

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2025-18932 Filed 9-29-25; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104084; File No. SR-FICC-2025-021]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Modify the GSD Rulebook Relating to a New Service Offering Called the ACS Triparty Service

**DATES:** September 26, 2025.

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 September 19, 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 consists of amendments to the FICC Government Securities Division (“GSD”) Rulebook (“Rules”)<sup>3</sup> to (i) add a new service offering (the “ACS Triparty Service”) that would allow an Agent Clearing Member to submit to FICC for Novation Repo Transactions on securities represented by Generic CUSIP Numbers and held under a triparty custodial arrangement, (ii) align how the Rules treat Initial Haircuts and Start Legs under done-with Agent Clearing Transactions (*i.e.*, Agent Clearing Transactions between an Executing Firm Customer and its own Agent Clearing Member) with the treatment applicable to done-with Sponsored Member Trades, and (iii) make certain conforming and clarifying changes. The proposed rule changes are designed to facilitate access to FICC’s clearance and

settlement services, including by indirect participants, in accordance with the requirements of Rule 17ad-22(e)(18) under the Act.<sup>4</sup>

#### 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

The purpose of the proposed rule change is to amend the Rules to (i) add the ACS Triparty Service that would allow an Agent Clearing Member to submit to FICC for Novation Repo Transactions on securities represented by Generic CUSIP Numbers and held under a triparty custodial arrangement, (ii) align how the Rules treat Initial Haircuts and Start Legs under done-with Agent Clearing Transactions with the treatment applicable to done-with Sponsored Member Trades, and (iii) make certain conforming and clarifying changes.

###### (i) Background

###### a. The Agent Clearing Service

In 2024, FICC renamed and consolidated its existing correspondent clearing/prime broker services into a single “Agent Clearing Service.”<sup>5</sup> The Agent Clearing Service allows certain Netting Members (each, an “Agent Clearing Member”) to submit to FICC for comparison, Novation, and netting cash transactions and Repo Transactions (each, an “Agent Clearing Transaction”) entered into by a customer (each, an “Executing Firm Customer”) with the Agent Clearing Member (“done-with”) or with a different Netting Member or any Sponsored Member or Executing Firm Customer (“Indirect Participant”) of any Netting Member (“done-away”). Under the Agent Clearing Service, the Agent Clearing Member acts solely as agent of the Executing Firm Customer in connection with the clearing of Agent

Clearing Transactions. However, the Agent Clearing Member remains fully liable to FICC for the performance of all obligations, financial or otherwise, arising in connection with Agent Clearing Transactions.

The Agent Clearing Service aims to allow indirect participants to access FICC’s clearance and settlement systems using a model that is similar in many respects to the agent clearing model through which market participants clear U.S. futures and cleared derivatives.<sup>6</sup> Furthermore, Clearing Fund requirements for Agent Clearing Transactions are “calculated on a net basis across all Executing Firm Customers whose transactions are recorded within the same Account, resulting in aggregate margin obligations that are substantially lower than under the GSD sponsored membership service (“Sponsored Service”).<sup>7</sup> Moreover, the Agent Clearing Service allows indirect participants that are unable to onboard directly with FICC to access FICC’s clearance and settlement services. In addition, the level of intermediation present in the Agent Clearing Service allows Agent Clearing Members to take steps to perfect their security interests in Agent Clearing Transactions without the costly and time-consuming filing of a financing statement.<sup>8</sup> FICC understands that SIFMA has commissioned an industry opinion concluding that, due to the intermediated nature of the Agent Clearing Service, a court would give effect to an agreement between an Agent Clearing Member and its Executing Firm Customer to treat Agent Clearing Transactions as “financial assets” credited to a “securities account” for which the Agent Clearing Member is “securities intermediary” within the meaning of Article 8 of the New York Uniform Commercial Code (“UCC”). Under Articles 8 and 9 of the UCC, a securities intermediary’s security interest is automatically perfected.<sup>9</sup> As a result, the opinion reasons, an Agent Clearing Member that makes such election would be able to perfect its

<sup>6</sup> See Rule 8, *supra* note 3.

<sup>7</sup> See *supra* note 5.

<sup>8</sup> See Letter from Laura Klimpel, Head of Fixed Income Financing Solutions, The Depository Trust & Clearing Corporation (Aug. 1, 2024), at 50, available at <https://www.sec.gov/comments/sr-ficc-2024-007/srficc2024007-500915-1465682.pdf> (“Given the greater intermediation of the [Agent Clearing Service], a Netting Member would be able to utilize a ‘financial asset’ election to perfect its security interest in transactions cleared under the [Agent Clearing Service] without having to file a UCC financing statement. Both Netting Members and customers may find this beneficial since UCC financing statements give rise to costs, risk, and publicity.”).

<sup>9</sup> See UCC 9-309(10).

<sup>7</sup> 17 CFR 200.30-3(a)(31).

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

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

<sup>3</sup> Capitalized terms not defined herein are defined in the Rules, available at <http://www.dtcc.com/legal/rules-and-procedures>.

<sup>4</sup> 17 CFR 240.17ad-22(e)(18).

<sup>5</sup> Securities Exchange Act Release No. 101694 (Nov. 21, 2024), 89 FR 93784, 93798-99 (Nov. 27, 2024) (SR-FICC-2024-005).

security interest in the Agent Clearing Transactions without needing to file a financing statement.<sup>10</sup>

The Agent Clearing Service is one of FICC's two principal indirect participant access models. The other is FICC's Sponsored Service. Under that service, a Netting Member of FICC (in such capacity, a "Sponsoring Member") may sponsor into limited membership its customer (a "Sponsored Member") and submit for comparison, Novation, and netting certain transactions entered into by the Sponsored Member (each, a "Sponsored Member Trade"). Similar to the Agent Clearing Service, the Sponsoring Member acts as processing agent for its Sponsored Members in relation to their Sponsored Member Trades and guarantees to FICC the Sponsored Member's obligations under such transactions.

The Sponsored Service and Agent Clearing Service share a number of similarities. However, there are certain aspects in which the Agent Clearing Service and the Sponsored Service differ. These include the scope of transactions eligible to be cleared, the treatment of haircuts, and the Novation of Start Legs, each as further described below.

#### b. Triparty Repo Transactions

While the Agent Clearing Service supports cash transactions and Repo Transactions that settle through FICC on a delivery-versus-payment basis ("DVP Repo Transactions"), it does not support Repo Transactions on securities represented by Generic CUSIP Numbers that settle through a clearing agent bank's triparty repo platform ("Triparty Trades"). By contrast, the Sponsored Service supports not only DVP Repo Transactions ("DVP Sponsored Member Trades") and cash transactions, but also Triparty Trades between a Sponsored Member and its Sponsoring Member ("Sponsored GC Trades").<sup>11</sup> FICC clears Sponsored GC Trades through its Sponsored GC Service.

The Sponsored GC Service contains a number of features that facilitate the ability of certain indirect participants to access FICC's clearance and settlement services and Sponsoring Members to

provide such access. Of particular note, under the Sponsored GC Service, the securities delivery and related payment obligations under Sponsored GC Trades settle directly between the pre-Novation counterparties to the trades through a Sponsored GC Clearing Agent Bank's triparty repo platform, rather than through FICC.<sup>12</sup> This feature can facilitate access for certain market participants that "are not operationally equipped to perform the collateral management and other functions associated with term DVP [Repo Transactions],"<sup>13</sup> as well as money market funds and other mutual funds that "generally prefer to use the tri-party repo market because a clearing bank administers collateral management and other functions."<sup>14</sup> In addition, Sponsored GC Trades involve only limited Funds-Only Settlement Amount obligations, which FICC understands Sponsoring Members typically assume for their Sponsored Members. By virtue of these features, among others, the Sponsored GC Service has improved the efficiency and effectiveness of FICC's clearing and settlement arrangements by making it more operationally efficient for Sponsoring Members and their Sponsored Members that are money market funds and other mutual funds to transact Repo Transactions . . . through FICC by allowing them to settle such Repo Transactions on the tri-party repo platform of a Sponsored GC Clearing Agent Bank in a similar manner to the way such Sponsoring Members and Sponsored Members settle tri-party repo transactions with each other outside of central clearing.<sup>15</sup>

#### c. Initial Haircuts

Another difference between the Sponsored Service and the Agent Clearing Service concerns Initial Haircuts. FICC understands from its engagement with market participants that many cash providers require the value of the Purchased Securities to exceed the purchase price for such securities (*i.e.*, for the Repo Transactions to be overcollateralized) for credit or regulatory reasons.<sup>16</sup> The

Rules, therefore, contain certain provisions that are designed to support Sponsored Member Trades with Initial Haircuts (*i.e.*, Repo Transactions for which the value of the securities exceeds the purchase price). These terms provide that, for a DVP Sponsored Member Trade, FICC will incorporate any Initial Haircut into its calculation of the Collateral Mark of the transaction.<sup>17</sup> More specifically, for such transactions, FICC will assess the Collateral Mark based on the change in value of the Eligible Securities relative to the Initial Haircut, rather than based on the Contract Value.<sup>18</sup> By virtue of these provisions, a Sponsoring Member and its Sponsored Member that "intend for one of those two parties to remain overcollateralized for the duration of a Sponsored Member Trade" may "transfer a haircut between each other and allow such haircut to remain with the intended party until final settlement of the Sponsored Member Trade."<sup>19</sup> Similarly, with respect to Sponsored GC Trades, the Rules provide for an exchange of value (through the Sponsored GC Clearing Agent Bank's triparty repo platform) equal to the change in value of the Purchased GC Repo Securities, rather than the difference in value between the initial purchase price for such transactions and the value of the Purchased GC Repo Securities.<sup>20</sup> As a result of this provision, if a GC Funds Lender receives an Initial Haircut, it can retain that haircut through the life of the Sponsored GC Trade.

However, since FICC does not collect margin in relation to any Initial Haircuts, transactions with Initial Haircuts are considered Off-the-Market Transactions. As a result, in the event a Sponsored Member has posted an Initial Haircut under a Sponsored Member Trade, it would bear the risk of loss of such Initial Haircut in the event FICC ceased to act for the Sponsored Member's pre-Novation counterparty (or its Sponsoring Member or Agent Clearing Member, as applicable).

The Rules governing the Agent Clearing Service do not currently address the treatment of Initial Haircuts under Agent Clearing Transactions. As a result, the way the Collateral Mark is calculated for Agent Clearing Transactions currently serves to cause any Initial Haircut under such transactions to be passed back to the

<sup>12</sup> See Securities Exchange Act Release Nos. 92808 (Aug. 30, 2021), 86 FR 49580–81 (Sept. 3, 2021) (SR–FICC–2021–003); and 92799 (Aug. 27, 2021), 86 FR 49387–88 (Sept. 2, 2021) (SR–FICC–2021–801).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Securities Exchange Act Release No. 92014 (May 25, 2021), 86 FR 29334, 29346 (June 1, 2021) (SR–FICC–2021–003).

<sup>16</sup> *Cf.* Securities Exchange Act Release No. 87896 (Jan. 6, 2020), 85 FR 1354, 1358 (Jan. 10, 2020) (SR–FICC–2019–007) (stating that "the regulations and/or investment guidelines to which a Sponsored Member is subject may require that it receive Eligible Securities worth more than the cash that it is due to receive at final settlement of a FICC-cleared reverse repo, *i.e.*, a haircut.").

<sup>17</sup> See Rule 3A, Section 9(a), *supra* note 3.

<sup>18</sup> Securities Exchange Act Release No. 88262 (Feb. 21, 2020), 85 FR 11401, 11404 (Feb. 27, 2020) (SR–FICC–2019–007).

<sup>19</sup> See Rule 3A, Section 9(a), *supra* note 3.

<sup>20</sup> See Rule 3A, Sections 8(b)(ii) and (iii), *supra* note 3.

<sup>10</sup> See SIFMA Confirmation Letter Related to the SIFMA Accounting Committee's UST Clearing Working Group's Accounting Treatment for UST Repo Transactions Cleared Through FICC White Paper, available at [https://www.sifma.org/wp-content/uploads/2025/09/Public-SIFMA-UST-Repo-Clearing-Confirming-Letter\\_final.pdf](https://www.sifma.org/wp-content/uploads/2025/09/Public-SIFMA-UST-Repo-Clearing-Confirming-Letter_final.pdf).

<sup>11</sup> See Rule 3A, Section 7(b), *supra* note 3. FICC has filed a separate proposed rule change to facilitate the clearing of done-away Sponsored GC Trades. See Securities Exchange Act Release No. 103940 (Sept. 10, 2025), 90 FR 36088 (Sept. 15, 2025) (SR–FICC–2025–019).

party that posted such haircut during the first Funds-Only Settlement cycle. Moreover, while Agent Clearing Transactions with Initial Haircuts are Off-the-Market Transactions by virtue of the definition thereof, that is not expressly stated in the Rules.<sup>21</sup>

#### d. Same-Day Settling Service

Another area in respect of which the Agent Clearing Service and Sponsored Service differ concerns FICC's Same-Day Settling Trades service ("Same-Day Settling Service"). In 2021, FICC amended its Rules to provide for FICC to Novate the Start Legs of many same-day starting Repo Transactions pursuant to FICC's Same-Day Settling Service.<sup>22</sup> FICC did not include in such amendments done-with Sponsored Member Trades. This decision, which FICC made in close consultation with indirect and direct participants, was based on the operational complexities that Novation and settlement of Start Legs can present to both Sponsoring Members and Sponsored Members. It was also driven by the legal complexities that clearing Start Legs of Sponsored Member Trades could present to Sponsored Members. In particular, FICC understood from market participants that Novating the Start Legs of done-with Sponsored Member Trades could be problematic for Sponsored Members that are cash providers since they would be faced with a new obligation to deliver cash to FICC. These challenges could be especially problematic since any failure to satisfy that obligation would be grounds for FICC to deem that Sponsored Member insolvent.

Unlike under the Sponsored Service, the Rules provide for FICC to Novate the Start Legs of done-with Repo Transactions submitted via the Agent Clearing Service. However, FICC understands from its engagement with market participants that similar considerations to those discussed above

also apply to Executing Firm Customers and their Agent Clearing Members.

#### (ii) Proposed Change To Establish ACS Triparty Service

FICC proposes to create the ACS Triparty Service as a new offering under the Agent Clearing Service. The ACS Triparty Service would allow an Agent Clearing Member to submit to FICC for comparison and Novation triparty Repo Transactions entered into by an Executing Firm Customer involving securities represented by Generic CUSIP Numbers (each, an "ACS Triparty Trade"). The ACS Triparty Service would accommodate both transactions between an Executing Firm Customer and its Agent Clearing Member (*i.e.*, done-with trades) and transactions between an Executing Firm Customer and another Netting Member or an Indirect Participant of any Netting Member (*i.e.*, done-away trades).

FICC proposes that the ACS Triparty Service leverage much of the legal and operational framework applicable to the existing Sponsored GC Service. As a result, the terms of the ACS Triparty Service would be substantially similar to those of the Sponsored GC Service, including that:

- Only the End Leg of Repo Transactions would be eligible for Novation in connection with the ACS Triparty Service;
- The Start Leg of an ACS Triparty Trade would settle on a gross (*i.e.*, trade-for-trade) basis between the pre-Novation counterparties on the triparty repo platform of a Clearing Agent Bank that has agreed to provide FICC with clearing services for ACS Triparty Trades under mutually agreed terms (an "ACS Triparty Clearing Agent Bank");
- FICC would only Novate the ACS Triparty Trade if the Start Leg has settled and the other conditions applicable under the Sponsored GC Service are satisfied;<sup>23</sup>
- The schedule of eligible securities for the ACS Triparty Service would be identical to the schedule of eligible securities for the Sponsored GC Service;
- An ACS Triparty Trade may, but would not be required to, have an Initial Haircut;
- Accrued repo interest on ACS Triparty Trades would be payable by or to by FICC on a daily basis, and the repo seller (the "ACS Triparty Funds Borrower") would be permitted to substitute GC Comparable Securities and/or cash for the purchased securities

subject to the ACS Triparty Trades ("Purchased ACS Triparty Repo Securities");

- The transfer of Purchased ACS Triparty Repo Securities in connection with final settlement of an ACS Triparty Trade as well as daily repo interest and any margin calls related to the mark-to-market movement of Purchased ACS Triparty Repo Securities would be made directly between the pre-Novation counterparties through the triparty repo platform of an ACS Triparty Clearing Agent Bank;

- The only Funds-Only Settlement Amounts that would be payable in respect of ACS Triparty Trades would be a Forward Mark Adjustment Payment and Interest Rate Adjustment Payment; and
- ACS Triparty Trades would be treated as GCF Repo Transactions for purposes of calculating initial margin requirements.

FICC would record ACS Triparty Trades in an Agent Clearing Member Omnibus Account, alongside other Agent Clearing Transactions. As a result, unless the Executing Firm Customer and the Agent Clearing Member elect for the ACS Triparty Trades to be recorded in a Segregated Indirect Participants Account, ACS Triparty Trades recorded in the same Agent Clearing Member Omnibus Account (or Margin Portfolio of multiple Agent Clearing Member Omnibus Accounts) would be margined in a way that recognizes the risk offsets across all positions recorded in such account or portfolio. In addition, consistent with recent changes FICC has proposed to the Sponsored GC Service, the ACS Triparty Service would accommodate not only done-with Repo Transactions, but also done-away ones.

As described above, FICC understands that the features leveraged from the Sponsored GC Service, including in particular the limited Funds-Only Settlement Amounts and the settlement of securities delivery and related payment obligations through the ACS Triparty Clearing Agent Bank's triparty repo platform, can facilitate the ability of certain indirect participants to engage in cleared transactions and of direct participants to provide clearing services. In particular, these features would make it easier for money market funds and other cash providers that "depend on transfers of securities to maintain required margin, and typically rely on a tri-party repo clearing bank to administer the collateral management" to access FICC's clearance and settlement services and for clearing

<sup>21</sup> See Rule 1 (defining "Off-the-Market Transaction" as either "(1) [a] single transaction that is: (i) greater than \$1 million in par value; and (ii) executed at a contract price that is either higher or lower (by a percentage amount determined by the Corporation based on factors such as market conditions) than the System Price for the underlying Eligible Netting Security on the day of the submission of data on the transaction to the Corporation;" or "(2) a pattern of transactions submitted by two Members that, if looked at as a single transaction, would be encompassed by subsection (1) of this definition" and providing that an Off-the-Market Transaction "includes a Sponsored Member Trade in which the Sponsored Member provided an Initial Haircut"), *supra* note 3.

<sup>22</sup> See Securities Exchange Act Release No. 90948 (Jan. 19, 2021), 86 FR 7159 (Jan. 26, 2021) (SR-FICC-2020-015).

<sup>23</sup> Such conditions would be set out in proposed Section 8(a)(ii)(A)-(E) of Rule 8 and would mirror the conditions currently in Section 7(b)(ii) of Rule 3A, *supra* note 3.

members to provide such access.<sup>24</sup> FICC therefore believes that offering the ACS Triparty Service would allow more market participants to access FICC's Agent Clearing Service, which in turn would facilitate greater access to FICC's clearance and settlement services for eligible secondary market transactions.<sup>25</sup>

As noted above, ACS Triparty Trades would be treated as GCF Repo Transactions for purposes of calculating initial margin requirements. FICC is not proposing changes to the calculation of the Required Fund Deposit or Segregated Customer Margin in connection with the proposed ACS Triparty Service. ACS Triparty Trades that are recorded in an Agent Clearing Member Omnibus Account or a Segregated Indirect Participants Account would be subject to all applicable charges, pursuant to the Margin Component Schedule of the Rules, as Agent Clearing Transactions recorded in the same Account.

FICC would propose to exclude ACS Triparty Trades from a provision that is being proposed to be added to Rule 8 under a separate proposed rule change filing (the "Default Management Proposal").<sup>26</sup> Specifically, the Default Management Proposal would amend Rule 8 to describe mechanisms that would permit Agent Clearing Members to liquidate the positions of an Executing Firm Customer.<sup>27</sup> FICC would exclude ACS Triparty Trades from the proposed mechanism through which Agent Clearing Members could record an offsetting Agent Clearing Transaction in the Agent Clearing Member Omnibus Account. ACS Triparty Trades would be excluded from this proposed mechanism because FICC would settle ACS Triparty Trades on a gross basis and, therefore, an offsetting trade would not effectively liquidate an ACS Triparty Trade.

Further, the proposed ACS Triparty Service would not present any additional or new liquidity risks to FICC. FICC would incorporate ACS Triparty Trades into its liquidity risk management calculations and into the calculation of Agent Clearing Members' obligations with respect to the Capped

Contingency Liquidity Facility ("CCLF"), as set forth in Section 2a(b) of Rule 22A, using the same methodology, logic and parameters that FICC uses with respect to Sponsored GC Trades.

To implement the proposed changes described above, FICC proposes to make the following amendments to its Rules.

*New defined terms.* FICC proposes to revise Rule 1 by adding new definitions for "ACS Triparty Clearing Agent Bank," "ACS Triparty Collateral Return Entitlement," "ACS Triparty Collateral Return Obligation," "ACS Triparty Funds Borrower," "ACS Triparty Funds Lender," "ACS Triparty Repo Security," "ACS Triparty Service," "ACS Triparty Trade," and "Purchased ACS Triparty Repo Securities." Each of these terms would be defined in a manner that is substantially similar to the comparable defined terms in connection with the Sponsored GC Service, but with such revisions as necessary to accommodate both done-with and done-away trades.<sup>28</sup> In addition, FICC would include language in the ACS Triparty Funds Borrower and ACS Triparty Funds Lender definitions to make clear that, in the event an Executing Firm Customer is the ACS Triparty Funds Borrower or ACS Triparty Funds Lender, such terms would, following Novation of the ACS Triparty Trade, refer to an Agent Clearing Member acting on behalf of the Executing Firm Customer.

"ACS Triparty Clearing Agent Bank" would mean a Clearing Agent Bank that has agreed to provide FICC, upon request, under mutually agreeable terms, with clearing services for ACS Triparty Trades.

"ACS Triparty Collateral Return Entitlement" would mean the entitlement of a Netting Member or its Indirect Participant to receive the Purchased ACS Triparty Repo Securities in exchange for cash at the End Leg of an ACS Triparty Trade.

"ACS Triparty Collateral Return Obligation" would mean the obligation of a Netting Member or its Indirect Participant to deliver the Purchased ACS Triparty Repo Securities in exchange for cash at the End Leg of an ACS Triparty Trade.

"ACS Triparty Funds Borrower" would mean a Netting Member or its Indirect Participant that has an ACS Triparty Collateral Return Entitlement and associated cash payment obligation. If the ACS Triparty Funds Borrower is an Executing Firm Customer, then,

following Novation of the relevant ACS Triparty Trade, the term ACS Triparty Funds Borrower shall refer to the Agent Clearing Member on behalf of the Executing Firm Customer.

"ACS Triparty Funds Lender" would mean a Netting Member or its Indirect Participant that has an ACS Triparty Collateral Return Obligation and associated cash payment entitlement. If the ACS Triparty Funds Lender is an Executing Firm Customer, then, following Novation of the relevant ACS Triparty Trade, the term ACS Triparty Funds Lender shall refer to the Agent Clearing Member on behalf of the Executing Firm Customer.

"ACS Triparty Repo Security" would mean an Eligible Security that is only eligible for submission to FICC in connection with the comparison and Novation of ACS Triparty Trades.

"ACS Triparty Service" would mean the service offered by FICC to clear triparty repurchase agreement transactions between an Executing Firm Customer and either its Agent Clearing Member or another Netting Member or Indirect Participant as described in Rule 8.

"ACS Triparty Trade" would mean, in connection with the ACS Triparty Service, an Agent Clearing Transaction that is a Repo Transaction between an Executing Firm Customer and a Netting Member or its Indirect Participant involving securities represented by a Generic CUSIP Number the data on which are submitted to FICC by the Agent Clearing Member pursuant to the provisions of Rule 6A, for Novation to FICC pursuant to Section 8(a)(ii) of Rule 8.

"Purchased ACS Triparty Repo Securities" would mean the ACS Triparty Repo Securities transferred by the ACS Triparty Funds Borrower in settlement of the Start Leg of an ACS Triparty Trade, plus all cash and other ACS Triparty Repo Securities transferred by such ACS Triparty Funds Borrower pursuant to Sections 8(b)(ii) and (v) of Rule 8, less any ACS Triparty Repo Securities or cash received by the ACS Triparty Funds Borrower pursuant to Sections 8(b)(iii) and (v) of Rule 8.

*Revisions to defined terms.* FICC proposes to revise Rule 1 to make the following revisions to certain existing defined terms. These revisions would serve to incorporate into such existing defined terms provisions applicable to ACS Triparty Trades that are similar to those applicable to Sponsored GC Trades.

FICC would revise the definition of "Start Leg" so that, in the context of an ACS Triparty Trade, it refers to the initial settlement aspects of the

<sup>24</sup> Securities Exchange Act Release No. 92014 (May 25, 2021), 86 FR 29334, 29336 (June 1, 2021) (SR-FICC-2021-003).

<sup>25</sup> 17 CFR 240.17ad-22(e)(18)(iv)(C).

<sup>26</sup> See Securities Exchange Act Release No. 103557 (July 28, 2025), 90 FR 36088 (July 31, 2025) (SR-FICC-2025-015). FICC has also filed Amendment No. 1 to the Default Management Proposal. See Amendment No. 1 to SR-FICC-2025-015, available at <https://www.dtcc.com/-/media/Files/Downloads/legal/rule-filings/2025/FICC/SR-FICC-2025-015-Amendment-1.pdf>.

<sup>27</sup> *Id.*

<sup>28</sup> FICC has filed a separate proposed rule change to facilitate the clearing of done-away Sponsored GC Trades. See Securities Exchange Act Release No. 103940 (Sept. 10, 2025), 90 FR 36088 (Sept. 15, 2025) (SR-FICC-2025-019).

Transaction, involving the transfer of ACS Triparty Repo Securities by the ACS Triparty Funds Borrower and the taking in of such ACS Triparty Repo Securities by the ACS Triparty Funds Lender.

FICC would revise the definition of “End Leg” so that, in the context of an ACS Triparty Trade, it refers to the concluding settlement aspects of the Transaction, involving the retransfer of the Purchased ACS Triparty Repo Securities by the ACS Triparty Funds Lender and the taking back of such Purchased ACS Triparty Repo Securities by the ACS Triparty Funds Borrower.

FICC would revise the definitions of “Current Net Settlement Positions,” “Eligible Security,” “Forward Mark Adjustment Payment,” “GC Comparable Securities,” “GC Daily Repo Interest,” “GC Interest Rate Mark,” “GC Start Leg Market Value,” “General Collateral Repo Transaction,” “Generic CUSIP Number,” and “Interest Adjustment Payment” by adding references to ACS Triparty Trades.

*Terms Governing ACS Triparty Trades.* FICC would make the following amendments to Rule 8 to establish and describe the terms governing the ACS Triparty Service.

FICC would revise Section 4 of Rule 8 to provide that an Agent Clearing Member may submit to FICC ACS Triparty Trades on behalf of Executing Firm Customers and that such transactions constitute Agent Clearing Transactions for purposes of the Rules.

FICC would revise Section 7 of Rule 8 to describe the extent to which FICC’s existing processing rules for Agent Clearing Transactions apply to ACS Triparty Trades. Specifically, FICC would revise Section 7(b) of Rule 8 to clarify that ACS Triparty Trades shall be processed and netted in the same manner as other Agent Clearing Transactions unless otherwise specifically stated in Rule 8. FICC would also revise the new Section 7(e) of Rule 8 (former Section 7(d) of Rule 8),<sup>29</sup> which sets out certain exceptions from FICC’s netting procedures for certain Agent Clearing Transactions, to make clear that it does not apply to ACS Triparty Trades.

FICC would also revise new Section 7(i) of Rule 8 (former Section 7(g) of Rule 8) to describe how FICC would determine the initial margin requirements for ACS Triparty Trades. By virtue of the revisions, new Section 7(i) would provide that, for purposes of the application of Rule 4 to an Agent Clearing Member Omnibus Account,

each ACS Triparty Trade shall be treated as a GCF Repo Transaction, each ACS Triparty Funds Lender and ACS Triparty Funds Borrower shall be treated as a GCF Counterparty, and each ACS Triparty Clearing Agent Bank shall be treated as a GCF Clearing Agent Bank.

FICC would add a new Section 8 of Rule 8 to set forth the various terms specific to ACS Triparty Trades, which would closely mirror the rules applicable to Sponsored GC Trades set forth in Sections 7(b), 8(b), and 9(b) of Rule 3A. As described more fully below, new Section 8(a) of Rule 8 would describe how ACS Triparty Trades would be processed through GSD’s Netting System and would be Novated by FICC, the new Section 8(b) of Rule 8 would describe securities settlement for ACS Triparty Transactions, and the new Section 8(c) of Rule 8 would describe funds-only settlement for the ACS Triparty Service. Each of these new sections of Rule 8 would mirror, with no substantive differences, Section 7(b) of Rule 3A (addressing netting and Novation of Sponsored GC Trades), Section 8(b) of Rule 3A (addressing securities settlement of Sponsored GC Trades), and Section 9(b) (addressing Funds-Only Settlement Amounts applicable to Sponsored GC Trades).

Paragraph (a)(i) of the new Section 8 of Rule 8 would provide that, as with Sponsored GC Trades,<sup>30</sup> only the End Leg of an ACS Triparty Trade may be novated to FICC and that an ACS Triparty Trade may, but need not, have an Initial Haircut.

Paragraph (a)(ii) of new Section 8 of Rule 8 would set forth the requirements that would need to be satisfied in order for an ACS Triparty Trade to be novated on a given Business Day. These requirements, which are the same as those as apply to Sponsored GC Trades,<sup>31</sup> would be that:

- the trade data on the ACS Triparty Trade must have been submitted to FICC by the Agent Clearing Member pursuant to Rule 6A by the deadline set forth in FICC’s proposed new Schedule of ACS Triparty Trade Timeframes,
- the data on the ACS Triparty Trade must have been compared in the Comparison System pursuant to Rule 6A,
- the Start Leg of the ACS Triparty Trade must have fully settled at the ACS Triparty Clearing Agent Bank by the deadline set forth in FICC’s proposed new Schedule of ACS Triparty Trade Timeframes,

- the ACS Triparty Clearing Agent Bank must have, pursuant to communications links, formats, timeframes, and deadlines established by FICC for such purpose, provided to FICC a report containing such data as FICC may require from time to time, including information regarding the specific ACS Triparty Repo Securities that were delivered in settlement of the Start Leg of the ACS Triparty Trade, and
- FICC must determine that the data contained in such report matches the data on the ACS Triparty Trade submitted by the Agent Clearing Member pursuant to Rule 6A.

Paragraph (a)(iii) of new Section 8 of Rule 8 would state that, as with Sponsored GC Trades,<sup>32</sup> FICC would on each Business Day provide each Agent Clearing Member with one or more Reports setting forth (A) each ACS Triparty Trade, the data on which has been compared in the Comparison System and (B) each ACS Triparty Trade the End Leg of which has been novated to FICC.

Paragraph (a)(iv) of new Section 8 of Rule 8 would require that each Agent Clearing Member, on its own behalf and on behalf of each Executing Firm Customer, acknowledges and agrees that it has authorized each relevant ACS Triparty Clearing Agent Bank to provide FICC with all information and data as FICC may require or request from time to time in order to novate and process ACS Triparty Trades. This requirement is similar to Section 7(b)(iv) of Rule 3A, which requires each relevant Sponsoring Member and Sponsored Member to acknowledge and agree that it has authorized each relevant Sponsored GC Clearing Agent Bank to provide FICC with all information and data as FICC may require or request from time to time in order to novate and process Sponsored GC Trades.

Paragraph (b)(i) of new Section 8 of Rule 8 would state that an ACS Triparty Funds Lender and ACS Triparty Funds Borrower must satisfy their ACS Triparty Collateral Return Obligations and cash payment obligations associated with ACS Triparty Collateral Return Entitlements, respectively, within the timeframes established for such by FICC in the proposed Schedule of ACS Triparty Trade Timeframes. In addition, any failure by the ACS Triparty Funds Borrower to satisfy its cash payment obligations associated with ACS Triparty Collateral Return Entitlements within the timeframe established for such by FICC in the Schedule of ACS Triparty Trade Timeframes would subject it to a late fee as if such ACS

<sup>29</sup> As described below, FICC proposes to add a new Section 7(c) to Rule 8.

<sup>30</sup> See Rule 3A, Section 7(b)(i), *supra* note 3.

<sup>31</sup> See Rule 3A, Section 7(b)(ii), *supra* note 3.

<sup>32</sup> See Rule 3A, Section 7(b)(iii), *supra* note 3.

Triparty Funds Borrower were a Net Funds Payor within the meaning of Section IX of the Fee Structure (Late Fee Related to GCF Repo Transactions).

Paragraphs (b)(ii) and (iii) of new Section 8 of Rule 8 would set forth the terms under which FICC would risk manage the mark-to-market movement of Purchased GC Securities. These terms would be substantially the same as those set forth in Sections 8(b)(ii) and (iii) of Rule 3A applicable to Sponsored GC Trades. In particular, paragraph (b)(ii) of new Section 8 of Rule 8 would state that if on any Business Day, the market value of an ACS Triparty Funds Borrower's ACS Triparty Collateral Return Entitlement from the previous Business Day (or the current Business Day) is less than the GC Start Leg Market Value, then such ACS Triparty Funds Borrower shall deliver to FICC (and FICC shall deliver to the relevant ACS Triparty Funds Lender) additional GC Comparable Securities and/or cash, such that the market value of the ACS Triparty Funds Borrower's ACS Triparty Collateral Return Entitlement (and the market value of the relevant ACS Triparty Funds Lender's ACS Triparty Collateral Return Obligation) is at least equal to the GC Start Leg Market Value. Such additional securities and/or cash would need to be delivered by the ACS Triparty Funds Borrower within the timeframe set forth in the Schedule of ACS Triparty Trade Timeframes.

Paragraph (b)(iii) of new Section 8 of Rule 8 would state that if on any Business Day, the market value of an ACS Triparty Funds Lender's ACS Triparty Collateral Return Obligation from the previous Business Day (or the current Business Day) is greater than the GC Start Leg Market Value, then such ACS Triparty Funds Lender shall deliver to FICC (and FICC shall deliver to the relevant ACS Triparty Funds Borrower) some of the Purchased ACS Triparty Repo Securities, such that the market value of the ACS Triparty Funds Lender's ACS Triparty Collateral Return Obligation (and the market value of the relevant ACS Triparty Funds Borrower's ACS Triparty Collateral Return Entitlement) is not more than the GC Start Leg Market Value. Such Purchased ACS Triparty Repo Securities must be delivered within the timeframe set forth in the Schedule of ACS Triparty Trade Timeframes. In connection with this proposed change, FICC is proposing to make a conforming and clarifying change to Section 8(b)(iii) of Rule 3A, applicable to the Sponsored GC Service.

Paragraph (b)(iv) of new Section 8 of Rule 8 would state that, as under

Sponsored GC Trades,<sup>33</sup> each ACS Triparty Funds Borrower (or if the repo rate for the relevant ACS Triparty Trade is negative, the ACS Triparty Funds Lender) shall, within the timeframe set forth in the Schedule of ACS Triparty Trade Timeframes, pay the daily accrued GC Daily Repo Interest to FICC (and FICC shall pay such GC Daily Repo Interest to the ACS Triparty Funds Lender, if the repo rate is positive for the relevant ACS Triparty Trade, or to the ACS Triparty Funds Borrower, if the repo rate is negative for the relevant ACS Triparty Trade).

Paragraph (b)(v) of new Section 8 of Rule 8 would state that, as under Sponsored GC Trades,<sup>34</sup> an ACS Triparty Funds Borrower may substitute cash and/or GC Comparable Securities for any Purchased ACS Triparty Repo Securities in accordance with the timeframe set forth in the Schedule of ACS Triparty Trade Timeframes.

Paragraph (b)(vi) of new Section 8 of Rule 8 would provide that, as with Sponsored GC Trades,<sup>35</sup> ordinary course settlement of ACS Triparty Trades (other than Funds-Only Settlement Amounts) shall occur directly between the pre-Novation counterparties. In particular, that provision would state that FICC directs each ACS Triparty Funds Lender and ACS Triparty Funds Borrower to satisfy any payment or delivery obligation due to FICC, except for any obligation to pay a Funds-Only Settlement Amount, by causing the relevant payment or delivery to be made to an account at the relevant ACS Triparty Clearing Agent Bank specified by the pre-Novation counterparty to the ACS Triparty Funds Lender and ACS Triparty Funds Borrower, as applicable, in accordance with such procedures as the ACS Triparty Clearing Agent Bank may specify from time to time. It would further provide that each ACS Triparty Funds Lender and ACS Triparty Funds Borrower that is owed any such payment or delivery from FICC acknowledges and agrees that, if the pre-Novation counterparty to such ACS Triparty Trade makes the relevant payment or delivery as described in the prior sentence, FICC's obligation to make such payment or delivery shall be discharged and satisfied in full.

Paragraph (b)(vii) of new Section 8 of Rule 8 would state that, as under Sponsored GC Trades,<sup>36</sup> the market value of all ACS Triparty Repo Securities shall be determined by the

relevant ACS Triparty Clearing Agent Bank each Business Day.

Lastly, paragraph (c) of the new Section 8 of Rule 8 would set forth the Funds-Only Settlement Amount obligations that would be payable in respect of ACS Triparty Trades. It would provide that, as with Sponsored GC Trades,<sup>37</sup> the only Funds-Only Settlement Amounts that shall be payable by and to FICC in respect of ACS Triparty Trades shall be a Forward Mark Adjustment Payment and Interest Rate Adjustment Payment.

FICC would amend Section 10 ("Liquidation of the Agent Clearing Transactions of an Executing Firm Customer") of Rule 8, which is being proposed to be added by the Default Management Proposal as Section 9 and to be renumbered as Section 10 with this proposed rule change, to exclude ACS Triparty Trades from the liquidation mechanism that would be described in proposed Section 10(c)(i). Specifically, this subsection would provide that the mechanism applies "with respect to the liquidation of positions resulting from Agent Clearing Transactions other than ACS Triparty Trades."

*New Schedule and Schedule Revision.* FICC proposes to add a new Schedule of ACS Triparty Trade Timeframes that would generally mirror the Schedule of Sponsored GC Trade Timeframes. However, 7:00 p.m., rather than 5:30 p.m. would be the deadline for full settlement of the Start Leg of the ACS Triparty Trade in order for such ACS Triparty Trade to be Novated on that day. This later deadline would align with the close of Fedwire Funds Service at the Federal Reserve Bank of New York, which is also currently 7:00 p.m. By shifting this timeframe later, the proposal would permit ACS Triparty Trades for which funds are delivered prior to the Fedwire cutoff at 7:00 p.m. to be Novated on the same Business Day.<sup>38</sup>

The deadline would be 5:30 p.m. for (i) substitutions of Purchased ACS Triparty Repo Securities in accordance with Section 8(b)(v) of Rule 8, and (ii) the ACS Triparty Funds Lender and ACS Triparty Funds Borrower, respectively, to satisfy ACS Triparty Collateral Return Obligations and cash payment obligations associated with ACS Triparty Collateral Return

<sup>37</sup> See Rule 3A, Section 9(b), *supra* note 3.

<sup>38</sup> FICC is proposing to shift the related deadline for the Sponsored GC Service from 5:30 p.m. to 7:00 p.m. in a separate proposed rule change filing for the same reason described here. See Securities Exchange Act Release No. 103940 (Sept. 10, 2025), 90 FR 36088 (Sept. 15, 2025) (SR-FICC-2025-019).

<sup>33</sup> See Rule 3A, Section 8(b)(iv), *supra* note 3.

<sup>34</sup> See Rule 3A, Section 8(b)(v), *supra* note 3.

<sup>35</sup> See Rule 3A, Section 8(b)(vi), *supra* note 3.

<sup>36</sup> See Rule 3A, Section 8(b)(vii), *supra* note 3.

Entitlements in accordance with Section 8(b)(i) of Rule 8.

Under the Schedule of ACS Triparty Trade Timeframes, the time during which reports would be made available with respect to end of day Clearing Fund requirements and funds-only settlement requirements would be from 10:30 p.m. to 2:00 a.m. 2:00 p.m. would be the time during which reports would be made available with respect to the intraday Clearing Fund requirements, and intraday funds-only settlement requirements. At 10:00 a.m., funds-only settlement debits and credits would be executed via the Federal Reserve's National Settlement Service, and at 4:30 p.m., the intraday funds-only settlement debits and credits would be executed via the Federal Reserve's National Settlement Service.

9:00 a.m. would be the deadline for the ACS Triparty Funds Borrower to deliver additional GC Comparable Securities and/or cash in accordance with Sections 8(b)(ii) and (vi) of Rule 8. FICC would also reserve the right to require an ACS Triparty Funds Borrower to satisfy such obligation on an intraday basis based on the market value of the applicable ACS Triparty Repo Securities as determined by the ACS Triparty Clearing Agent Bank in accordance with Section 8(b)(vii) of Rule 8. 12:00 p.m. would be the deadline for the ACS Triparty Funds Borrower (or if the repo rate for the relevant ACS Triparty Trade is negative, the ACS Triparty Funds Lender) to pay to FICC the accrued GC Daily Repo Interest as described in Section 8(b)(iv) in accordance with the provisions of Section 8(b)(vi) of Rule 8 (unless the End Leg of the related ACS Triparty Trade is due to settle on the same day). Any accrued GC Daily Repo Interest that is due on the settlement day of the End Leg of the related ACS Triparty Trade would need to be paid in connection with the settlement of the End Leg.

5:00 p.m. would be the deadline for final input by Agent Clearing Members to FICC of ACS Triparty Trade data. And, finally, 7:00 p.m. would be the deadline for full settlement of the Start Leg of the ACS Triparty Trade in accordance with Section 8(a)(ii)(C) of Rule 8.

The Schedule of ACS Triparty Trade Timeframes would provide for the ACS Triparty Clearing Agent Bank to determine the time by which an ACS Triparty Funds Lender would be required to deliver any excess securities to an ACS Triparty Funds Borrower in connection with Section 8(b)(iii) of Rule 8. It would further provide FICC with the ability to extend timeframes as needed to (i) address operational or

other delays that would reasonably prevent members or FICC from meeting the deadline or timeframe, as applicable, or (ii) allow FICC time to operationally exercise its existing rights under the Rules. In addition, it would state that times applicable to FICC are standards and not deadlines; actual processing times may vary slightly, as necessary.

FICC proposes to revise the Schedule for the Deletion of Trade Data to provide that, as with Sponsored GC Trades, the first paragraph thereof relating to how long uncompleted trades will pend in the Comparison System would not apply to ACS Triparty Trades. In addition, FICC would add language to state that trade data on ACS Triparty Trades that remain uncompleted on a given Business Day would, as with Sponsored GC Trades, pend in the Comparison System until FICC's deadline for final input by Agent Clearing Members of ACS Triparty Trade data (as provided in the Schedule of ACS Triparty Trade Timeframes) on such Business Day. FICC would also add language to state that trade data on ACS Triparty Trades, which have been compared in the Comparison System pursuant to Rule 6A but the Start Legs of which have not fully settled at an ACS Triparty Clearing Agent Bank by the deadline set forth in FICC's Schedule of ACS Triparty Trade Timeframes, would be deleted from the Comparison System during the same processing cycle as the Repo Start Date for such ACS Triparty Trades.

FICC proposes to revise the Schedule of Required and Accepted Data Submission Items for a Substitution of Existing Securities Collateral, and the Schedule of Required and Accepted Data Submission Items for a Substitution for New Securities Collateral to state that, as with Sponsored GC Trades, they would not apply to ACS Triparty Trades.

FICC proposes to revise the Schedule of GC Comparable Securities to state that one could refer to the ACS Triparty Clearing Agent Bank, as applicable, for details regarding the Fed "tickers" applicable to GC Comparable Securities.

(iii) Proposed Changes To Clarify the Treatment of Initial Haircuts of Done-With Agent Clearing Transactions

FICC understands that, like Sponsoring Members and their Sponsoring Members under the Sponsored Service, an Agent Clearing Member may choose to post to its Executing Firm Customer a haircut in order to address regulatory and/or

investment guideline concerns.<sup>39</sup> Similarly, an Agent Clearing Member may choose to collect such haircut from its Executing Firm Customer at the Start Leg to mitigate its potential exposure from its full liability for the performance of all obligations to FICC arising in connection with Agent Clearing Transactions. In both situations, FICC understands that "accounting considerations may favor those postings being facilitated through FICC's systems."<sup>40</sup> However, FICC's existing funds-only settlement process, as regards any Agent Clearing Transaction, may frustrate the purpose of the haircuts by requiring the party that has received a haircut at the Start Leg of an Agent Clearing Transaction to transfer an amount of cash equal to that haircut (plus or minus any interim mark-to-market movements) on the next Business Day after the Start Leg has settled.<sup>41</sup>

Therefore, to ensure that Initial Haircuts are not returned until final settlement under done-with Agent Clearing Transactions, FICC proposes to adopt Rules that would align the treatment of Initial Haircuts under Agent Clearing Transactions with how FICC treats Initial Haircuts under Sponsored Member Trades. In particular, FICC proposes to calculate the Collateral Mark (*i.e.*, the Funds-Only Settlement Amount component based on the mark-to-market movement of the Eligible Securities) for done-with Agent Clearing Transactions that have Initial Haircuts by reference to the Initial Haircut rather than the Contract Price. More specifically, FICC proposes to calculate the Collateral Mark for such transactions based on the difference between the Initial Haircut and the Current Haircut (*i.e.*, the current market value of the Eligible Securities minus the repurchase price of the transaction). By virtue of these changes, if an Agent Clearing Transaction has an Initial Haircut of \$2 and the value of the Eligible Securities subject to the transaction increases by \$1, FICC would calculate a Collateral Mark of \$1, rather than \$3. Such calculation would allow an Agent Clearing Member and its Executing Firm Customer that "intend for one of those two parties to remain overcollateralized for the duration of the [trade] to transfer a haircut between each other" and allow the \$2 Initial Haircut to "remain with the intended

<sup>39</sup> Cf. Securities Exchange Act Release No. 87896 (Jan. 6, 2020), 85 FR 1354, 1358 (Jan. 10, 2020) (SR-FICC-2019-007).

<sup>40</sup> *Id.*

<sup>41</sup> *Cf. id.*



party until final settlement of the [Agent Clearing Transaction]”.<sup>42</sup>

In addition, FICC proposes to make clear that an ACS Triparty Trade, like a Sponsored GC Trade, may but need not have an Initial Haircut.<sup>43</sup> As mentioned above, any changes in the mark-to-market value of the Purchased GC Repo Securities under such an ACS Triparty Trade would, as in a Sponsored GC Trade, be passed between the pre-Novation counterparties through the triparty repo platform of the ACS Triparty Clearing Agent Bank, rather than through the Funds-Only Settlement Amount cycle.

Lastly, FICC proposes to make clear that an Agent Clearing Transaction with an Initial Haircut, just like a Sponsored Member Trade with an Initial Haircut, would constitute an “Off-the-Market Transaction.” When FICC adopted this clarification in the context of Sponsored Member Trades, it noted that treatment of transactions with an Initial Haircut as Off-the-Market Transactions is appropriate “given that these additional funds payments are pass-through amounts and do not represent risk to FICC or its members.”<sup>44</sup> The same rationale applies in relation to Agent Clearing Transactions. As a result, the party that posts an Initial Haircut under an Agent Clearing Transaction would bear the risk of loss of such Initial Haircut in the event FICC ceases to act for the pre-Novation counterparty (or its Sponsoring Member or Agent Clearing Member, as applicable).

To implement the proposed changes described above, FICC proposes to make the following amendments to its Rules.

*Revisions to defined terms.* FICC proposes to amend Rule 1 to make the following revisions to certain existing defined terms.

FICC would revise the definitions of “Current Haircut”, “Haircut Deficit”, and “Haircut Surplus” to provide that these terms apply to Agent Clearing Transactions between the Agent Clearing Member and the Executing Firm Customer.

FICC would also revise the definition of “Initial Haircut” to mean, as regards any Agent Clearing Transaction that is not an ACS Triparty Trade, the absolute value of the dollar difference, if any, between the Market Value of the Agent Clearing Transaction, as of the settlement date of the Start Leg, and the Contract Value of the Start Leg of the

Agent Clearing Transaction, and as regards any ACS Triparty Trade, any difference between (x) the Contract Value of the Start Leg of the ACS Triparty Trade and (y) the GC Start Leg Market Value. These changes correspond to how Initial Haircut is defined in relation to Sponsored Member Trades.

Lastly, FICC would revise the definition of “Off-the-Market Transaction” to state that an Off-the-Market Transaction includes a Sponsored Member Trade and an Agent Clearing Transaction with an Initial Haircut.

*Funds-Only Settlement and Loss Allocation Rules for Agent Clearing Transactions with Initial Haircuts.* FICC would amend Rule 8 to add a new Section 7(g) addressing how Funds-Only Settlement Amounts are calculated in relation to Agent Clearing Transactions. That provision would make clear that Agent Clearing Transactions are subject to the Funds-Only Settlement provisions in Rule 13 to the same extent as other transactions entered into by a Netting Member. However, as mentioned above, the only Funds-Only Settlement Amounts that would be payable in relation to ACS Triparty Trades are the Forward Mark Adjustment Payment and Interest Rate Adjustment Payment. Moreover, if a done-with Agent Clearing Transaction (other than ACS Triparty Trade) has an Initial Haircut, any Funds-Only Settlement Amount that is applicable to such Agent Clearing Transaction and that includes a Collateral Mark would, in lieu of such Collateral Mark, include any Haircut Deficit or Haircut Surplus. For such purpose, any Haircut Deficit would be a negative amount for the Member with a Net Long Position, and a positive amount for the Member with a Net Short Position, and any Haircut Surplus would be a negative amount for the Member with a Net Short Position, and a positive amount for the Member with a Net Long Position. As with Sponsored Member Trades, the Rules would provide that FICC would not be under any obligation to verify the parties’ agreement in respect of an Initial Haircut, and its calculation of any Initial Haircut would be conclusive and binding on the parties. This approach is “consistent with the long-standing view that Initial Haircuts be treated as ‘off market’ under the Rules.”<sup>45</sup>

In addition, FICC would revise Section 7(h) of Rule 8 (former Section 7(f) of Rule 8) to state that except as expressly set forth in Rule 8, if a loss or liability of FICC is determined to arise

in connection with the close-out or liquidation of an Agent Clearing Transaction of an Executing Firm Customer that is an Off-the-Market Transaction because the Executing Firm Customer has provided an Initial Haircut, FICC would allocate such loss or liability attributable to the Initial Haircut to such Executing Firm Customer in accordance with the provisions of Section 7 of Rule 4. This allocation of losses arising from Initial Haircuts to the Executing Firm Customer that posted such haircuts would align with the treatment of such haircuts under Sponsored Member Trades and thus be “consistent with FICC’s practice to facilitate Initial Haircuts as payments but [not otherwise include them as] part of FICC’s risk management processes.”<sup>46</sup>

(iv) Proposed Change To Clarify That FICC Does Not Novate the Start Legs of Same-Day Settling Done-With Agent Clearing Transactions

As discussed above, FICC does not Novate the Start Legs of same-day starting done-with Sponsored Member Trades considering the operational and legal complexities for Sponsored Members and Sponsoring Members of doing so. Since FICC understands similar complexities apply to Executing Firm Customers and their Agent Clearing Members, FICC proposes amendments to the Rules to provide that FICC would similarly not Novate the Start Leg of any done-with same-day starting Agent Clearing Transactions. As mentioned above, FICC also proposes that FICC would not Novate the Start Leg of any ACS Triparty Trade.

To implement this proposed change, FICC proposes to revise the definition of “Same-Day Settling Trade” in Rule 1 to make clear that the only Agent Clearing Transaction that constitutes a Same-Day Settling Trade is one that (1) is not an ACS Triparty Trade, (2) is executed between an Executing Firm Customer and a Netting Member or Indirect Participant other than its Agent Clearing Member and (3) meets the requirements of clause (i) and (ii) of that definition. This revision would align the way the Same-Day Settling Trade definition applies to Agent Clearing Transactions with how it applies to Sponsored Member Trades. Accordingly, by virtue of this change, a same-day settling done-with Agent Clearing Transaction or any ACS Triparty Trade would not be a Same-Day Settling Trade and therefore would not be subject to FICC’s Same-Day Settling Service through which

<sup>42</sup> *Id.* at 1359.

<sup>43</sup> *Cf.* Securities Exchange Act Release No. 92014 (May 25, 2021), 86 FR 29334, 29340 (June 1, 2021) (SR-FICC-2021-003).

<sup>44</sup> Securities Exchange Act Release No. 96938 (Feb. 15, 2023), 88 FR 10954, 10956 (Feb. 22, 2023) (SR-FICC-2023-002).

<sup>45</sup> *Id.* at 10955.

<sup>46</sup> *Id.* at 10956.



FICC Novates the Start Legs of same-day starting Repo Transactions.

FICC also proposes to revise Section 7(e) of Rule 8 (to be renumbered Section 7(f) pursuant to these proposed rule changes) which currently provides that, notwithstanding the provisions of Rule 12 (which addresses securities settlement), Agent Clearing Transactions that are Same-Day Settling Trades are not settled at FICC through its Comparison System if the Agent Clearing Member delivers a notice to FICC that it does not wish to have such transactions settle at FICC. The proposed changes would simplify and clarify this section to align with the proposed changes to the definition of Same-Day Settling Trade to simply provide that Agent Clearing Transactions that are Same-Day Settling Trades do not settle at FICC, and would remove the need for an Agent Clearing Member to provide a notice.

#### (v) Proposed Technical and Conforming Changes

Finally, FICC proposes to make a number of clarifying, conforming, and technical changes in connection with the proposed rule changes described above.

FICC proposes to revise the definitions of “Current Haircut,” “Haircut Deficit,” and “Haircut Surplus” to make clear that those definitions only apply to done-with DVP Repo Transactions. This is because FICC does not support Initial Haircuts for done-away DVP Repo Transactions. It only supports Initial Haircuts in the context of done-with DVP Repo Transactions. For similar reasons, FICC proposes to amend Section 9 of Rule 3A to clarify that FICC only incorporates Initial Haircuts into its calculation of Funds-Only Settlement Amounts in relation to done-with Sponsored Member Trades.

FICC would revise Section 4 of Rule 5 to require ACS Triparty Trades be submitted exactly as executed. Section 7(h) of Rule 8 would be relocated as a new sentence at the end of new Section 7(d).

FICC proposes to add a new Section 7(c) to Rule 8 to state that ACS Triparty Trades would not be subject to the Schedule of Timeframes applicable to Agent Clearing Transactions generally, but instead to the Schedule of ACS Triparty Trade Timeframes.

FICC proposes to renumber Section 7(e) of Rule 8 as Section 7(f).

#### Implementation Timeframe

Subject to approval by the Commission, FICC would implement the proposed rule change by no later

than 6 months after approval. FICC would announce the effective date of the proposed changes by an Important Notice posted to its website.

#### 2. Statutory Basis

FICC believes these proposed changes are consistent with the requirements of the Act, and the rules and regulations thereunder applicable to FICC. Specifically, FICC believes that the proposed changes are consistent with Section 17A(b)(3)(F) of the Act<sup>47</sup> and Rule 17ad–22(e)(4)(i),<sup>48</sup> Rule 17ad–22(e)(18)(iv)(C),<sup>49</sup> Rule 17ad–22(e)(19),<sup>50</sup> and Rule 17ad–22(e)(23)(ii),<sup>51</sup> as promulgated under the Act, for the reasons stated below.

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions, and, in general, to protect investors and the public interest.<sup>52</sup> FICC believes that the proposed changes are designed to meet these goals. In particular, by establishing the ACS Triparty Service, the proposed changes would facilitate the ability of indirect participants to access FICC’s clearance and settlement services and direct participants to provide such access.

As described above, the Agent Clearing Service contains certain features, including net margining of positions across Executing Firm Customers, a legal framework similar to the U.S. futures clearing model, a more streamlined onboarding process, and intermediation sufficient to allow perfection of security interests without financing statements, that can make it easier and less expensive for direct participants to submit their customers’ transactions, including done-away transactions, to FICC for clearance and settlement.<sup>53</sup> Similarly, FICC’s Sponsored GC Service contains a number of components, including settlement of securities delivery and related cash payment obligations through the Sponsored GC Clearing Agent Bank’s triparty repo platform and very limited Funds-Only Settlement

Amount obligations, that serve to eliminate or mitigate operational, regulatory, legal, and other hurdles to clearing Repo Transactions through FICC.<sup>54</sup> The ACS Triparty Service would combine the benefits of the ACS Triparty Service with the benefits of the Sponsored GC Service and thereby allow market participants to access FICC’s clearance and settlement services at lower costs and with fewer regulatory, operational, and legal impediments or challenges.

In addition, by aligning the treatment of haircuts and Start Legs under Agent Clearing Transactions with the treatment applicable to Sponsored Member Trades, the proposed changes would facilitate access to FICC’s clearance and settlement services for market participants that require Initial Haircuts and/or face challenges in relation to the Novation of Start Legs. By facilitating greater access to FICC’s clearance and settlement services, the proposed rule changes would remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.

Rule 17ad–22(e)(4)(i) under the Act requires that FICC establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.<sup>55</sup> FICC believes the proposed changes are consistent with this requirement. As discussed above, the proposed ACS Triparty Service is modeled on the existing Sponsored GC Service. Under the proposed changes, the ACS Triparty Trades would present similar credit and market risk profiles as Sponsored GC Trades and would be risk managed in substantially the same manner as Sponsored GC Trades. Moreover, on a portfolio basis, ACS Triparty Trades would form part of the same Margin Portfolio as other Agent Clearing Transactions in accordance with a Margin Portfolio framework the Commission recently approved. Furthermore, by clarifying that Agent Clearing Transactions with Initial Haircuts are Off-the-Market Transactions, the proposed rules would make clear that market participants that

<sup>47</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>48</sup> 17 CFR 240.17ad–22(e)(4)(i).

<sup>49</sup> 17 CFR 240.17ad–22(e)(18)(iv)(C).

<sup>50</sup> 17 CFR 240.17ad–22(e)(19).

<sup>51</sup> 17 CFR 240.17ad–22(e)(23)(ii).

<sup>52</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>53</sup> See generally Securities Exchange Act Release No. 101694 (Nov. 21, 2024), 89 FR 93784 (Nov. 27, 2024) (SR–FICC–2024–005).

<sup>54</sup> See generally Securities Exchange Act Release No. 92808 (Aug. 30, 2021), 86 FR 49580 (Sept. 3, 2021) (SR–FICC–2021–003).

<sup>55</sup> 17 CFR 240.17ad–22(e)(4)(i).

post a haircut are responsible for losses arising from such haircut (and thus the risk of such loss). Therefore, collectively, these changes would enhance the ability of FICC to manage the risk of the transactions it clears and settles and cover its credit exposure to its participants with a high degree of confidence.

Rule 17ad–22(e)(18)(iv)(C) requires, in part, FICC to ensure that it has appropriate means to facilitate access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants.<sup>56</sup> FICC believes that the proposed changes would very much facilitate access to its clearing and settlement services for eligible secondary market transactions by providing an additional model of clearing services for market participants. In particular, as described above, the ACS Triparty Service would combine many of the benefits of the Sponsored GC Service and the Agent Clearing Service and thus provide market participants with a way to access (or provide access to) FICC's clearance and settlement services that may be less expensive and present fewer legal, operational, regulatory, or other challenges. Moreover, by supporting Initial Haircuts for Agent Clearing Transactions, the proposed rule changes would facilitate the ability of parties that need to collect (and retain) such haircuts to access FICC's clearance and settlement services. Likewise, by providing for FICC not to Novate the Start Leg of same-day-starting done-with Agent Clearing Transactions, the proposed change would make FICC's clearance and settlement services more accessible for those market participants for whom Novation of a Start Leg presents liquidity, operational, or legal challenges. Accordingly, FICC believes that the proposed rule changes would facilitate access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities.<sup>57</sup>

Rule 17ad–22(e)(19) under the Act requires that FICC establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage the material risks to the covered clearing agency arising from arrangements in which firms that are indirect participants in the covered clearing agency rely on the services provided by direct participants to access the covered clearing agency's payment, clearing, or

settlement facilities.<sup>58</sup> The proposed ACS Triparty Service would leverage FICC's existing Agent Clearing Service and Sponsored GC Service. As a result, FICC would continue to have the ability to require Agent Clearing Members to identify their Executing Firm Customers, provide FICC with a current LEI for those Executing Firm Customers, and confirm those Executing Firm Customers' agent clearing relationship with the Agent Clearing Member before the Agent Clearing Member is permitted to submit to FICC trades on their behalf.<sup>59</sup> FICC would also retain the authority to request reports and other information from Agent Clearing Members through annual and ongoing due diligence requests. This information would continue to be available for FICC to identify and monitor the risks that arise from the ACS Triparty Service. Accordingly, the proposed changes would promote FICC's ability to identify, monitor, and manage the material risks arising from indirect participants' access to FICC's payment, clearing, or settlement facilities.

Rule 17ad–22(e)(23)(ii) under the Act requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.<sup>60</sup> The proposed clarifications regarding FICC's treatment of Initial Haircuts would allow market participants to understand that they would be able to retain haircuts received in done-with DVP Repo Transactions and triparty Repo Transactions and that the poster of any such haircut would be responsible for any losses arising therefrom. Similarly, the proposed rule changes related to the Start Legs of done-with same-day-starting Agent Clearing Transactions would allow market participants to understand that such Start Legs are the responsibility of the pre-Novation counterparties on a bilateral basis. Accordingly, the proposed rule changes would enable market participants to evaluate the risks and costs of participating in the Agent Clearing

Service, in accordance with Rule 17ad–22(e)(23)(ii).

*(B) Clearing Agency's Statement on Burden on Competition*

FICC believes that the proposed changes would promote competition by providing market participants with another way to access FICC's clearance and settlement services. As mentioned above, the ACS Triparty Service would combine the benefits of the existing Sponsored GC Service and Agent Clearing Service. Accordingly, it would further allow market participants to access FICC's clearance and settlement services (or provide access) in a way that meets their regulatory, cost, legal, operational and other needs. As a result, the proposed rule changes would limit the extent to which certain market participants are placed at a disadvantage due to regulatory, operational, legal, size, or other challenges that limit their ability to access clearing. Moreover, the proposed changes would place those unable to onboard directly with FICC, e.g., due to jurisdictional reasons, on a more level playing field with Sponsored Members by allowing both groups of market participants to access FICC's triparty repo clearing services. Similarly, the proposed changes related to Initial Haircuts and Start Legs of done-with same-day-starting Agent Clearing Transactions would ensure that those firms that require haircuts or are unable to handle the Novation of the Start Leg of a done-with trade are able to compete with other firms that do not face similar limitations or requirements. As such, the proposed changes would promote competition.

*(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

FICC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b–4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b–4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on

<sup>56</sup> 17 CFR 240.17ad–22(e)(19).

<sup>59</sup> See Securities Exchange Act Release No. 101694 (Nov. 21, 2024), 89 FR 93784, 93793 (Nov. 27, 2024) (SR–FICC–2024–005) (agreeing that “[a]n Agent Clearing Member, like a Sponsoring Member, should be able to contract with its Executing Firm Customers to ensure that it receives updated LEI information to provide to FICC.”).

<sup>60</sup> 17 CFR 240.17ad–22(e)(23)(ii).

<sup>56</sup> 17 CFR 240.17ad–22(e)(18)(iv)(C).

<sup>57</sup> *Id.*

how to submit comments, available at [www.sec.gov/rules-regulations/how-submit-comments](http://www.sec.gov/rules-regulations/how-submit-comments). General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202-551-5777. FICC reserves the right not to respond to any comments received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-FICC-2025-021 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR-FICC-2025-021. 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 FICC and on DTCC's website ([www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings)). 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-FICC-2025-021 and should be submitted on or before October 21, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>61</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2025-19013 Filed 9-29-25; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104043; File No. SR-CboeEDGA-2025-030]

### Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Introduce a Small Retail Broker Hosted Solutions Program and To Update the Existing Eligibility Requirements for the Small Retail Brokerage Distribution Program for the Cboe One Summary Feed

September 25, 2025.

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 September 24, 2025, Cboe EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. 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 EDGA Exchange, Inc. (the "Exchange" or "EDGA") proposes to introduce a Small Retail Broker Hosted Solutions Program and to update the existing eligibility requirements for the Small Retail Brokerage Distribution Program for the Cboe One Summary Feed. 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 ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/edga/](http://markets.cboe.com/us/equities/regulation/rule_filings/edga/))

<sup>61</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.

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 adopt a Small Retail Broker Hosted Solutions Program (the "Program") for Cboe One Summary Data (collectively, the "Applicable Feed").<sup>3</sup> This Program will provide fee waivers and lower data costs for both (i) Small Retail Brokers (as defined herein) that provide the Applicable Feed to other Small Retail Brokers via its hosted solutions (the "Hosting Small Retail Broker Distributor") and (ii) the Small Retail Brokers that receive this data from a Hosting Small Retail Broker Distributor as set forth herein.

Further, the Exchange proposes to increase the allowed maximum Non-Professional Data User subscriber count for the existing Small Retail Broker Program for Cboe One Summary Feed.<sup>4</sup> By way of background, the Exchange currently offers the EDGA Top Data Feed, which is a data feed that offers top-of-book quotations and last sale information based on orders entered into the Exchange's System. The EDGA Top Data Feed benefits investors by facilitating their prompt access to real-time top-of-book information contained

<sup>3</sup> The Exchange initially submitted the proposed rule change on May 8, 2025 (SR-CboeEDGA-2025-012). On May 19, 2025, the Exchange withdrew that filing and submitted SR-CboeEDGA-2025-015. On June 30, 2025, the Exchange withdrew that filing and submitted SR-CboeEDGA-2025-018. On August 28, 2025, the Exchange withdrew that filing and submitted SR-Cboe-EDGA-2025-027. On September 24, 2025, the Exchange withdrew that filing and submitted this filing.

<sup>4</sup> The Exchange also notes that it is including a clarifying note to the maximum subscriber count that it is for Non-Professional Users (as opposed to the general "Users" term currently used) to align with its affiliates fee schedules (see e.g., Cboe EDGX Equities Fee Schedule).