

environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>17</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>18</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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 shall institute proceedings under Section 19(b)(2)(B)<sup>19</sup> of the Act 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:

*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](mailto:rule-comments@sec.gov). Please include file number SR-NYSEAMER-2026-08 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-NYSEAMER-2026-08. 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-NYSEAMER-2026-08 and should be submitted on or before February 25, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

[FR Doc. 2026-02226 Filed 2-3-26; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-104749; File No. SR-BOX-2026-03]

**Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule To Reflect Adjustments to Section II.A. (FINRA Fees) and Section II.B. (Registration and Continuing Education Fees)**

January 30, 2026.

Pursuant to Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 22, 2026, BOX Exchange LLC ("Exchange") 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 Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal effective upon filing with the Commission. 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 the Substance of the Proposed Rule Change**

The Exchange is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the Fee Schedule to reflect adjustments to Section II.A. (FINRA Fees) and Section II.B. (Registration and Continuing Education Fees).<sup>5</sup> Specifically, the Exchange is proposing to: (1) replace the existing \$70 FINRA Annual System Processing Fee Assessed only during Renewals with the new tiered FINRA Annual System Processing Fee structure; (2) update the Series 57 Exam fee to \$105; (3) increase the \$18 Continuing Education Fee to \$25; (4) increase the Fingerprinting Processing Fees; (5) increase the \$125 FINRA Web CRD Processing Fee to \$175; and (6) increase the \$155 FINRA Disclosure Processing Fee to \$215. The changes proposed herein for the FINRA Annual System Processing Fee, the Series 57 Exam fee, and the Continuing Education Fee will become operative upon filing. Additionally, the Exchange designates that the proposed changes to the FINRA Web CRD Processing Fee, the FINRA Disclosure Processing Fee, and the FINRA Fingerprinting Processing Fees will become operative January 1, 2028.<sup>6</sup> The text of the proposed rule change is available from the principal office of the Exchange, and also on the Exchange's internet website at <https://rules.boxexchange.com/rulefilings>.

**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

<sup>5</sup> This rule change impacts FINRA Fees for members who trade on BOX. The BOX Fee Schedule, Section II.A FINRA Fees and Section II.B Registration and Continuing Education Fees, contains a list of fees that will be collected and retained by FINRA via the Web CRD registration system for the registration of associated persons of Exchange members that are not also FINRA members.

<sup>6</sup> See Securities Exchange Act Release No. 101696 (November 21, 2024), 89 FR 93709 (November 27, 2024) (SR-FINRA-2024-019) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Adjust FINRA Fees to Provide Sustainable Funding for FINRA's Regulatory Mission).

<sup>20</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(2).

<sup>19</sup> 15 U.S.C. 78s(b)(2)(B).

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 the Fee Schedule for trading on BOX to reflect adjustments to various FINRA fees.<sup>7</sup>

This proposal amends BOX's Fee Schedule to reflect adjustments to the Annual System Processing Fee, the Series 57 Exam fee, the Continuing Education Fee, the FINRA Web CRD Processing Fee, the FINRA Disclosure Processing Fee and the FINRA Fingerprinting Processing Fees. The FINRA fees are collected and retained by FINRA via Web CRD for the registration of employees of BOX Participants and Participant organizations that are not FINRA members ("Non-FINRA members").<sup>8</sup> The Exchange is merely listing these fees on its Fee Schedule. The Exchange does not collect or retain these fees.

Annual System Processing Fee

FINRA currently assesses an annual system processing fee for each of the member's registered persons. Under the current fee structure, a flat \$70 fee applies to each registered person of a member. Many registered persons are registered with one or more securities regulators (*i.e.*, with jurisdictions as a broker-dealer agent and with SROs as a representative or principal). FINRA is replacing the current flat fee structure with a tiered rate structure beginning in 2026 as described below. Under FINRA's new tiered rate structure, the fee would be calculated based on the total number of securities regulators with which each registered person of a member is registered (whether as a broker-dealer agent with one or more jurisdictions or as a representative or principal with one or more SROs).<sup>9</sup>

<sup>7</sup> The Exchange initially filed the proposed change on December 30, 2025 (SR-BOX-2025-32). On January 12, 2026, the Exchange withdrew SR-BOX-2025-32 and submitted SR-BOX-2026-01. On January 22, 2026, the Exchange withdrew SR-BOX-2026-01 and replaced it with the instant filing.

<sup>8</sup> FINRA operates Web CRD, the central licensing and registration system for the U.S. securities industry. FINRA uses Web CRD to maintain the qualification, employment and disciplinary histories of registered associated persons of broker-dealers.

<sup>9</sup> A registered person's registration as an investment adviser representative would not be considered.

The Exchange proposes to amend Section II.A.3. of the Fee Schedule to replace the current \$70 FINRA Annual System Processing Fee Assessed only during Renewals with the new tiered FINRA Annual System Processing Fee structure, which will be assessed for each registered representative and principal (annually, based on the number of securities regulators with which each such registered person is registered, excluding registration as an investment adviser representative). The fees will now be as follows: (1) 1 to 5 registrations: \$70; (2) 6 to 20 registrations: \$95; (3) 21 to 40 registrations: \$110; and (4) 41+ registrations: \$125. The Exchange is also proposing to increase the FINRA Annual System Processing Fee to the following amounts beginning January 1, 2028: 1 to 5 registrations to \$100; 6 to 20 registrations to \$125; 21 to 40 registrations to \$140; and 41+ registrations to \$155.<sup>10</sup>

These amendments are being made in accordance with a FINRA rule change to adjust its fees.<sup>11</sup> The Exchange is merely listing these fees on its Fee Schedule. The Exchange does not collect or retain these fees.

Series 57 Exam Fee

The Exchange also proposes to amend Section II.B.1. of the Fee Schedule to update the Series 57 Exam fee to \$105.<sup>12</sup> These amendments are being made in accordance with a FINRA rule change to adjust its fees.<sup>13</sup> The Exchange is merely listing these fees on its Fee Schedule. The Exchange does not collect or retain these fees.

Continuing Education Fee

The Exchange also proposes to amend Section II.B.2. of the Fee Schedule to increase the Continuing Education Fee from \$18 to \$25.<sup>14</sup> These amendments are being made in accordance with a FINRA rule change to adjust its fees.<sup>15</sup>

<sup>10</sup> See *supra* note 6. FINRA is implementing the proposed tiered rate structure in 2026 and, to allow members additional time to adjust and plan, FINRA is deferring the implementation of the proposed increases to this fee until 2028.

<sup>11</sup> See *supra* note 6. FINRA noted in its rule change that it was adjusting its fees to provide sustainable funding for FINRA's regulatory mission.

<sup>12</sup> The Exchange notes that the Fee Schedule inadvertently reflects an outdated fee, the current fee for the Series 57 examination is \$80.

<sup>13</sup> See *supra* note 6. FINRA noted in its rule change that it was adjusting its fees to provide sustainable funding for FINRA's regulatory mission.

<sup>14</sup> The Continuing Education Fee will be assessed to each individual who is required to complete the Regulatory Element of the Continuing Education Requirements pursuant to Exchange Rule 2040 and is paid directly to FINRA.

<sup>15</sup> See *supra* note 6. FINRA noted in its rule change that it was adjusting its fees to provide sustainable funding for FINRA's regulatory mission.

The Exchange is merely listing these fees on its Fee Schedule. The Exchange does not collect or retain these fees.

Fingerprinting Processing Fees

The Exchange also proposes to amend Section II.A. to increase the following Fingerprinting Processing Fees: (1) the \$31.25 first card submission (electronic) fee to \$38;<sup>16</sup> (2) the \$41.25 first card submission (non-electronic) fee to \$52;<sup>17</sup> (3) the \$20 second card submission (electronic) fee to \$28;<sup>18</sup> (4) the \$30 second card submission (non-electronic) fee to \$42;<sup>19</sup> (5) the \$31.25 third card submission (electronic) fee to \$38;<sup>20</sup> (6) the \$41.25 third card submission (non-electronic) fee to \$52;<sup>21</sup> and (7) the \$30 processing fee for fingerprint results processed through a self-regulatory organization other than FINRA to \$42. The Fingerprinting Processing Fee listed on the Exchange's Fee Schedule reflects the combined FINRA and FBI charges for fingerprint submissions. Specifically, today, the FBI fingerprint charge is \$10,<sup>22</sup> the FINRA electronic Fingerprinting Processing Fee<sup>23</sup> will increase from \$20 to \$28 in 2028, the FINRA non-electronic

<sup>16</sup> This fee includes a \$28.00 FINRA fee and \$10.00 FBI fee. See <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2024-019/fee-adjustment-schedule>.

<sup>17</sup> This fee includes a \$42.00 FINRA fee and a \$10.00 FBI fee. See <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2024-019/fee-adjustment-schedule>.

<sup>18</sup> This fee includes a \$28.00 FINRA fee. The FBI does not charge its fee on a second fingerprint transaction when it identifies the first set of fingerprints as illegible for the same individual. See <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2024-019/fee-adjustment-schedule> and <https://www.finra.org/registration-exams-ce/classic-crd/fingerprints/fingerprint-fees>.

<sup>19</sup> This fee includes a \$42.00 FINRA fee. The FBI does not charge its fee on a second fingerprint transaction when it identifies the first set of fingerprints as illegible for the same individual. See <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2024-019/fee-adjustment-schedule> and <https://www.finra.org/registration-exams-ce/classic-crd/fingerprints/fingerprint-fees>.

<sup>20</sup> This fee includes a \$28.00 FINRA fee and \$10.00 FBI fee. See <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2024-019/fee-adjustment-schedule>.

<sup>21</sup> This fee includes a \$42.00 FINRA fee and \$10.00 FBI fee. See <https://www.finra.org/rules-guidance/rule-filings/sr-finra-2024-019/fee-adjustment-schedule>.

<sup>22</sup> Effective January 1, 2025, the FBI fingerprint fee, for both electronic and hardcopy fingerprint transactions, has been reduced to \$10 per charged fingerprint submission. <https://www.finra.org/registration-exams-ce/classic-crd/fingerprints/fingerprint-fees>.

<sup>23</sup> This fee applies for processing and posting to the CRD system each set of fingerprints submitted electronically by a member to FINRA, plus any other charge that may be imposed by the United States Department of Justice for processing each set of fingerprints.

Fingerprinting Processing Fee<sup>24</sup> will increase from \$30 to \$42 in 2028, and the fee for processing fingerprint results where the member had prints processed through a through a self-regulatory organization other than FINRA will increase from \$30 to \$42.<sup>25</sup> These amendments to the Fingerprinting Processing Fees are designated as operative January 1, 2028, and are being made in accordance with a FINRA rule change to adjust its fees.<sup>26</sup> The Exchange is merely listing these fees on its Fee Schedule. The Exchange does not collect or retain these fees.

#### Registration Fees

The Exchange also proposes to amend Section II.A. to increase the \$125 FINRA Web CRD Processing Fee<sup>27</sup> to \$175 and the \$155 FINRA Disclosure Processing Fee<sup>28</sup> to \$215. These amendments are being made in accordance with a FINRA rule change to adjust its fees.<sup>29</sup> The Exchange is merely listing these fees on its Fee Schedule. The Exchange does not collect or retain these fees.

Each of these fees are listed within Section II.A. and Section II.B. of the BOX Fee Schedule. These amendments are being made in accordance with a FINRA rule change to adjust its fees.<sup>30</sup> The FINRA Web CRD Fees are user-based and there is no distinction in the cost incurred by FINRA if the user is a FINRA member or a Non-FINRA member. Accordingly, the proposed fees mirror those assessed by FINRA.

Lastly, the Exchange also proposes to make non-substantive technical changes to renumber the endnotes within the BOX Fee Schedule to conform with the changes proposed herein.

<sup>24</sup> This fee applies for processing and posting to the CRD system each set of fingerprints submitted in non-electronic format by a member to FINRA, plus any other charge that may be imposed by the United States Department of Justice for processing each set of fingerprints.

<sup>25</sup> See *supra* note 6. FINRA noted in its rule change that it was adjusting its fees to provide sustainable funding for FINRA's regulatory mission. The Exchange does not collect or retain these fees.

<sup>26</sup> See *supra* note 6. FINRA noted in its rule change that it was adjusting its fees to provide sustainable funding for FINRA's regulatory mission.

<sup>27</sup> This fee applies for each initial or transfer Uniform Application for Securities Industry Registration or Transfer ("Form U4") filed by a member in the CRD system to register an individual.

<sup>28</sup> This fee applies for the additional processing of each initial or amended Form U4, Form U5, or Form BD that includes the initial reporting, amendment, or certification of one or more disclosure events or proceedings.

<sup>29</sup> See *supra* note 6. FINRA noted in its rule change that it was adjusting its fees to provide sustainable funding for FINRA's regulatory mission.

<sup>30</sup> See *supra* note 6.

#### 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(4) and 6(b)(5) of the Act,<sup>31</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among BOX Participants and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes it is reasonable to: (1) replace the existing \$70 FINRA Annual System Processing Fee Assessed only during Renewals with the new tiered FINRA Annual System Processing Fee structure and to increase such tiered fees in 2028; (2) update the Series 57 Exam fee to \$105; (3) increase the \$18 Continuing Education Fee to \$25; (4) increase the Fingerprinting Processing Fees; (5) increase the \$125 FINRA Web CRD Processing Fee to \$175; and (6) increase the \$155 FINRA Disclosure Processing Fee to \$215 because each of the proposed fees are identical to those adopted by FINRA for the use of Web CRD for disclosures and the registration of FINRA members and their associated persons. The Exchange further believes it is reasonable to update the Fingerprinting Fees to reflect the reduced FBI Fee of \$10.<sup>32</sup> The amendments to the Fingerprint Fees will provide all Participants with the correct Fingerprint Fees.

These costs are borne by FINRA when a Non-FINRA member uses Web CRD. The Exchange's rule text will reflect the current registration and fingerprint rates that are assessed by FINRA for the Annual System Processing Fee, the Series 57 Exam fee, the Continuing Education Fee, the electronic and non-electronic Fingerprinting Processing Fees, the Web CRD Processing Fee, and the Disclosure Processing Fee. As noted previously, the FINRA Annual System Processing Fee, the Series 57 Exam fee, and the Continuing Education Fee will become operative upon filing,<sup>33</sup> and the Web CRD Processing Fee, the Disclosure Processing Fee, and the Fingerprinting Processing Fees will become operative January 1, 2028.

The Exchange believes it is equitable and not unfairly discriminatory to: (1) replace the existing \$70 FINRA Annual System Processing Fee Assessed only during Renewals with the new tiered FINRA Annual System Processing Fee structure and to increase such tiered fees in 2028; (2) update the Series 57 Exam fee to \$105; (3) increase the \$18

Continuing Education Fee to \$25; (4) increase the Fingerprinting Processing Fees; (5) increase the \$125 FINRA Web CRD Processing Fee to \$175; and (6) increase the \$155 FINRA Disclosure Processing Fee to \$215 because the Exchange will not be collecting or retaining these fees, therefore, the Exchange will not be in a position to apply them in an inequitable or unfairly discriminatory manner. Similarly, the Exchange believes it is equitable and not unfairly discriminatory to update the Fingerprinting Fees to reflect the reduced FBI Fee of \$10, because the Exchange will not be collecting or retaining these fees, therefore, the Exchange will not be in a position to apply them in an inequitable or unfairly discriminatory manner.

Lastly, the Exchange believes the proposed changes to renumber the endnotes within the BOX Fee Schedule are reasonable, equitable, and not unfairly discriminatory. These non-substantive technical amendments will bring greater clarity to the Fee Schedule.

#### 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 not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes that its proposal to: (1) replace the existing \$70 FINRA Annual System Processing Fee Assessed only during Renewals with the new tiered FINRA Annual System Processing Fee structure and to increase such tiered fees in 2028; (2) update the Series 57 Exam fee to \$105; (3) increase the \$18 Continuing Education Fee to \$25; (4) increase the Fingerprinting Processing Fees; (3) increase the \$125 FINRA Web CRD Processing Fee to \$175; and (4) increase the \$155 FINRA Disclosure Processing Fee to \$215 does not impose an undue burden on competition because the Exchange will not be collecting or retaining these fees, therefore, the Exchange will not be in a position to apply them in an inequitable or unfairly discriminatory manner. Similarly, the Exchange believes it does not impose an undue burden on competition to update the Fingerprinting Fees to reflect the reduced FBI Fee of \$10 because the Exchange will not be collecting or retaining these fees, therefore, the Exchange will not be in a position to apply them in an inequitable or unfairly discriminatory manner.

Lastly, the Exchange believes the proposed changes to renumber the endnotes within the Fee Schedule do not impose an undue burden on

<sup>31</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>32</sup> See *supra* note 22.

<sup>33</sup> See *supra* note 10.

competition. These non-substantive amendments will bring greater clarity to the Fee Schedule.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act<sup>34</sup> and Rule 19b-4(f)(2) thereunder,<sup>35</sup> because it establishes or changes a due, or fee.

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

*Electronic Comments*

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2026-03 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-BOX-2026-03. 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-BOX-2026-03 and should be submitted on or before February 25, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>36</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

[FR Doc. 2026-02224 Filed 2-3-26; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-104755; File No. SR-FICC-2026-003]

**Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Remove the Activity Limit From the GSD Rules**

January 30, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 29, 2026, 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 consists of modifications to FICC's Government Securities Division ("GSD") Rulebook ("GSD Rules")<sup>3</sup> in order to enhance the risk management of indirect participants by (i) removing the activity limit currently applied to Sponsoring Members and, in lieu thereof, (ii) modifying the application of the "higher of" calculation methodology that

currently applies the higher of start-of-day ("SOD") VaR Charge and intraday VaR Charge to all Sponsoring Member Omnibus Accounts to apply to only those Sponsored Members and/or Segregated Indirect Participants whose activity level exceeds a specified liquidity threshold.

**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 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

FICC is proposing to enhance the risk management of indirect participants by removing the activity limit currently applied to Sponsoring Members and, in lieu thereof, modifying the application of the "higher of" calculation methodology that currently applies the higher of SOD VaR Charge and intraday VaR Charge to all Sponsoring Member Omnibus Accounts, to apply to only those Sponsored Members and/or Segregated Indirect Participants whose activity level exceeds a specified liquidity threshold.

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.<sup>4</sup> 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.<sup>5</sup> At GSD, FICC calculates the Required Fund Deposit amount for each Member twice a day.

<sup>4</sup> GSD also clears and settles certain transactions on securities issued or guaranteed by U.S. government agencies and government sponsored enterprises.

<sup>5</sup> See GSD Margin Component Schedule, *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).

<sup>36</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Terms not defined herein are defined in the GSD Rules, available at [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

<sup>34</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>35</sup> 17 CFR 240.19b-4(f)(2).