



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105041; File No. SR-FICC-2025-025]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to Amend and Restate the Second Amended and Restated Cross-Margining Agreement between FICC and CME and Amend Related GSD Rules

March 18, 2026.

I. Introduction

On December 12, 2025, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-FICC-2025-025 pursuant to Section 19(b) of the Securities Exchange Act of 1934 (“Exchange Act”)¹ and Rule 19b-4² thereunder concerning changes to the Cross-Margining Agreement with the Chicago Mercantile Exchange Inc. (“CME”) and related rule changes to FICC Government Securities Division (“GSD”) Rulebook (“GSD Rules”) to extend the availability of cross-margining to positions cleared and carried for customers by a dually registered broker-dealer and futures commission merchant that is a common member of FICC and CME (“Eligible BD-FCM”). The Proposed Rule Change was published for public comment in the *Federal Register* on December 29, 2025.³ The Commission has received comments regarding the substance of the changes proposed in the Proposed Rule Change.⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 104485 (Dec. 22, 2025), 90 FR 60791 (Dec. 29, 2025) (File No. SR-NSCC-2025-025) (“Notice of Filing”).

⁴ Comments on the Proposed Rule Change are available at <https://www.sec.gov/comments/sr-ficc-2024-009/srficc2024009.htm>.

On January 26, 2026, pursuant to Section 19(b)(2) of the Exchange Act,⁵ 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.⁶ The Commission is instituting proceedings, pursuant to Section 19(b)(2)(B) of the Exchange Act,⁷ to determine whether to approve or disapprove the Proposed Rule Change.

II. Summary of the Proposed Rule Change

A. Background

FICC's GSD provides trade comparison, netting, risk management, settlement, and central counterparty ("CCP") services for the U.S. Government securities market.⁸ As a CCP, FICC novates the transactions submitted to it by its members, which means it interposes itself as the buyer to every seller and seller to every buyer for the financial transactions it clears. As such, FICC is exposed to the risk that one or more of its members may fail to make a payment or to deliver securities.

A key tool that FICC uses to manage its credit exposures to its members is the daily collection of margin from each member. A member's margin is designed to mitigate potential losses associated with liquidation of the member's portfolio in the event of that member's default. Margin requirements are typically designed, in part, to recognize the potential relationship between products in a member's portfolio (*e.g.*, some products may naturally gain value when others lose value), to accurately manage the risk that two offsetting transactions may present.

⁵ 15 U.S.C. 78s(b)(2).

⁶ Securities Exchange Act Release No. 104690 (Jan. 26, 2026), 91 FR 3944 (Jan. 29, 2026) (File No. SR-FICC-2025-025).

⁷ 15 U.S.C. 78s(b)(2)(B).

⁸ FICC's Mortgage-Backed Securities Division provides similar services for mortgage-backed securities. For purposes of this Order, "FICC" refers to GSD.

To recognize potential offsets in the risk presented by related products, FICC has a Cross-Margining Arrangement with CME,⁹ which acts as a CCP for futures related to the debt instruments that FICC clears.¹⁰ Under the Existing Agreement, a joint clearing member of both Clearing Organizations (a “Joint Clearing Member”) that participates in the Cross-Margining Arrangement may designate any of its accounts at FICC (except its Sponsoring Member Omnibus Account) to be cross-margined with a cross-margining account on the books of CME. FICC states that any resulting margin reductions create capital efficiencies for the Cross-Margining Participants and incentivize them to maintain or carry portfolios that present lower overall risk.¹¹

FICC is proposing to extend the availability of the Cross-Margining Arrangement to positions cleared and carried for customers other than an Eligible Affiliate (“Cross-Margining Customers”). FICC states that this would allow Cross-Margining Customers to benefit from the margin reductions that are currently only available to Cross-Margining Participants and their Eligible Affiliates under the Existing Agreement.¹² FICC and CME have also submitted to the Commission and the Commodity Futures Trading Commission (“CFTC”) petitions for exemptive relief from certain provisions of the Commodity Exchange Act and Exchange Act that

⁹ In 2023, FICC and CME entered into the Amended and Restated Cross-Margining Agreement that allows FICC and CME to consider the net risk of a participant’s eligible positions at each Clearing Organization when setting margin requirements for such positions. *See* Securities Exchange Act Release No. 98327 (Sept. 8, 2023), 88 FR 63185 (Sept. 14, 2023). In 2025, FICC and CME entered into the Second Amended and Restated Cross-Margining Agreement (the “Existing Agreement”), which made certain changes to account for requirements under amended Rule 17ad-22 to hold margin for transactions in U.S. Treasury securities that a Netting Member submits to FICC on behalf of an indirect participant separately and independently from margin for the Netting Member’s proprietary positions. *See* Securities Exchange Act Release No. 103399 (July 8, 2025), 90 FR 31043 (July 11, 2025) (File No. SR-FICC-2025-014). The Existing Agreement is incorporated by reference in the GSD Rules, *available at* www.dtcc.com/legal/rules-and-procedures.aspx. Unless otherwise specified, capitalized terms not defined herein shall have the meanings ascribed to them in the GSD Rules, which includes the Existing Agreement.

¹⁰ CME provides central counterparty services for futures, options, and swaps. *See* Financial Stability Oversight Council (“FSOC”) 2012 Annual Report, Appendix A, *available at* <https://home.treasury.gov/system/files/261/here.pdf> (last visited July 17, 2023).

¹¹ *See* Notice of Filing, *supra* note 3, 90 FR at 60792.

¹² *Id.*

would enable FICC and CME to make cross-margining available to Cross-Margining Customers.¹³

B. Proposed Changes

To extend the availability of cross-margining to Cross-Margining Customers, FICC is proposing to replace the Existing Agreement with the proposed Third Amended and Restated Cross-Margining Agreement (the “Third A&R Agreement”), incorporate it into the GSD Rules, and adopt related changes to the GSD Rules.¹⁴

The amendments to the Existing Agreement would address eligibility criteria and participation requirements for customer cross-margining, establishment of customer cross-margining accounts, margin methodology for customer cross-margining, default management of a Joint-Clearing Member carrying positions for Cross-Margining Customers, and other conforming changes and clarifying edits.¹⁵ For participation in the Cross-Margining Arrangement, the amendments would also require Eligible BD-FCMs to enter into the Customer Cross-Margining Clearing Member Agreement as set forth in Appendix C to the Third A&R Agreement, as well as require Cross-Margining Customers to enter into an agreement with the Eligible BD-FCM that includes certain terms also set forth in Appendix C.¹⁶ The amendments would also provide for consistency with the Petitions.

FICC is also proposing related changes to the GSD Rules to effectuate and conform with the Customer Cross-Margining Arrangement, as well as the adoption of new defined terms to effectuate these changes.¹⁷ The proposed changes include provisions addressing the

¹³ See Securities Exchange Act Release No. 104748 (Jan. 30, 2026), 91 FR 4994 (Feb. 3, 2026) (File No. S7-2026-03) (the “SEC Petition”); CFTC, *Proposal to Provide Exemptive Relief to Facilitate Cross-Margining of Customer Positions Cleared at Chicago Mercantile Exchange, Inc. and Fixed Income Clearing Corporation*, 90 FR 58525 (Dec. 17, 2025) (the “CFTC Petition”, and collective with the SEC Petition, the “Petitions”, and the proposed Commission and CFTC orders as described in the Petitions, the “Proposed Orders”).

¹⁴ See Notice of Filing, *supra* note 3, 90 FR at 60792.

¹⁵ *Id.* at 60793-97.

¹⁶ *Id.* at 60797-99.

¹⁷ *Id.* at 60799-803.

establishment of customer cross-margining accounts, treatment of Cross-Margining Customer margin, and description of the Customer Cross-Margining Arrangement.

FICC states that the adoption of the Third A&R Agreement and related changes to the GSD Rules would promote the maintenance of more balanced portfolios that present lower risk and facilitate the access of indirect participants to central clearing, in accordance with Rule 17ad-22 under the Exchange Act.¹⁸

III. Proceedings to Determine Whether to Approve or Disapprove the Proposed Rule Change and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act to determine whether the Proposed Rule Change should be approved or disapproved.¹⁹ Institution of proceedings is appropriate at this time in view of the legal and policy issues raised by the Proposed Rule Change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, the Commission seeks and encourages interested persons to comment on the Proposed Rule Change, which would provide the Commission with arguments to support the Commission's analysis as to whether to approve or disapprove the Proposed Rule Change.

Pursuant to Section 19(b)(2)(B) of the Exchange Act,²⁰ 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, the Proposed Rule Change's consistency with Section 17A of the Exchange Act²¹ and the rules thereunder, including the following provisions:

¹⁸ *Id.* at 60792.

¹⁹ 15 U.S.C. 78s(b)(2)(B).

²⁰ *Id.*

²¹ 15 U.S.C. 78q-1.

- Section 17A(b)(3)(F) of the Exchange Act,²² 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, as well as to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions; and, in general, to protect investors and the public interest;
- Rule 17ad-22(e)(4)(i) under the Exchange Act,²³ which requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence;
- Rule 17ad-22(e)(6)(i) under the Exchange Act,²⁴ which requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market, and, if the covered clearing agency provides central counterparty services for U.S. Treasury securities, calculates, collects, and holds margin amounts from a direct participant for its proprietary positions in Treasury securities separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant that relies on the services provided by the direct participant to access the covered clearing agency's payment, clearing, or settlement facilities;

²² 15 U.S.C. 78q-1(b)(3)(F).

²³ 17 CFR 240.17ad-22(e)(4)(i).

²⁴ 17 CFR 240.17ad-22(e)(6)(i).

- Rule 17ad-22(e)(18)(iv)(C) under the Exchange Act,²⁵ which requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to establish objective, risk-based, and publicly disclosed criteria for participation, which, when the covered clearing agency provides central counterparty services in transactions in U.S. Treasury securities, ensure that it has appropriate means to facilitate access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants, which policies and procedures the board of directors of such covered clearing agency reviews annually;
- Rule 17ad-22(e)(19) under the Exchange Act,²⁶ which requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage the material risks to the covered clearing agency arising from arrangements in which firms that are indirect participants in the covered clearing agency rely on the services provided by direct participants to access the covered clearing agency's payment, clearing, or settlement facilities; and
- Rule 17ad-22(e)(23)(ii) under the Exchange Act,²⁷ which requires that a covered clearing agency 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.

IV. Procedure: Request for Written Comments

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

²⁵ 17 CFR 240.17ad-22(e)(18)(iv)(C).

²⁶ 17 CFR 240.17ad-22(e)(19).

²⁷ 17 CFR 240.17ad-22(e)(23)(ii).

concerns they may have with the Proposed Rule Change. In particular, the Commission invites the written views of interested persons concerning whether the Proposed Rule Change is consistent with Section 17A(b)(3)(F),²⁸ and Rules 17ad-22(e)(4)(i), (e)(6)(i), (e)(18)(iv)(C), (e)(19), and (e)(23)(ii)²⁹ of the Exchange Act, or any other provision of the Exchange Act, or 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(g) under the Exchange Act,³⁰ any request for an opportunity to make an oral presentation.³¹

The Commission asks that commenters address the sufficiency of FICC's statements in support of the Proposed Rule Change, which are set forth in the Notice of Filing³² in addition to any other comments they may wish to submit about the Proposed Rule Change.

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-2025-025 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

²⁸ 15 U.S.C. 78q-1(b)(3)(F).

²⁹ 17 CFR 240.17Ad-22(e)(4)(i), 17 CFR 240.17Ad-22(e)(6)(i), 17 CFR 240.17Ad-22(e)(18)(iv)(C), 17 CFR 240.17ad-22(e)(19) and 17 CFR 240.17ad-22(e)(23)(ii).

³⁰ 17 CFR 240.19b-4(g).

³¹ Section 19(b)(2) of the Exchange Act grants to 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).

³² *See* Notice of Filing, *supra* note 3.

All submissions should refer to file number SR-FICC-2025-025. 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 such filing also will be available for inspection and copying at the principal office of FICC and on FICC's website ([www.dtcc.com/legal/second rule-filings](http://www.dtcc.com/legal/second-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-2025-025 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Vanessa A. Countryman,
Secretary.

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³³ 17 CFR 200.30-3(a)(31).