

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 7

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2023 - * 011

Amendment No. (req. for Amendments *) 1

Filing by Fixed Income Clearing Corporation

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
---------------------------------------	--	--	---	---	---

Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <input type="checkbox"/> 19b-4(f)(1) <input type="checkbox"/> 19b-4(f)(4) <input type="checkbox"/> 19b-4(f)(2) <input type="checkbox"/> 19b-4(f)(5) <input type="checkbox"/> 19b-4(f)(3) <input type="checkbox"/> 19b-4(f)(6)		
-----------------------------------	--	--	---	--	--

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Fixed Income Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date

(Title *)

By

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Date: 2023.08.16
10:16:11 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Partial Amd No. 1 (Redacted) - GSD P

Amendment No. 1 to SR-FICC-2023-011

Fixed Income Clearing Corporation (“FICC”) is filing this partial amendment (“Amendment No. 1”) to SR-FICC-2023-011 (“Proposed Rule Change”), which was filed with the Securities and Exchange Commission (“Commission”) on August 3, 2023.

The Proposed Rule Change consists of modifications to FICC’s Government Securities Division (“GSD”) Rulebook (“GSD Rules”) and proposes to adopt a Portfolio Differential Charge (“PD Charge”) as an additional component to the GSD Required Fund Deposit, as described therein.

In describing the below amendments to the Proposed Rule Change, FICC has marked **bold, underlined** text to represent language to be added, and **~~bold, strikethrough~~** text to represent language to be deleted, by this Amendment No. 1.

Please replace the text on pages 7-8 of the Proposed Rule Change with the following text:

Impact Study

FICC has conducted an impact study for the period from November 2021 to ~~October 2022~~**March 2023** (“Impact Study”).¹ The results of the Impact Study indicate that, if the proposed PD Charge had been in place during the Impact Study period, the change would have resulted in an average daily PD Charge of approximately ~~\$661660~~ million for the start-of-day margin calculation (approximately ~~2.42.2~~**2.42.2**% of the start-of-day average daily Clearing Fund deposit) and approximately ~~\$822839~~ million for the noon margin calculation (approximately ~~3.02.9~~**3.02.9**% of the noon average daily Clearing Fund deposit).

The rolling 12-month Clearing Fund requirement backtesting coverage ratio (**from April 2022 through March 2023**) would have improved by approximately ~~3625~~**3625** bps (from ~~98.4798.37~~**98.8398.62**%) ~~as of October 2022~~. Specifically, if the proposed PD Charge had been in place during ~~the Impact Study~~**this 12-month** period, the number of backtesting deficiencies would have been reduced by ~~10777~~ (from ~~462498~~ to ~~355421~~ or approximately ~~2315~~**2315**%) and the backtesting coverage for ~~4944~~ Members (approximately ~~3834~~**3834**% of the GSD membership) would have improved, with 14 Members who were below 99% coverage brought back to above 99%.

¹ GSD increased the minimum Required Fund Deposit for Members to \$1 million on Dec. 5, 2022 (see Securities Exchange Act Release No. 96136 (Oct. 24, 2022) 87 FR 65268 (Oct. 28, 2022) (SR-FICC-2022-006)); however, for the purpose of this Impact Study, the \$1 million minimum Requirement Fund Deposit is assumed to be in effect for the entirety of the Impact Study period.

The average daily PD Charge in dollars per Member would be approximately ~~\$5.55.4~~ million (approximately ~~2.42.2~~% of the average daily Clearing Fund deposit per Member) for the start-of-day margin calculation and approximately ~~\$6.86.9~~ million (approximately ~~3.02.9~~% of the average daily Clearing Fund deposit per Member) for the noon margin calculation.

The three largest average daily PD Charge in dollars for Members would be ~~\$37.3141.09~~ million (approximately ~~2.893.22~~% of its average daily Clearing Fund deposit), ~~\$33.55 31.50~~ million (approximately ~~10.108.14~~% of its average daily Clearing Fund deposit), and ~~\$28.8026.40~~ million (approximately ~~7.015.90~~% of its average daily Clearing Fund deposit) for the start-of-day margin calculation and ~~\$86.59104.06~~ million (approximately ~~4.264.55~~% of its average daily Clearing Fund deposit), ~~\$74.5462.47~~ million (approximately ~~9.457.46~~% of its average daily Clearing Fund deposit), and ~~\$41.9552.15~~ million (approximately ~~7.976.38~~% of its average daily Clearing Fund deposit) for the noon margin calculation.

The three largest average daily PD Charge for Members as percentages of the relevant Member's average daily Clearing Fund deposit would be ~~17.8916.74~~% (PD Charge of ~~\$8.211.42~~ million), ~~16.7815.76~~% (PD Charge of ~~\$1.523.64~~ million), and ~~16.7013.87~~% (PD Charge of ~~\$3.847.74~~ million) for the start-of-day margin calculation and ~~39.9639.76~~% (PD Charge ~~\$14.4915.55~~ million), ~~24.7126.16~~% (PD Charge of ~~\$23.170.43~~ million), and ~~24.6422.47~~% (PD Charge of ~~\$23.4921.42~~ million) for the noon margin calculation.

Please replace the text on pages 22-24 of the Proposed Rule Change with the following text:

Impact Study

FICC has conducted an impact study for the period from November 2021 to ~~October 2022~~March 2023 (“Impact Study”).² The results of the Impact Study indicate that, if the proposed PD Charge had been in place during the Impact Study period, the change would have resulted in an average daily PD Charge of approximately ~~\$661660~~ million for the start-of-day margin calculation (approximately ~~2.42.2~~% of the start-of-day average daily Clearing Fund

² GSD increased the minimum Required Fund Deposit for Members to \$1 million on Dec. 5, 2022 (see Securities Exchange Act Release No. 96136 (Oct. 24, 2022) 87 FR 65268 (Oct. 28, 2022) (SR-FICC-2022-006)); however, for the purpose of this Impact Study, the \$1 million minimum Requirement Fund Deposit is assumed to be in effect for the entirety of the Impact Study period.

deposit) and approximately ~~\$822~~839 million for the noon margin calculation (approximately ~~3.02~~2.9% of the noon average daily Clearing Fund deposit).

The rolling 12-month Clearing Fund requirement backtesting coverage ratio (from April 2022 through March 2023) would have improved by approximately ~~3625~~3625 bps (from ~~98.47~~98.37% to ~~98.83~~98.62%) ~~as of October 2022~~. Specifically, if the proposed PD Charge had been in place during ~~the Impact Study~~ this 12-month period, the number of backtesting deficiencies would have been reduced by ~~10777~~10777 (from ~~462498~~462498 to ~~355421~~355421 or approximately ~~2315~~2315%) and the backtesting coverage for ~~4944~~4944 Members (approximately ~~3834~~3834% of the GSD membership) would have improved, with 14 Members who were below 99% coverage brought back to above 99%.

The average daily PD Charge in dollars per Member would be approximately ~~\$5.55~~5.4 million (approximately ~~2.42~~2.2% of the average daily Clearing Fund deposit per Member) for the start-of-day margin calculation and approximately ~~\$6.86~~6.9 million (approximately ~~3.02~~2.9% of the average daily Clearing Fund deposit per Member) for the noon margin calculation.

The three largest average daily PD Charge in dollars for Members would be ~~\$37.31~~41.09 million (approximately ~~2.89~~3.22% of its average daily Clearing Fund deposit), ~~\$33.55~~ 31.50 million (approximately ~~10.10~~8.14% of its average daily Clearing Fund deposit), and ~~\$28.80~~26.40 million (approximately ~~7.01~~5.90% of its average daily Clearing Fund deposit) for the start-of-day margin calculation and ~~\$86.59~~104.06 million (approximately ~~4.26~~4.55% of its average daily Clearing Fund deposit), ~~\$74.54~~62.47 million (approximately ~~9.45~~7.46% of its average daily Clearing Fund deposit), and ~~\$41.95~~52.15 million (approximately ~~7.97~~6.38% of its average daily Clearing Fund deposit) for the noon margin calculation.

The three largest average daily PD Charge for Members as percentages of the relevant Member's average daily Clearing Fund deposit would be ~~17.89~~16.74% (PD Charge of ~~\$8.21~~1.42 million), ~~16.78~~15.76% (PD Charge of ~~\$1.52~~3.64 million), and ~~16.70~~13.87% (PD Charge of ~~\$3.84~~7.74 million) for the start-of-day margin calculation and ~~39.96~~39.76% (PD Charge ~~\$14.49~~15.55 million), ~~24.71~~26.16% (PD Charge of ~~\$23.17~~0.43 million), and ~~24.64~~22.47% (PD Charge of ~~\$23.49~~21.42 million) for the noon margin calculation.

On page 37 of the Proposed Rule Change, please replace Exhibit 3a (Summary of Impact Study) in its entirety with the information on the following page, which has been redacted and filed separately with the Commission. Confidential treatment of such page is being requested pursuant to 17 CFR 240.24b-2.

PAGE REDACTED IN ITS ENTIRETY