

April 17, 2024

Ms. Vanessa Countryman
Secretary
US Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: *Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change, as Modified by Partial Amendment No. 1, to Modify the GSD Rules to Facilitate Access to Clearance and Settlement Services of All Eligible Secondary Market Transactions in U.S. Treasury Securities; Self-Regulatory Organizations (File No. SR-FICC-2024-005); Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Modify the GSD Rules (i) Regarding the Separate Calculation, Collection and Holding of Margin for Proprietary Transactions and That for Indirect Participant Transactions, and (ii) to Address the Conditions of Note H to Rule 15c3-3a (File No. SR-FICC-2024-007)*

Dear Ms. Countryman:

The Investment Company Institute¹ (ICI) is writing to notify the Securities and Exchange Commission (the "Commission") that it intends to submit further comments on the Fixed Income Clearing Corporation's (FICC) proposed rule changes that would (1) make changes to certain FICC clearing access models, including membership qualification requirements; and (2) amend various FICC margin rules to conform to the Commission's 2022 Treasury clearing final rule,² including mandatory segregation of proprietary and customer margin (together, "Rule

¹ The [Investment Company Institute](https://www.ici.org) (ICI) is the leading association representing regulated investment funds. ICI's mission is to strengthen the foundation of the asset management industry for the ultimate benefit of the long-term individual investor. ICI's members include mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and UCITS and similar funds offered to investors all in other jurisdictions. Its members manage \$34.4 trillion invested in funds registered under the US Investment Company Act of 1940, serving more than 100 million investors. Members manage an additional \$9.2 trillion in regulated fund assets managed outside the United States. ICI also represents its members in their capacity as investment advisers to certain collective investment trusts (CITs) and retail separately managed accounts (SMAs). ICI has offices in Washington DC, Brussels, and London, and carries out its international work through [ICI Global](https://www.ici.org/global).

² *Standards for Covered Clearing Agencies for US Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to US Treasury Securities*, Exchange Act Release No. 34-99149 (Dec. 13, 2023), 89 Fed. Reg. 2714 (Jan. 16, 2024) ("Final Rule"), available at <https://www.govinfo.gov/content/pkg/FR-2024-01-16/pdf/2023-27860.pdf>.

Submissions").³ ICI, along with other industry associations, has requested that the Commission provide additional time beyond the current 21-day deadlines for public comment. The short comment periods that the Commission provided in the Rule Submissions have not afforded our members with sufficient time to review these important filings and submit comments.

ICI members need additional time to evaluate and comment on these Rule Submissions, given the significant implications of the clearing mandate for Treasury repo and reverse repo transactions and the fact that each Rule Submission addresses issues of importance to registered funds (“funds”). As we previously recommended, the Commission should encourage FICC to further develop a “give up” access structure to facilitate best execution under its Sponsored Service, given that funds, as a practical matter, access FICC clearing and settlement through sponsored means.⁴ Among other things, FICC’s access model filing addresses the use of its existing agent clearing services as a “workable ‘done away’” approach.⁵ FICC’s proposed Agent Clearing Service, however, differs in key respects from FICC’s Sponsored Service and, thus, ICI members need time to further assess whether this model meets the Commission’s requirement that it must be an “appropriate means” to facilitate access.⁶

We also previously expressed support for the segregation of proprietary margin from customer margin, as well as for the conditions adopted under Rule 15c3-3a that would allow for broker-dealer FICC Netting Members to collect margin from customers for deposit to FICC.⁷ These changes will have implications for funds’ ability to comply with the Investment Company Act of 1940, including applicable custody requirements under Section 17(f). Notwithstanding the temporary no-action relief that the SEC has provided,⁸ ICI members need time to assess whether FICC’s proposed framework can represent, subject to further development, a long-term solution.

³ *Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change, as Modified by Partial Amendment No. 1, to Modify the GSD Rules to Facilitate Access to Clearance and Settlement Services of All Eligible Secondary Market Transactions in U.S. Treasury Securities*, Exchange Act Release No. 34-99817 (Mar. 21, 2024), 89 Fed. Reg. 21362 (Mar. 27, 2024) (“FICC Access Proposal”), available at <https://www.govinfo.gov/content/pkg/FR-2024-03-27/pdf/2024-06446.pdf>; *Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Modify the GSD Rules (i) Regarding the Separate Calculation, Collection and Holding of Margin for Proprietary Transactions and That for Indirect Participant Transactions, and (ii) to Address the Conditions of Note H to Rule 15c3-3a*, Exchange Act Release No. 34-99844 (Mar. 22, 2024), 89 Fed. Reg. 21603 (Mar. 28, 2024), available at <https://www.govinfo.gov/content/pkg/FR-2024-03-28/pdf/2024-06577.pdf>.

⁴ Letter from Sarah A. Bessin, Deputy General Counsel and Nhan Nguyen, Assistant General Counsel, ICI to Vanessa Countryman, Secretary, SEC (Dec. 23, 2022) (“ICI Letter”) at 13-14, available at <https://www.sec.gov/comments/s7-23-22/s72322-20153417-320838.pdf>.

⁵ FICC Access Proposal at 21363.

⁶ Final Rule at 2760.

⁷ ICI Letter at 19.

⁸ Final Rule at 2728-29.

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If you have any questions, please feel free to contact Sarah Bessin at sarah.bessin@ici.org or Nhan Nguyen at nhan.nguyen@ici.org.

Regards,

/s/ Sarah A. Bessin

Sarah A. Bessin
Deputy General Counsel

/s/ Nhan Nguyen

Nhan Nguyen
Associate General Counsel

cc: The Honorable Gary Gensler
The Honorable Hester M. Peirce
The Honorable Caroline Crenshaw
The Honorable Mark Uyeda
The Honorable Jaime Lizárraga

Haoxiang Xu, Director, Division of Trading and Markets
US Securities and Exchange Commission