

Memorandum

To: SR-FICC-2021-801

From: Office of Clearance and Settlement, Division of Trading and Markets

Re: Response to the Commission's Request for Additional Information

Date: July 6, 2021

On May 12, 2021, Fixed Income Clearing Corporation ("FICC") filed advance notice FICC-2021-801 ("Advance Notice") with the U.S. Securities and Exchange Commission ("Commission"), pursuant to Section 806(e)(1)(A) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934 ("Exchange Act"),² to, among other things, add a new service, the Sponsored General Collateral Service, which would expand FICC's current Sponsored Membership program to allow a Sponsored Member to engage in repurchase agreement ("repo") transactions with its Sponsoring Member on a tri-party basis.³ The Advance Notice was published for comment in the Federal Register on June 3, 2021.⁴

¹ 12 U.S.C. 5465(e)(1)(A).

² 17 CFR 240.19b-4(n)(1)(i).

³ FICC also filed the proposal contained in the Advance Notice as proposed rule change SR-FICC-2021-003 ("Proposed Rule Change") under Section 19(b)(1) of the Exchange Act and Rule 19b-4, thereunder 12 U.S.C 78s(b)(1) and 17 CFR 240.19b-4. The Proposed Rule Change was published in the Federal Register on June 1, 2021. Securities Exchange Act Release No. 92014 (May 25, 2021), 86 Fed. Reg. 29334 (June 1, 2021) (SR-FICC-2021-003). On June 24, 2021, the Commission designated a longer period for the Commission to take action on the Proposed Rule Change. Securities Exchange Act Release No. 92185 (June 15, 2021), 86 Fed. Reg. 33420 (June 24, 2021) (SR-FICC-2021-003). Accordingly, pursuant to Section 19(b)(2) of the Exchange Act, the Commission designated August 30, 2021 as the date by which the Commission should either approve or disapprove the Proposed Change. 12 U.S.C. 78s(b)(2).

⁴ Securities Exchange Act Release No. 92019 (May 27, 2021), 86 Fed. Reg. 29834 (June 3, 2021) (SR-FICC-2021-801).

On June 11, 2021, the Commission, by the Division of Trading and Markets, pursuant to delegated authority,⁵ requested additional information from FICC pursuant to Section 806(e)(1)(D) of the Clearing Supervision Act.⁶

Pursuant to Section 806(e)(1) of the Clearing Supervision Act,⁷ the Commission's period of review of the Advance Notice is tolled and shall be 60 days from the date the information requested is received by the Commission absent an additional information request.

On July 2, 2021, the Commission received FICC's response to the Commission's request for additional information. Accordingly, August 31, 2021 is the date by which the Commission shall notify FICC of any objection regarding the Advance Notice, unless the Commission requests further information for consideration of the Advance Notice.

⁵ 17 CFR 200.30-3(a)(93).

⁶ 12 U.S.C. 5465(e)(1)(D).

⁷ See 12 U.S.C. 5465(e)(1)(E) and (G).