

Filing Authority: 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Arif Hafiz; *Comments Due:* September 3, 2025.

4. *Docket No(s):* MC2025–1641 and K2025–1632; *Filing Title:* USPS Request to Add Priority Mail & USPS Ground Advantage Contract 828 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* August 25, 2025; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Christopher Mohr; *Comments Due:* September 3, 2025.

5. *Docket No(s):* MC2025–1643 and K2025–1634; *Filing Title:* USPS Request to Add Priority Mail & USPS Ground Advantage Contract 829 to the Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date:* August 25, 2025; *Filing Authority:* 39 U.S.C. 3642, 39 CFR 3035.105, and 39 CFR 3041.310; *Public Representative:* Christopher Mohr; *Comments Due:* September 3, 2025.

III. Summary Proceeding(s)

None. See Section II for public proceedings.

This Notice will be published in the **Federal Register**.

Erica A. Barker,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103778; File No. SR–CBOE–2025–060]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Update Rules Regarding Requirements To Submit Annual Audits to the Exchange

August 26, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on August 18, 2025, Cboe Exchange, Inc. (“Cboe Options” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)

of the Act³ and Rule 19b–4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to (1) simplify and clarify its rule regarding audited reports; and (2) require each Trading Permit Holder (“TPH”) to submit to the Exchange an annual audited report in accordance with the provisions of Rule 17a–5(d) under the Securities Exchange Act of 1934 (the “Act”).⁵ The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website (https://www.cboe.com/us/options/regulation/rule_filings/) and at the Exchange’s Office of the Secretary.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 7.4 regarding TPH requirements to submit certain reports to the Exchange. Specifically, the Exchange proposes to amend Rule 7.4(a) to simplify and clarify the requirements for TPHs to submit to the Exchange certain audited reports, including audited financial statements, on an annual basis pursuant Rule 17a–5(d) under the Act.⁶ The Exchange also proposes to amend Rule 7.4(a) to require all TPHs to submit annual reports to the Exchange, notwithstanding the exemption from

submission provided for in Rule 17a–5(d)(1)(iv) under the Act.⁷

Current Rule 7.4(a) requires each TPH organization approved to do business with the public in accordance with Chapter 9 of the Rules and each registered Market-Maker to submit annual reports of its financial condition as of a date within each calendar year to the Exchange in accordance with the requirements of Rule 17a–5⁸ and Form X–17A–5 under the Act. It further requires the reports for TPHs approved to do business with the public to be certified by an independent public accountant. The Rule also requires each such TPH to notify the Exchange of the name of the independent public accountant appointed for the year by January 10 of each year. Reports of financial condition are due to the Exchange under the Rule not later than 60 days after the date as of which the financial condition of the TPH is reported, or such other period as the Exchange may individually require. The Rule also permits a TPH to file in lieu of the required report a copy of any financial statement which they are required to file with any other national securities exchange or national securities association of which they are a member or with any agency of any State as a condition of doing business therein, and which is acceptable to the Exchange as containing substantially the same information as Form X–17A–5.

First, the Exchange proposes to amend Rule 7.4(a) to simplify and clarify its requirements regarding the submission of annual audited reports (“Annual Audits”). Specifically, the Exchange proposes to amend Rule 7.4(a) to align the requirements regarding timing and scope of information for the filing of certain audited reports (“Annual Audits”) with the Exchange with the requirements of Rule 17a–5 under the Act,⁹ including as follows:

- Current Rule 7.4(a) requires TPHs to report on their “financial condition” and include answers to an Exchange financial questionnaire in accordance with the requirements of Rule 17a–5 and Form X–17A–5 under the Act and contain the information called for by that form. Rule 17a–5 and Form X–17A–5 set forth the specific information that must be included in an annual financial report (as broker-dealers, TPHs are subject to Rule 17a–5). The proposed rule change modifies Rule 7.4(a) to require submission of Annual Audits in

⁷ 17 CFR 240.17a–5(d)(1)(iv).

⁸ 17 CFR 240.17a–5(d).

⁹ 17 CFR 240.17a–5(d). The Exchange also proposes to amend the heading of Rule 7.4(a) from “Annual Audit” to “Annual Reports” to match the title of SEC Rule 17a–5(d).

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b–4(f)(6).

⁵ 17 CFR 240.17a–5(d).

⁶ *Id.*

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

accordance with the requirements of Rule 17a-5 under the Act.¹⁰ Rule 7.4(a) is intended to cover the report and information required under Rule 17a-5, which is what TPHs currently submit to satisfy the requirement under Rule 7.4(a). The proposed rule change clarifies that the scope of information TPHs must include in their Annual Audits pursuant to Rule 7.4(a) is the same as the scope of information TPHs must include in their reports pursuant to Rule 17a-5(d) and Form X-17A-5 under the Act.¹¹ This proposed rule change has no impact on the information the Exchange currently requires TPHs to submit in their Annual Audits pursuant to Rule 7.4(a) (which is the same information that is required to be submitted pursuant to Rule 17a-5(d) under the Act). The proposed rule change aligns the rule text in Rule 7.4(a) with Rule 17a-5(d) to eliminate any potential confusion regarding what information is required information to be filed pursuant to Rule 7.4(a).

- Current Rule 7.4(a) requires that the report of financial condition be filed not later than 60 days after the date within each calendar year as of which the financial condition of the TPH is reported (or such other period as the Exchange may individually require). Rule 17a-5 under the Act requires the annual reports to be filed not more than 60 calendar days after the end of the fiscal year of the broker or dealer. Fiscal year end is generally the date on which TPHs (who as broker-dealers are subject to Rule 17a-5 under the Act) determine their “financial condition.” The proposed rule change aligns the requirements regarding submission deadlines for submission of the Annual Audits in Rule 7.4(a) with the deadlines for submission of these reports in Rule 17a-5 under the Act. This proposed rule change has no impact on TPHs, which currently submit their Annual Audits in accordance with the required deadline set forth in Rule 17a-5. The proposed rule change aligns the filing deadline in Rule 7.4(a) with that in Rule 17a-5(d) to eliminate any potential confusion regarding when Annual Audits must be filed pursuant to Rule 7.4(a).

- Current Rule 7.4(a) requires TPHs approved to do business with the public to have its annual audit report certified by an independent public accountant

and, on or before January 10 of each year, to notify the Exchange of the name of the independent public accountant appointed for that year and the date as of which the report will be made. Rule 17a-5(f)(2) under the Act, however, requires the broker or dealer to file with the Commission and its designated examining authority (“DEA”) no later than December 10 of each year (or 30 calendar days after the effective date of its registration as a broker or dealer, if earlier) a statement regarding independent public accountant, which includes among other things, the name of the independent public accountant. The proposed rule change aligns the requirement regarding the timing of when TPHs approved to do business with the public must notify the Exchange regarding the identity of their independent public accounts. This proposed rule change eliminates the discrepancy between Rule 7.4(a) and Rule 17a-5 under the Act regarding the timing of this notification. Since TPHs are broker-dealers and thus subject to Rule 17a-5, the TPHs currently required to submit these reports¹² are currently complying with the deadline in the Act, and thus the proposed rule change has no impact on those TPHs.

- The Exchange proposes to add language to Rule 7.4(a) to state that any TPH for which the Exchange is the DEA that is unable to meet the filing deadline for its Annual Audits as a result of exceptional circumstances may request from the Exchange an extension of time, in writing, prior to the filing due date. The Exchange will also recognize any extensions of time or other exemptions granted to the TPH by the Commission or the TPH’s DEA (if not the Exchange). This is currently permitted by Rule 17a-5(m)(1) under the Act, which states that a broker’s or dealer’s DEA may extend the period for filing annual reports pursuant to Rule 17a-5. The proposed change further aligns the Rules regarding the submission deadline for TPHs’ Annual Audits with Rule 17a-5(m)(1) under the Act.¹³

The Exchange believes aligning the requirements regarding timing and scope of information in Rule 7.4(a) with those requirements in Rule 17a-5 under the Act will clarify for TPHs what information they need to report to the Exchange and when and may ultimately reduce any potential confusion for TPHs regarding their audit reporting requirements.

Second, the proposed rule change aligns the scope of firms to which the reporting obligation applies with that of the obligation in Rule 17a-5 of the Act. Current Rule 7.4(a), states that each TPH organization approved to do business with the public in accordance with Chapter 9 of the Rules and each registered Market-Maker must file a report of its financial condition annually in accordance with the requirements in Rule 17a-5(d) under the Act.¹⁴ Rule 17a-5 under the Act,¹⁵ however, requires every broker or dealer (and thus every TPH)¹⁶ registered under Section 15 of the Act¹⁷ to file annual reports unless an exemption applies. Therefore, the applicability of the Exchange’s current Rule is slightly narrower than the reporting requirement in the Act. The proposed rule change will require each TPH to submit the Annual Audit, even those that may qualify for an exemption under Rule 17a-5(d)(1)(iv) of the Act.¹⁸ Rule 17a-5(d)(1)(iv) under the Act exempts from filing annual reports pursuant to 17a-5(d)(2) “a broker or dealer that is a member of a national securities exchange, has transacted a business in securities solely with or for other members of a national securities exchange, and has not carried any margin account, credit balance, or security for any person who is defined as a *customer* in paragraph (c)(4) of this section.”¹⁹ This exemption was intended to apply to, and has been limited to, specialists, market makers, and floor brokers that have no contact with the public and are subject to close daily supervision by an exchange.²⁰ Only a small number of TPHs currently rely on this exemption.²¹ The Exchange believes the proposed rule change will eliminate confusion regarding which TPHs may qualify for an exemption under Rule 17a-5 and impose the same reporting requirement on all TPHs. The Exchange further believes requiring

¹⁴ 17 CFR 240.17a-5(d).

¹⁵ 17 CFR 240.17a-5(d)(2).

¹⁶ Because the Exchange requires every TPH to be registered as a broker or dealer pursuant to Section 15 of the Act, Rule 17a-5 under the Act requires all TPHs to submit audited reports unless an applicable exemption applies. See Rule 3.3 (Qualifications of TPH Organizations).

¹⁷ 15 U.S.C. 78o.

¹⁸ 17 CFR 240.17a-5(d)(1)(iv).

¹⁹ *Id.*

²⁰ See, e.g., *Choe Regulatory Circular RG95-068, Annual Audited Financial Statements* (August 16, 1995).

²¹ As of March 31, 2025, 5 of 94 TPHs relied on the exemption in SEC Rule 17a-5(d)(1)(iv) and did not submit audited reports to the Exchange. Pursuant to the proposed rule change, these five TPHs would be required to submit Annual Audits to the Exchange in the same manner as all other TPHs.

¹⁰ 17 CFR 240.17a-5(d).

¹¹ The proposed rule change also deletes the exception that permits TPHs to submit reports required by other national securities exchanges or associations that contain substantially the same information as Form X-17A-5. The Exchange believes this exception is unnecessary, as TPHs comply with the Act’s requirement to submit the Form X-17A-5 to satisfy this requirement.

¹² As discussed below, 5 of 94 TPHs currently rely on the exemption in SEC Rule 17a-5(d)(1)(iv) and do not submit audited reports to the Exchange but will be required to do so going forward pursuant to the proposed rule change.

¹³ 17 CFR 240.17a-5(m)(1).

every TPH to submit Annual Audits will enhance regulatory oversight and subject all TPHs to the same standards regardless of their business model. The Exchange believes that its TPHs, including those that previously have not submitted Annual Audits due to the current exemption, are sufficiently sophisticated to require that they complete Annual Audits pursuant to the proposed rule change.²²

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.²³ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁴ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁵ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule changes to align the requirements regarding timing and scope of information in Rule 7.4(a) with those requirements in Rule 17a–5 under the Act will benefit investors by clarifying for TPHs what information they need to report to the Exchange and when and may ultimately reduce any potential confusion for TPHs regarding their audit reporting requirements. The proposed rule change aligns the requirements in Rule 7.4(a) with those in Rule 17a–5(d) under the Act given both rules are intended to apply to the same report and thus impose the same requirements on TPHs. The Exchange believes the proposed rule change will benefit investors by eliminating uncertainty regarding potential

perceived differences between the Exchange’s requirements and those of the Commission. The Exchange does not intend there to be any differences between the requirements (aside from the exemption provided in 17a–5(d)(1)(iv) described below) in its Rule and the requirements in Rule 17a–5 under the Act and are, therefore, aligning the requirements in its Rule with those in the Commission’s rule.

The Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,²⁶ which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange’s TPHs and persons associated with its TPHs with the Act, the rules and regulations thereunder, and the rules of the Exchange, and furthers the objectives of Section 6(c)(3) of the Act,²⁷ which authorizes the Exchange to, among other things, prescribe standards of financial responsibility. The proposed rule change will require all TPHs to file Annual Audits pursuant to the requirements in Rule 17a–5(d) under the Act, regardless of the exemption in 17a–5(d)(1)(iv), which the Exchange believes will enhance its regulatory oversight and subject all TPHs to the same standards, regardless of their business model. The Exchange believes that its TPHs, including those that previously have not submitted Annual Audits due to the current exemption, are sufficiently sophisticated to require that they complete Annual Audits pursuant to the proposed rule change.²⁸ Having audited financial information from all of its TPHs will further strengthen the Exchange’s ability to protect investors through a more informed understanding of its TPHs’ financial status.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as it will apply in the same manner to all TPHs, as all TPHs will be subject to the same Annual Audit requirements.

²⁶ 15 U.S.C. 78f(b)(1).

²⁷ 15 U.S.C. 78f(c)(3).

²⁸ The Exchange is in the process of informing the five TPHs that currently rely on this exemption that they will be required to submit Annual Audit reports going forward.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as it is consistent with a Commission rule applicable to broker-dealers (and thus all members of all national securities exchange). Additionally, the proposed rule change relates to certain regulatory obligations of TPHs and is not intended for competitive purposes.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

- (i) significantly affect the protection of investors or the public interest;
- (ii) impose any significant burden on competition; and
- (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act²⁹ and Rule 19b–4(f)(6)³⁰ thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

²⁹ 15 U.S.C. 78s(b)(3)(A).

³⁰ 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

²² The Exchange is in the process of informing the five TPHs that currently rely on this exemption that they will be required to submit Annual Audit reports going forward.

²³ 15 U.S.C. 78f(b).

²⁴ 15 U.S.C. 78f(b)(5).

²⁵ *Id.*

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2025-060 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.

All submissions should refer to file number SR-CBOE-2025-060. This file number should be included on the subject line if email 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 the filing will be available for inspection and copying at the principal office of the Exchange. 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-CBOE-2025-060 and should be submitted on or before September 19, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103780; File No. SR-FICC-2025-018]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Add Basis Risk Haircut Charge to Certain Models

August 26, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 15, 2025, Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission

("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change of FICC as provided in Exhibit 5³ consists of amendments to the GSD Methodology Document—GSD Initial Market Risk Margin Model ("QRM Methodology Document")⁴ in order to incorporate the mortgage-backed securities ("MBS") pool/to-be-announced ("TBA") basis risk haircut charge into the MBS haircut model, Minimum Margin Amount ("MMA") model,⁵ and Margin Proxy model.⁶ In addition, FICC is proposing clarification and technical changes to the QRM Methodology Document.

FICC is requesting confidential treatment of the QRM Methodology Document and has filed it separately with the Secretary of the Commission.⁷

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the proposed rule change and discussed

³ Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the FICC's Government Securities Division ("GSD") Rulebook ("Rules"), available at www.dtcc.com/legal/rules-and-procedures.

⁴ The QRM Methodology Document was filed as a confidential exhibit in the rule filing and advance notice for GSD sensitivity VaR. See Securities Exchange Act Release Nos. 83362 (June 1, 2018), 83 FR 26514 (June 7, 2018) (SR-FICC-2018-001) and 83223 (May 11, 2018), 83 FR 23020 (May 17, 2018) (SR-FICC-2018-801). The QRM Methodology has been subsequently amended. See Securities Exchange Act Release Nos. 85944 (May 24, 2019), 84 FR 25315 (May 31, 2019) (SR-FICC-2019-001); 90182 (Oct. 14, 2020), 85 FR 66630 (Oct. 20, 2020) (SR-FICC-2020-009); 93234 (Oct. 1, 2021), 86 FR 55891 (Oct. 7, 2021) (SR-FICC-2021-007); 95605 (Aug. 25, 2022), 87 FR 53522 (Aug. 31, 2022) (SR-FICC-2022-005); 97342 (Apr. 21, 2023), 88 FR 25721 (Apr. 27, 2023) (SR-FICC-2023-003); 99447 (Jan. 30, 2024), 89 FR 8260 (Feb. 6, 2024) (SR-FICC-2024-001); and 101569 (Nov. 8, 2024), 89 FR 90109 (Nov. 14, 2024) (SR-FICC-2024-003).

⁵ The MMA model calculates MMA, which is designed to supplement the value-at-risk ("VaR") model and improve its responsiveness and resilience to extreme market volatility. See GSD Margin Component Schedule (definition of "Minimum Margin Amount"), *supra* note 3.

⁶ The Margin Proxy model calculates Margin Proxy, which is designed as an alternative volatility calculation in the event that the requisite vendor data used for the VaR model is unavailable for an extended period of time. See GSD Margin Component Schedule (definition of "Margin Proxy"), *supra* note 3.

⁷ 17 CFR 240.24b-2.

any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this rule filing is to amend the QRM Methodology Document in order to incorporate the MBS pool/TBA basis risk haircut charge into the MBS haircut model, MMA model, and Margin Proxy model. FICC is also proposing to make certain clarification and technical changes to the QRM Methodology Document.

Background

FICC, through GSD, serves as a central counterparty and provider of clearance and settlement services for transactions in U.S. government securities, as well as repurchase and reverse repurchase transactions involving U.S. government securities. GSD also clears and settles certain transactions on securities issued or guaranteed by U.S. government agencies and government sponsored enterprises. For example, through its GCF Repo Service,⁸ GSD clears and settles GCF Repo Transactions⁹ that can be collateralized with mortgage-backed securities issued or guaranteed by Government National Mortgage Association ("Ginnie Mae"), Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac"). As part of its market risk management strategy, FICC manages its credit exposure to Members by determining the appropriate Required Fund Deposit to the Clearing Fund and monitoring its sufficiency, as provided for in the GSD Rules.¹⁰ The Required Fund Deposit serves as each Member's margin.

The objective of a Member's Required Fund Deposit is to mitigate potential losses to FICC associated with

⁸ The GCF Repo Service enables dealers to trade general collateral repos based on rate, term and underlying products, throughout the day with Inter-Dealer Broker Netting Members on a blind basis. See GSD Rule 1 (definition of "GCF Repo Service"), *supra* note 3.

⁹ See GSD Rule 1 (definition of "GCF Repo Transactions") and GSD Rule 20 (Special Provisions for GCF Repo Transactions), *supra* note 3.

¹⁰ See GSD Rule 4 (Clearing Fund and Loss Allocation), *supra* note 3. FICC's market risk management strategy is designed to comply with Rule 17ad-22(e)(4) under the Act, where these risks are referred to as "credit risks." 17 CFR 240.17ad-22(e)(4).

³¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.