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*Via email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov)*

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

June 18, 2021

**Re: Proposal of FICC to Add the Sponsored GC Service, SR-FICC-2021-003**

Dear Ms. Countryman:

The Securities Industry and Financial Markets Association (“SIFMA”),<sup>1</sup> through its Rates and Funding Committee, appreciates the opportunity to submit comments on the proposed rule change of the Fixed Income Clearing Corporation (“FICC”) to add a new service: the Sponsored GC Service<sup>2</sup> (“Proposal”).<sup>3</sup>

SIFMA has supported the development of FICC’s sponsored repo service, most recently commenting favorably on the proposal to allow for expansion of eligibility for Sponsoring Members.<sup>4</sup> SIFMA supports the Proposal and we believe these changes will: (1) contribute to and improve operational efficiency, overall resiliency, and capacity of the repo market through improved liquidity; (2) encourage inclusion of term repo activity in the clearing corporation; and (3) improve risk management through broader access to central clearing.

The sponsored service of FICC broadens access to the benefits of clearing by allowing market participants that are not direct members of FICC to centrally clear through a Sponsoring Member. As noted in the Proposal, the growth of

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<sup>1</sup> SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate on legislation, regulation and business policy, affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

<sup>2</sup> All capitalized terms not otherwise defined are used as they appear in FICC’s Government Securities Division Rulebook available at <http://www.dtcc.com/legal/rules-and-procedures>.

<sup>3</sup> See SEC, Notice of Filing of Advance Notice to Add the Sponsored Repo Service and Proposed Rule Change to Expand Sponsoring Member eligibility in the Government Securities Division Rulebook and Make Other Changes, Fed. Reg., Vol. 86, 29834, June 3, 2021 (available [here](#)).

<sup>4</sup> See letter to Brent J. Fields, SEC, from Robert Toomey, SIFMA, January 22, 2019, available [here](#).

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sponsored repo illustrates, by its uptake, the benefits to market participants. Importantly, sponsored repo volumes have proven resilient during the recent COVID-related volatility in 2020. Netting and capital benefits allow for more activity and enhanced overall liquidity in the repo market. This could address some of the concerns around excess volatility and declining liquidity during events like those in 2020 and during the September 2019 repo rate spike.

We believe, as well, that allowing more transactions and counterparties to opt into clearing will further reduce overall systemic risk by reducing bilateral credit exposures.

The Proposal should provide a basis and incentives for continuation of this trend of voluntary participation in clearing through the sponsored program and should contribute to enhancing the capacity and resiliency of the repo market. As the Proposal notes--and we agree--increases in inclusion in the clearing corporation could mitigate the risk of a large-scale exit by institutional firms from the market in a stress scenario. In addition, the Proposal would provide incentives for firms to include more term transactions in FICC.

SIFMA very much appreciates the opportunity to comment on the Proposal. We believe that the enhanced liquidity that would result from the broader participation in clearing could contribute materially to the resiliency and overall integrity of this important market and provide specific benefits to market participants.

If necessary, we would be happy to discuss any of our comments with the SEC. Please feel free to reach out to Robert Toomey [REDACTED] [REDACTED] at SIFMA if you would like to discuss further.

Sincerely,



Robert Toomey  
Managing Director and Associate General Counsel  
SIFMA