

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106498; File No. SR-FICC-2026-007]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Partial Amendment No. 1, and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Partial Amendment No. 1, to Modify the GSD Rules to Adopt a U.S. Treasury Clearing Trade Submission Requirement

September 25, 2026.

I. Introduction

On June 24, 2026, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-FICC-2026-007 pursuant to Section 19(b) of the Securities Exchange Act of 1934 (“Exchange Act”)¹ and Rule 19b-4² thereunder to modify FICC’s Government Securities Division (“GSD”) Rulebook (“GSD Rules”)³ to adopt (1) a requirement for each Netting Member to submit all eligible secondary market transactions in U.S. Treasury securities to which it is a counterparty for central clearing, (2) provisions to monitor and enforce the trade submission requirement, and (3) other revisions to clarify, conform, and enhance the disclosures of the GSD Rules (the “Proposed Rule Change”).⁴ The Proposed Rule

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Terms not defined herein are defined in the GSD Rules, *available at* www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf.

⁴ *See* Notice of Filing, *infra* note 5.

Change was published for public comment in the *Federal Register* on July 9, 2026.⁵ The Commission has received comments regarding the substance of the changes proposed in the Proposed Rule Change.⁶

On August 11, 2026, pursuant to Section 19(b)(2) of the Exchange Act,⁷ the Commission designated a longer period within which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove the Proposed Rule Change.⁸ On September 10, 2026, FICC filed Partial Amendment No. 1 to the Proposed Rule Change,⁹ as described below.

The Commission is publishing notice to solicit comments on the Proposed Rule Change, as modified by Partial Amendment No. 1, and is instituting proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act,¹⁰ to determine whether to approve or disapprove the Proposed Rule Change, as modified by Partial Amendment No. 1.

II. Summary of the Proposed Rule Change

On December 13, 2023, the Commission adopted amendments to the covered clearing agency standards that apply to covered clearing agencies that clear transactions in U.S. Treasury securities, including FICC.¹¹ These amendments require, among other

⁵ Securities Exchange Act Release No. 105849 (July 6, 2026), 91 FR 42571 (July 9, 2026) (File No. SR-FICC-2026-007) (“Notice of Filing”).

⁶ Comments on the Proposed Rule Change are available at <https://www.sec.gov/rules-regulations/public-comments/sr-ficc-2026-007>.

⁷ 15 U.S.C. 78s(b)(2).

⁸ Securities Exchange Act Release No. 106055 (Aug. 6, 2026), 91 FR 51815 (Aug. 11, 2026) (File No. SR-FICC-2026-007).

⁹ Partial Amendment No. 1 to the Proposed Rule Change is available at <https://www.sec.gov/comments/SR-FICC-2026-007/srficc2026007-1039500-3452872.pdf>.

¹⁰ 15 U.S.C. 78s(b)(2)(B).

¹¹ 17 CFR 240.17ad-22(e)(18)(iv)(A) and (B). *See* Securities Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (“Adopting Release,” and the rules adopted therein are referred to herein as “Treasury Clearing Rules”).

things, that FICC establish objective, risk-based, and publicly disclosed criteria for participation that (1) require FICC’s Netting Members to submit for clearance and settlement all of the eligible secondary market transactions to which they are a counterparty, and (2) identify and monitor Netting Members’ submission of eligible secondary market transactions to which they are a counterparty, including how FICC would address a failure to submit transactions in accordance with this requirement.¹² FICC states that the Proposed Rule Change is designed to comply with the foregoing requirements.¹³

First, the Proposed Rule Change would adopt an ongoing membership requirement for all Netting Members to submit for clearance and settlement all eligible secondary market transactions to which they are a counterparty (the “Trade Submission Requirement”).¹⁴ The Proposed Rule change includes a definition of “Eligible Secondary Market Transaction” by reference to the Treasury Clearing Rules.¹⁵ FICC states the proposed definition of Eligible Secondary Market Transaction is designed to, among other things, ensure that the Trade Submission Requirement is consistent with the Treasury Clearing Rules.¹⁶

Second, the Proposed Rule Change would adopt provisions designed to enable FICC to identify and monitor Netting Members’ ongoing compliance with the Trade Submission Requirement.¹⁷ The Proposed Rule Change includes affirmative obligations

¹² *Id.*

¹³ *See* Notice of Filing at 42571-72, *supra* note 5.

¹⁴ *See* Notice of Filing at 42572-73, *supra* note 5.

¹⁵ *See id.*; *see also* 17 CFR 240.17ad-22(a).

¹⁶ *See* Notice of Filing at 42571-72, *supra* note 5.

¹⁷ *See* Notice of Filing at 42573-74, *supra* note 5.

on Netting Members to notify FICC of non-compliance with the Trade Submission Requirement.¹⁸ The Proposed Rule Change would also extend FICC's existing authority to request information or review a Netting Member's books and records to FICC's monitoring and verification, as needed, of compliance with the Trade Submission Requirement.¹⁹

The Proposed Rule Change would also adopt disciplinary measures that FICC would take if a Netting Member fails to meet its obligations under the new rules, which would include a fine and notifications to applicable regulatory authorities.²⁰ The fine would be incorporated into the GSD Fine Schedule and would be waived for any Netting Member that self-reports non-compliance and remediates such non-compliance within a specified timeframe.²¹

Finally, the Proposed Rule Change would make non-substantive revisions to re-organize, clarify, and conform the GSD Rules to improve their accuracy and transparency.²²

III. Summary of Partial Amendment No. 1 to the Proposed Rule Change

On September 10, 2026, FICC filed Partial Amendment No. 1 to the Proposed Rule Change.²³ Partial Amendment No. 1 would modify the Proposed Rule Change by making revisions to the (1) requirements on Netting Members to notify FICC of non-

¹⁸ See Notice of Filing at 42574, *supra* note 5.

¹⁹ See *id.*

²⁰ See Notice of Filing at 42574-75, *supra* note 5.

²¹ See *id.*

²² See Notice of Filing at 42575, *supra* note 5.

²³ See Partial Amendment No. 1, *supra* note 9.

compliance with the Trade Submission Requirement, and (2) enforcement provisions for non-compliance with the Trade Submission Requirement.²⁴

1. Requirement to Notify FICC of Non-Compliance

As originally proposed in the Proposed Rule Change, the requirement on Netting Members to notify FICC of non-compliance with the Trade Submission Requirement would include, among other things, the identification and contact information of the member of the Netting Member's Controlling Management that is overseeing the matter.²⁵ The GSD Rules define the term "Controlling Management" to mean the Chief Executive Officer, the Chief Financial Officer, and the Chief Operations Officer, or their equivalents.²⁶ Partial Amendment No. 1 would modify the original proposal by removing the requirement to identify a member of the Netting Member's Controlling Management, instead, requiring the Netting Member to identify an officer in the Netting Member's compliance group (or equivalent function) that is overseeing the matter.²⁷ Additionally, Partial Amendment No. 1 would modify the original proposal by adding a statement to the GSD Rules providing that FICC will make available to Netting Members technical details regarding submission and guidelines on the content for notifications of non-compliance with the Trade Submission Requirement.²⁸

As originally proposed in the Proposed Rule Change, the requirement on Netting Members to notify FICC of non-compliance with the Trade Submission Requirement

²⁴ *See id.*

²⁵ *See* Notice of Filing at 42574, *supra* note 5.

²⁶ *See* GSD Rule 1, *supra* note 3.

²⁷ *See* Partial Amendment No. 1, *supra* note 9.

²⁸ *See id.*

would include, among other things, information regarding the Netting Member's efforts to remediate the non-compliance.²⁹ Partial Amendment No. 1 would provide that FICC would determine, in its sole discretion, whether the evidence of, or plan for, remediation provided by the Netting Member is both adequate and appropriate in consideration of the facts and circumstances surrounding the occasion of non-compliance.³⁰ FICC states that it is appropriate to retain flexibility in assessing the remediation efforts of Netting Members because the circumstances in which non-compliance could occur may vary widely.³¹ For example, human error could lead to one or a few Eligible Secondary Market Transactions from being submitted or, alternatively, a wider scope operational failure could cause many transactions to fail to be submitted over a period of time.³² FICC states that the remediation of different occasions of non-compliance would likewise vary.³³ Partial Amendment No. 1 would clarify to Netting Members that such remediation may include, for example, addressing the root cause of the occasion of non-compliance and, where practical and appropriate, submission of any Eligible Secondary Market Transactions that had not been submitted as a result of the non-compliance.³⁴ Partial Amendment No. 1 would also make clear that a plan for remediation may be acceptable, for example, when remediation of a larger operational issue may take some time to implement.³⁵

²⁹ See Notice of Filing at 42574, *supra* note 5.

³⁰ FICC states that while it would retain discretion in assessing Netting Members' evidence or, or plan for, remediation, FICC would work closely with Netting Members to ensure remediation efforts are both adequate and appropriate. See Partial Amendment No. 1, *supra* note 9.

³¹ See *id.*

³² See *id.*

³³ See *id.*

³⁴ See *id.*

³⁵ See *id.*

2. Enforcement of Trade Submission Requirement

As originally proposed in the Proposed Rule Change, a Netting Member that fails to comply with the Trade Submission Requirement would be subject to a fine of \$10,000.³⁶ However, a Netting Member that notifies FICC of its non-compliance with the Trade Submission Requirement before such non-compliance is independently discovered by FICC would be provided a cure period of 30 Business days before the applicable disciplinary measures are taken.³⁷

Partial Amendment No. 1 would make several revisions to the Fine Schedule as originally proposed in the Proposed Rule Change.³⁸ Partial Amendment No. 1 would replace the \$10,000 fine with an escalating scale of fines that would re-set every 12 months.³⁹ The first occasion of non-compliance with the Trade Submission Requirement would result in a warning letter issued to the Netting Member.⁴⁰ FICC's issuance of the warning letter to the Netting Member would commence the rolling 12-month period.⁴¹ The second occasion of non-compliance during the rolling 12-month period would result in a \$5,000 fine, and each subsequent occasion of non-compliance during the rolling 12-month period would result in a \$10,000 fine.⁴² FICC would determine each occasion of non-compliance, in its sole discretion, as resulting from the same root cause, highlighting

³⁶ See Notice of Filing at 42575, *supra* note 5.

³⁷ See *id.*

³⁸ See Partial Amendment No. 1, *supra* note 9.

³⁹ See *id.*

⁴⁰ See *id.*

⁴¹ See *id.*

⁴² See *id.*

that one occasion of non-compliance may include one or more related Eligible Secondary Market Transactions that were not submitted for central clearing.⁴³

Partial Amendment No. 1 would also revise the Fine Schedule to provide that the fine would be assessed by FICC either on the Business Day FICC determines the Netting Member has failed to comply with the Trade Submission Requirement, or for matters that have been reported by a Netting Member, on a Business Day at least 30 Business Days following such report, when FICC has determined, in its sole discretion, that the Netting Member has not provided adequate evidence of remediation or a plan for remediation.⁴⁴

IV. Proceedings to Determine Whether to Approve or Disapprove the Proposed Rule Change, as Modified by Partial Amendment No. 1, and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act⁴⁵ to determine whether the Proposed Rule Change, as modified by Partial Amendment No. 1, should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the Proposed Rule Change, as modified by Partial Amendment No. 1. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the Proposed Rule Change, as modified by Partial Amendment No. 1.

⁴³ *See id.*

⁴⁴ *See id.*

⁴⁵ 15 U.S.C. 78s(b)(2)(B).

Pursuant to Section 19(b)(2)(B) of the Exchange Act,⁴⁶ the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of, and input from commenters with respect to, consistency of the Proposed Rule Change, as modified by Partial Amendment No. 1, with Section 17A of the Exchange Act⁴⁷ and the rules thereunder, including the following provisions:

- Section 17A(b)(3)(F) of the Exchange Act,⁴⁸ which requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions; to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible; and, in general, to protect investors and the public interest;
- Section 17A(b)(3)(G) of the Exchange Act,⁴⁹ which requires, among other things, that the rules of a clearing agency provide its participants shall be appropriately disciplined for violation of any provision of the rules of the clearing agency by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, or any other fitting sanction;

⁴⁶ *Id.*

⁴⁷ 15 U.S.C. 78q-1.

⁴⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁴⁹ 15 U.S.C. 78q-1(b)(3)(G).

- Section 17A(b)(3)(I) of the Exchange Act,⁵⁰ which requires that the rules of a clearing agency do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act;
- Rule 17ad-22(e)(18)(iv)(A) under the Exchange Act,⁵¹ which requires a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury securities to require that any direct participant of such covered clearing agency submit for clearance and settlement all of the eligible secondary market transactions to which such direct participant is a counterparty;
- Rule 17ad-22(e)(18)(iv)(B) under the Exchange Act,⁵² which requires a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury securities to identify and monitor its direct participants' submission of transactions for clearing as required in Rule 17ad-22(e)(18)(iv)(A), including how the covered clearing agency would address a failure to submit transactions in accordance with Rule 17ad-22(e)(18)(iv)(A); and
- Rule 17ad-22(e)(23)(ii) under the Exchange Act,⁵³ which requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.

V. Procedure: Request for Written Comments

⁵⁰ 15 U.S.C. 78q-1(b)(3)(I).

⁵¹ 17 CFR 240.17ad-22(e)(18)(iv)(A).

⁵² 17 CFR 240.17ad-22(e)(18)(iv)(B).

⁵³ 17 CFR 240.17ad-22(e)(23)(ii).

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the Proposed Rule Change, as modified by Partial Amendment No. 1. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Sections 17A(b)(3)(F), (G), and (I)⁵⁴ of the Exchange Act and Rules 17ad-22(e)(18)(iv)(A) and (B), and (e)(23)(ii)⁵⁵ under the Exchange Act, or any other provision of the Exchange Act, and the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.⁵⁶

Interested persons are invited to submit written data, views, and arguments regarding whether the Proposed Rule Change, as modified by Partial Amendment No. 1, should be approved or disapproved by [INSERT DATE 15 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

⁵⁴ 15 U.S.C. 78q-1(b)(3)(F) and (G).

⁵⁵ 17 CFR 240.17ad-22(e)(18)(iv)(A) and (B), and (e)(23)(ii).

⁵⁶ Section 19(b)(2) of the Exchange Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form
(<https://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include file number
SR-FICC-2026-007 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-2026-007. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of FICC and on DTCC's website (www.dtcc.com/legal/sec-rule-filings). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material

that is obscene or subject to copyright protection. All submissions should refer to file number SR-FICC-2026-007 and should be submitted on or before [INSERT DATE 15 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁷

Sherry R. Haywood,

Assistant Secretary.

⁵⁷ 17 CFR 200.30-3(a)(12) and (a)(57).