

in the Advance Notice are consistent with the objectives of reducing systemic risks and supporting the stability of the broader financial system.⁴⁶

The Commission further believes that FICC's proposals in the Advance Notice are consistent with the objectives of promoting robust risk management and promoting safety and soundness. First, as discussed above in Section I.A., FICC currently acts as CCP for the End Leg of same-day starting repos. In that role, FICC risk manages, novates, and guarantees settlement of such trades. The proposed Same-Day Settling Service would expand FICC's role as CCP to include the Start Leg of same-day starting repos, thereby applying FICC's existing risk management standards to such trades. The Commission believes that extending FICC's existing risk management standards in acting as CCP for the Start Leg of same-day settling repos is consistent with the objective of promoting robust risk management.⁴⁷

Additionally, as discussed above in Section I.C., the proposed Pair-Off Service would enable participating members to settle their offsetting failed securities settlement obligations each day, shortly after the Fedwire closes. FICC's current process is for such failed obligations to go through the evening netting system, with settlement rescheduled for the following business day. The proposed Pair-Off Service represents a more efficient process for resolving failed settlement obligations because settlement would occur on the day they arise, rather than continuing as settlement fails to the next business day. As discussed above, failed obligations that remain unsettled overnight present market risk exposure to both FICC and the parties to such trades. By enabling the earlier settlement of a member's offsetting obligations for those members who choose to use the service, the proposed Pair-Off Service could reduce such overnight market risk and protect FICC from sustaining associated losses. Accordingly, the Commission believes that adopting the proposed Pair-Off Service is consistent with the objectives of promoting robust risk management and promoting safety and soundness.⁴⁸

B. Consistency With Rule 17Ad-22(e)(21)

Rule 17Ad-22(e)(21) under the Exchange Act requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to

be efficient and effective in meeting the requirements of its participants and the markets it serves, and have the covered clearing agency's management regularly review the efficiency and effectiveness of its (i) clearing and settlement arrangements, (ii) operating structure, including risk management policies, procedures and systems, and (iii) scope of products cleared or settled.⁴⁹

As discussed above in Section I.B, the proposed Same-Day Settling Service would eliminate bilateral settlements between the parties to the Start Leg of a DVP repo and allow FICC to settle both the Start and End Legs of a DVP Repo. In that regard, the proposed Same-Day Settling Service represents a more efficient and effective settlement process than FICC's current process, which generally includes bilateral settlement of the Start Leg. FICC designed the Same-Day Settling Service in response to requests from its members, to mitigate the operational risk that can result in settlement fails. As discussed above, if not contained, settlement fails can spread to other market participants and undermine the liquidity of a well-functioning market.⁵⁰ In contrast, reducing the occurrence of settlement fails (and their resultant effects) would strengthen broader market liquidity. Therefore, by reducing the risk of settlement fails, the proposal would benefit FICC's members when it results in transactions that settle on time that might have otherwise failed, with lower overall transaction costs. Accordingly, the Commission believes that adopting the proposed Same-Day Settling Service would be consistent with Rule 17Ad-22(e)(21)⁵¹ because the proposal would broaden the scope of the DVP Service to include the Start Leg of same-day starting repos in a manner designed to be efficient and effective in reducing settlement fails to the benefit of FICC's members and the broader DVP repo market.

Moreover, as discussed above in Section I.C, the proposed Pair-Off Service would enable participating members to settle their offsetting failed securities settlement obligations each day, shortly after the Fedwire closes. Under FICC's current process, such failed obligations go through the evening netting system, with settlement rescheduled for the following business day. The proposed Pair-Off Service represents a more efficient process for

resolving failed settlement obligations because settlement would occur on the day the obligations arise, rather than continuing as settlement fails to the next business day. As discussed above, failed obligations that remain unsettled overnight present market risk exposure to both FICC and the parties to such trades. By enabling earlier settlement of a member's offsetting obligations, the proposed Pair-Off Service could reduce such overnight market risk.

Accordingly, the Commission believes that adopting the proposed Pair-Off Service would be consistent with Rule 17Ad-22(e)(21)⁵² because the proposal would enable the earlier settlement of a member's offsetting failed obligations in a manner designed to be efficient and effective in reducing overnight market risk to the benefit of FICC's members.

III. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act, that the Commission *does not object* to Advance Notice (SR-FICC-2020-803) and that FICC is *authorized* to implement the proposed change as of the date of this notice or the date of an order by the Commission approving proposed rule change SR-FICC-2020-015, whichever is later.

By the Commission.

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2021-01324 Filed 1-21-21; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice: 11330]

Notice of Department of State Sanctions Actions on Hong Kong Normalization

SUMMARY: The Secretary of State has imposed sanctions on fourteen individuals pursuant to Executive Order 13936, the President's Executive Order on Hong Kong Normalization.

DATES: The Secretary of State's determination regarding the fourteen individuals identified in the **SUPPLEMENTARY INFORMATION** section was effective on December 7, 2020.

FOR FURTHER INFORMATION CONTACT: Taylor Ruggles, Director, Office of Economic Sanctions Policy and Implementation, Bureau of Economic and Business Affairs, Department of State, Washington, DC 20520, tel.: (202) 647-7677, email: RugglesTV@state.gov.

SUPPLEMENTARY INFORMATION: Pursuant to Section 4(a)(iii)(A) of E.O. 13936 the

⁴⁹ 17 CFR 240.17Ad-22(e)(21).

⁵⁰ Additionally, when a FICC member fails to meet its settlement obligations, the member incurs FICC's fails charge, which could further impact the member's liquidity. See Section 14, Rule 11—Netting System, *supra* note 6.

⁵¹ 17 CFR 240.17Ad-22(e)(21).

⁵² *Id.*

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ *Id.*

Secretary of State, in consultation with the Secretary of the Treasury, or the Secretary of the Treasury, in consultation with the Secretary of State may authorize blocking of all property or interests in property that are in the United States, that hereafter come within the United States, or that are in or hereafter come within the possession or control of any United States person, of any foreign person upon determining that the person is or has been a leader or official of any entity, including any government entity, that has engaged in, or whose members have engaged in, developing, adopting, or implementing the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Administrative Region (the "National Security Law").

The Secretary of State has determined, pursuant to section 4(a)(iii)(A) of E.O. 13936, that Wang Chen, Cao Jianming, Zhang Chunxian, Shen Yueyue, Ji Bingxuan, Arken Imirbaki, Wan Exiang, Chen Du, Wang Dongming, Padma Choling, Ding Zhongli, Hao Mingjin, Cai Dafeng, and Wu Weihua, are or have been leaders or officials of an entity, including any government entity, that has engaged in, or whose members have engaged in, developing, adopting, or implementing, the National Security Law, and has approved the Department of Treasury adding them to the Specially Designated and Blocked Persons List (SDN List). All property and interests in property subject to U.S. jurisdiction of these individuals are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.

Peter Haas,

Principal Deputy Assistant Secretary, Bureau of Economic and Business Affairs, Department of State.

[FR Doc. 2021-01276 Filed 1-21-21; 8:45 am]

BILLING CODE 4710-AE-P

DEPARTMENT OF STATE

[Public Notice 11329]

Notice of Department of State Sanctions Actions on Hong Kong Normalization.

SUMMARY: The Secretary of State has imposed sanctions on four individuals pursuant to Executive Order 13936, the President's Executive Order on Hong Kong Normalization.

DATES: The Secretary of State's determination regarding the four individuals identified in the

SUPPLEMENTARY INFORMATION section was effective on November 9, 2020.

FOR FURTHER INFORMATION CONTACT:

Taylor Ruggles, Director, Office of Economic Sanctions Policy and Implementation, Bureau of Economic and Business Affairs, Department of State, Washington, DC 20520, tel.: (202) 647 7677, email: *RugglesTV@state.gov*.

SUPPLEMENTARY INFORMATION: Pursuant to Section 4(a)(iii)(A) of E.O. 13936 the Secretary of State, in consultation with the Secretary of the Treasury, or the Secretary of the Treasury, in consultation with the Secretary of State may authorize blocking of all property or interests in property that are in the United States, that hereafter come within the United States, or that are in or hereafter come within the possession or control of any United States person, of any foreign person upon determining that the person is or has been a leader or official of any entity, including any government entity, that has engaged in, or whose members have engaged in, developing, adopting, or implementing the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Administrative Region (the "National Security Law"), or in actions or policies that threaten the peace, security, stability, or autonomy of Hong Kong.

The Secretary of State has determined, pursuant to section 4(a)(iii)(A) of E.O. 13936, that Li Jiangzhou, Edwina Lau, and Steve Li Kwai-Wah are or have been leaders or officials of entities, including any government entity, that have engaged in, or whose members have engaged in, developing, adopting, or implementing the National Security Law, and approved the Department of the Treasury adding them to the Specially Designated Nationals and Blocked Person List (SDN List). All property and interests in property subject to U.S. jurisdiction of these individuals are blocked, and U.S. persons are generally prohibited from engaging in transactions with them.

The Secretary of State has determined that Deng Zhonghua is or has been a leader or official of an entity, including any government entity, that has engaged in, or whose members have engaged in, actions or policies that threaten the peace, security, stability or autonomy of Hong Kong, pursuant to section 4(a)(iii)(A) of E.O. 13936, and approved OFAC adding him to the SDN List. All property and interests in property subject to U.S. jurisdiction of these individuals are blocked, and U.S.

persons are generally prohibited from engaging in transactions with them.

Peter Haas,

Principal Deputy Assistant Secretary, Bureau of Economic and Business Affairs, Department of State.

[FR Doc. 2021-01274 Filed 1-21-21; 8:45 am]

BILLING CODE 4710-AE-P

DEPARTMENT OF STATE

[Public Notice: 11331]

Imposition of Nonproliferation Measures Against Foreign Persons, Including a Ban on U.S. Government Procurement

AGENCY: Bureau of International Security and Nonproliferation, Department of State.

ACTION: Notice.

SUMMARY: A determination has been made that a number of foreign persons have engaged in activities that warrant the imposition of measures pursuant to the Iran, North Korea, and Syria Nonproliferation Act. The Act provides for penalties on foreign entities and individuals for the transfer to or acquisition from Iran since January 1, 1999; the transfer to or acquisition from Syria since January 1, 2005; or the transfer to or acquisition from North Korea since January 1, 2006, of goods, services, or technology controlled under multilateral control lists (Missile Technology Control Regime, Australia Group, Chemical Weapons Convention, Nuclear Suppliers Group, Wassenaar Arrangement) or otherwise having the potential to make a material contribution to the development of weapons of mass destruction (WMD) or cruise or ballistic missile systems. The latter category includes (a) items of the same kind as those on multilateral lists but falling below the control list parameters when it is determined that such items have the potential of making a material contribution to WMD or cruise or ballistic missile systems, (b) items on U.S. national control lists for WMD/missile reasons that are not on multilateral lists, and (c) other items with the potential of making such a material contribution when added through case-by-case decisions.

DATES: Effective January 13, 2021.

FOR FURTHER INFORMATION CONTACT: On general issues: Pam Durham, Office of Missile, Biological, and Chemical Nonproliferation, Bureau of International Security and Nonproliferation, Department of State, Telephone (202) 647-4930. For U.S. Government procurement ban issues: