

## **EXHIBIT J (ITEM 19)**

*Attach as Exhibit J narrative descriptions of each service or function performed by the registrant.*

Below is a description of each service or function performed by the Registrant's Government Securities Division and Mortgage-Backed Securities Division.

### **GOVERNMENT SECURITIES DIVISION**

#### **Background**

The Government Securities Division of Fixed Income Clearing Corporation is the leading provider of trade comparison, netting, risk management and settlement for the U.S. Government securities marketplace.

The FICC/GSD accepts buy-sell transactions, repurchase and reverse repurchase agreement transactions ("repos"), and Treasury auction purchases in eligible securities. The U.S. Government securities market is predominantly an over-the-counter market. Most transactions in the U.S. Government securities market are settled on a T+1 basis.

The FICC/GSD's comparison and netting systems form the core of all of its services. These systems are used to compare transactions in eligible Treasury bills, notes, bonds, Treasury inflation-protected securities and zero-coupon securities, as well as book-entry Fedwire-eligible non-mortgage-backed Federal Agency securities (e.g., Tennessee Valley Authority). The transactions are then netted into one position per CUSIP, where the FICC/GSD becomes the counterparty for settlement purposes for each net settlement position. These services are discussed in more detail below.

#### **Trade Comparison/Real-Time Trade Matching (RTTM®)**

The crux of the FICC/GSD's comparison system is its RTTM® service. This is an interactive tool that enables members to automate the processing of their securities trades throughout the trading day. Using standardized international message formats, RTTM® provides a common platform for collecting and matching trade data, enabling the parties to a securities trade to monitor and manage the status of their trades in real time. The result is an immediate confirmation for trade executions that is legal and binding. RTTM® creates a more streamlined and operationally efficient processing environment. It maximizes the volume of trades that match on trade date, and it reduces the risk of mismatched securities trades by allowing trading parties to note and fix errors or potential problems in execution or processing as close as possible to trade execution.

Because real-time trade information is recorded immediately, RTTM® further safeguards Members in the event of an interruption of business at a member firm level or all across the industry.



















































































































































































































































