.0%
2 years to 5 years		7.0%
5 years to 10 years		18.0%
10 years to 15 years		18.0%
15 years or greater		18.0%
3. MBS Pass-Throughs*		
	Ginnie Mae	7.0%
	Fannie Mae/Freddie Mac/UMBS	7.0%
4. Self-issued MBS**		
		14% (or 21% if 25% concentration limit is exceeded).

~~* Any deposits of Eligible Clearing Fund Agency Securities or Eligible Clearing Fund Mortgage-Backed Securities in excess of 25 percent of a Member's Required Fund deposit will be subject to a haircut that is twice the amount of the percentage noted in the haircut schedule. Eligibility requirements will be announced by the Corporation from time to time.~~

~~** A Member may deposit Eligible Clearing Fund Mortgage-Backed Securities of which it is the issuer, however such securities will be subject to a premium haircut. This haircut shall be 14% as an initial matter. If a Member also exceeds the 25% concentration limit, the haircut shall be 21%.~~

FIXED INCOME CLEARING CORPORATION
MORTGAGE-BACKED SECURITIES DIVISION
CLEARING RULES

RULE 4 – CLEARING FUND AND LOSS ALLOCATION

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Section 3c - Special Provisions Relating to Deposits of Eligible Clearing Fund Securities

All Eligible Clearing Fund Securities pledged to secure Clearing Fund deposits shall, for collateral valuation purposes, be subject to a haircut and may be subject to a concentration limit. The Corporation shall determine the applicable haircuts and any concentration limits from time to time in accordance with its internal policy and governance process, based on factors determined to be relevant by the Corporation, which may include, for example, backtesting results and the Corporation's assessment of market conditions, in order to set appropriately conservative haircuts and/or concentration limits for the Eligible Clearing Fund Securities and minimize backtesting deficiency occurrences. The haircuts and any concentration limits prescribed by the Corporation shall be set forth in a haircut schedule that is published on the Corporation's website. It shall be the Member's responsibility to retrieve the haircut schedule. The Corporation will provide Members with at a minimum one Business Day's advance notice of any change in the haircut schedule.

~~(a) — Any deposits of Eligible Clearing Fund Agency Securities or Eligible Clearing Fund Mortgage-Backed Securities, respectively, in excess of 25 percent of the Member's Required Fund Deposit will be subject to an additional haircut equal to twice the percentage as specified in the haircut schedule.~~

~~(b) — No more than 20 percent of a Member's Required Fund Deposit may, be in the form of Eligible Clearing Fund Agency Securities that are of a single issuer and no Member may post as eligible collateral Eligible Clearing Fund Agency Securities of which it is the issuer.~~

~~(c) — A Member may post as eligible collateral Eligible Clearing Fund Mortgage-Backed Securities of which it is the issuer, however such collateral will be subject to a premium haircut as specified in the haircut schedule.~~

Eligible Clearing Fund Securities that are used to secure an open account indebtedness must be pledged to the Corporation on such terms and conditions as it may require, and be delivered to the Corporation or to the Corporation's account at a financial institution designated by the Corporation. The valuation of such Eligible Clearing Fund Securities shall be at current market value, which shall be determined by the Corporation not less frequently than on a daily basis, less an applicable haircut. All Eligible Clearing Fund Securities shall be subject to a haircut set forth in these Rules. The Corporation has the right, in its discretion, to refuse to accept a particular type of Eligible Clearing Fund Security as a permissible form of Clearing Fund deposit.

Mortgage-Backed Securities Division
Schedule of Haircuts for Eligible Clearing Fund Securities

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Security Type	Remaining Maturity	Haircut
1. Treasury		
Bills, Notes, Bonds, TIPS	Zero to 1 year	2.0%
	1 year to 2 years	2.0%
	2 years to 5 years	3.0%
	5 years to 10 years	4.0%
	10 years to 15 years	6.0%
	15 years or greater	6.0%
Zero Coupon	Zero to 1 year	5.0%
	1 year to 2 years	5.0%
	2 years to 5 years	5.0%
	5 years to 10 years	12.0%
	10 years to 15 years	12.0%
	15 years or greater	12.0%

Security Type	Remaining Maturity	Haircut
2. Agency*		
Notes, Bonds	Zero to 1 year	7.0%
	1 year to 2 years	7.0%
	2 years to 5 years	7.0%
	5 years to 10 years	7.0%
	10 years to 15 years	10%
	15 years or greater	10%
	Zero Coupon	Zero to 1 year
1 year to 2 years		7.0%
2 years to 5 years		7.0%
5 years to 10 years		18.0%
10 years to 15 years		18.0%
15 years or greater		18.0%
3. MBS Pass-Throughs*		
	Ginnie Mae	7.0%
	Fannie Mae/Freddie Mac/UMBS	7.0%
4. Self-issued MBS**		
		14% (or 21% if 25% concentration limit is exceeded).

~~* Any deposits of Eligible Clearing Fund Agency Securities or Eligible Clearing Fund Mortgage-Backed Securities in excess of 25 percent of a Clearing Member's required Clearing Fund deposit will be subject to a haircut that is twice the amount of the percentage noted in the haircut schedule. Eligibility requirements will be announced by the Corporation from time to time.~~

~~** A Clearing Member may deposit Eligible Clearing Fund Mortgage-Backed Securities of which it is the issuer, however such securities will be subject to a premium haircut. This haircut shall be 14% as an initial matter. If a Clearing Member also exceeds the 25% concentration limit, the haircut shall be 21%.~~