



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104193; File No. SR-FICC-2025-019]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Partial Amendment No. 1 to Proposed Rule Change to Establish a New Collateral-in-Lieu Offering Within the Sponsored GC Service, and Expand the Sponsored GC Service to Allow a Sponsoring Member to Submit for Clearing a “Done-Away” Sponsored GC Trade

November 17, 2025.

On August 29, 2025, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-FICC-2025-019 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 establish a new Collateral-in-Lieu (“CIL”) offering (“CIL Service”) within the Sponsored GC Service to allow a Sponsoring Member to submit for clearing a “done-away” Sponsored GC Trade. The proposed rule change was published for public comment in the *Federal Register* on September 15, 2025.⁴ The Commission has received no comments regarding the substance of the proposed rule change.

On September 30, 2025, pursuant to Section 19(b)(2) of the Exchange Act,⁵ the Commission designated a longer period within which to approve, disapprove, or institute

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The GSD Rules are available at https://www.dtcc.com/~media/Files/Downloads/legal/rules/ficc_gov_rules.pdf. Terms not otherwise defined herein are defined in the GSD Rules or in the proposed rule change.

⁴ See Securities Exchange Act Release No. 103940 (Sept. 10, 2025), 90 FR 44408 (Sept. 15, 2025) (File No. SR-FICC-2025-019) (“CIL Service Notice of Filing”).

⁵ 15 U.S.C. 78s(b)(2).

proceedings to determine whether to approve or disapprove the proposed rule change.⁶

On September 29, 2025, FICC filed Partial Amendment No. 1 to the proposed rule change.⁷ Pursuant to Section 19(b)(1) of the Act⁸ and Rule 19b-4 thereunder,⁹ the Commission is publishing notice of this Partial Amendment No.1 to the Proposed Rule Change as described in Item I below. The Commission is publishing this notice to solicit comments on Partial Amendment No. 1 from interested persons.

I. Summary of the Terms of Substance of Partial Amendment No. 1 to the Proposed Rule Change

FICC filed Partial Amendment No. 1 to its previously submitted proposed rule change, which would make several changes to FICC’s GSD Rules to (1) establish a new Collateral-in-Lieu offering within the existing Sponsored GC Service, and (2) expand the Sponsored GC Service to allow a Sponsoring Member to submit for clearing a done-away Sponsored GC Trade (*i.e.*, a Sponsored GC Trade between its Sponsored Member and either a Netting Member other than the Sponsoring Member or another Indirect Participant of any Netting Member). As described more fully in the CIL Service Notice of Filing, the proposal would increase the ability of registered investment companies and other cash providers to access FICC’s clearance and settlement system for repurchase transactions by using a lien in favor of FICC on Purchased GC Repo Securities, thereby reducing the margin and capital costs on intermediaries providing clearance and settlement services to such market participants.¹⁰ As initially proposed in the CIL

⁶ Securities Exchange Act Release No. 104085 (Sept. 26, 2025), 90 FR 46981 (Sept. 30, 2025) (File No. SR-FICC-2025-019).

⁷ Text of the proposed changes made by the Partial Amendment No. 1 to the proposed rule change is available at <https://www.sec.gov/comments/sr-ficc-2025-019/srficc2025019-664907-1986975.pdf>. The proposed rule change, as modified by Partial Amendment No. 1, is hereinafter referred to as the “Proposed Rule Change.”

⁸ 15 U.S.C. 78s(b)(1).

⁹ 17 CFR 240.19b-4.

¹⁰ CIL Service Notice of Filing at 44409, *supra* note 4. The lien granted by the CIL Funds Lender to FICC would serve to eliminate “double margining” by largely obviating the need for FICC to collect initial margin with respect to a Sponsored GC CIL Trade. *Id.* The lien would allow FICC to use the Purchased GC Repo Securities to complete settlement with the...GC Funds Borrower...in the event the CIL Funds Lender or its Sponsoring Member defaulted. *Id.* As a result, it would, with limited exceptions, eliminate the need

Service Notice of Filing, Sponsored GC CIL Trades would be addressed in the then-current GSD Rule 3A, including the provisions regarding liquidation of Sponsored Member and related Sponsoring Member positions.¹¹

However, as detailed below, after the CIL Service Notice of Filing, FICC amended a separate pending proposal that would change the GSD Rule 3A liquidation provisions applicable to Sponsored GC CIL Trades. Accordingly, Partial Amendment No. 1 to the Proposed Rule Change would make conforming changes to the GSD Rule 3A liquidation provisions for consistency with the separate pending proposed rule change that FICC amended after the CIL Service Notice of Filing.

Specifically, on June 6, 2025, FICC filed with the Commission proposed rule change SR-FICC-2025-015 to enhance and clarify FICC's default management rules as they apply to the Sponsored Service and Agent Clearing Service, and to facilitate the porting of indirect participant activity from one intermediary Netting Member to another intermediary Netting Member.¹² On September 16, 2025, FICC filed Amendment No. 1 to the Default Management Proposed Rule Change, which would change, among other things, GSD Rule 3A to (1) include express language regarding the ability of a Sponsoring Members or FICC to liquidate an indirect participant's done-away positions, and (2) describe two ways that a Sponsoring Member may liquidate done-away transactions.¹³

As stated above, proposed rule change SR-FICC-2025-019 would establish the CIL Service and enable Sponsoring Members to submit done-away Sponsored GC Trades. At the

for FICC to collect initial margin to address the risk that the CIL Funds Lender fails to deliver such securities. *Id.*

¹¹ CIL Service Notice of Filing, *supra* note 4.

¹² Securities Exchange Act Release No. 103282 (June 17, 2025), 90 FR 26656 (June 23, 2025) (File No. SR-FICC-2025-015) (“Default Management Proposed Rule Change”).

¹³ Securities Exchange Act Release No. 104001 (Sept. 18, 2025), 90 FR 45850 (Sept. 23, 2025) (File No. SR-FICC-2025-015).

time FICC initially filed the Default Management Proposed Rule Change, the applicability of Section 18(a) and (b) of GSD Rule 3A (re-numbered as Section 16 under the Default Management Proposed Rule Change) were limited to done-with transactions. FICC's amendment to the Default Management Proposed Rule Change would apply those sections of GSD Rule 3A to done-away transactions as well. Additionally, FICC's amendment to the Default Management Proposed Rule Change would add Section 18(c) to GSD Rule 3A (re-numbered as Section 16 under the Default Management Proposed Rule Change) to address two ways that a Sponsoring Member may liquidate done-away transactions. However, FICC's amendment to the Default Management Proposed Rule Change did not specifically address Sponsored GC CIL Trades in Sections 18(a)-(c) of GSD Rule 3A (re-numbered as Section 16 under the Default Management Proposed Rule Change).

Accordingly, Partial Amendment No. 1 to the Proposed Rule Change would make relevant changes to GSD Rule 3A for consistency with the amended Default Management Proposed Rule Change. Partial Amendment No. 1 to the Proposed Rule Change would revise Section 18(a) of GSD Rule 3A (re-numbered as Section 16 under the Default Management Proposed Rule Change) to clarify the section's applicability to both done-with and done-away transactions, including Sponsored GC CIL Trades if the Corporation has not exercised its rights set forth in Section 13(e) of Rule 3A. Additionally, Partial Amendment No. 1 to the Proposed Rule Change would add appropriate references in Sections 18(b) and (c) of GSD Rule 3A (re-numbered as Section 16 under the Default Management Proposed Rule Change) to Sponsored GC Trades, Sponsored GC CIL Trades, and Sponsored GC CIL Omnibus Account.

Partial Amendment No. 1 would not change the purpose of, or statutory basis for, the proposed rule change. All other representations in the proposed rule change remain as stated therein and no other changes are being made.

II. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the

foregoing, including whether the proposed rule change is consistent with the Act. 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 email to rule-comments@sec.gov. Please include file number SR-FICC-2025-019 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-2025-019. This file number should be included on the subject line if email 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 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FICC and on DTCC's website at (<https://dtcc.com/legal/sec-rule-filings.aspx>). 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-2025-019 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.¹⁴

Sherry R. Haywood,

Assistant Secretary.

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¹⁴ 17 CFR 200.30-3(a)(31).