this amounts to an initial burden of approximately 2.67 hours per broker or dealer, per year [7] and an aggregate, initial burden of approximately 8.01 hours per year.[8]

The Commission estimates that the ongoing burden of maintaining and enforcing such policies and procedures, and ensuring that such policies and procedures are reasonably designed to ensure and demonstrate that such transactions are solely for the purpose of executing the stock leg of a stock-option order, would be approximately 48 hours for each broker or dealer per year.[9]

Based on an estimated annual burden of 48 hours per broker or dealer, the Commission estimates that the aggregate, ongoing burden to maintain and enforce written policies and procedures as required under Rule 15b9–1 would be 144 hours per year.[10] As a result, the total industry burden, including the initial burden and the ongoing burden, would be approximately 152.01 hours per year.[11]

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

Written comments are invited on: (a) whether this proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility; (b) the accuracy of the SEC's estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to *PaperworkReductionAct@sec.gov* by September 8, 2026.

Dated: July 6, 2026.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–13816 Filed 7–8–26; 8:45 am]

BILLING CODE 8011–01–P

[7] This figure is based on the following: (8 burden hours per broker or dealer)/(3 years) = 2.67 initial burden hours per broker or dealer, per year.

[8] This figure is based on the following: (2.67 burden hours per broker or dealer) × (3 brokers and dealers) = 8.01 aggregate initial burden hours per year.

[9] This figure is based on the following: (Compliance Manager at 30 hours) + (Compliance Attorney at 12 hours) + (Director of Compliance at 6 hours) = 48 burden hours per broker or dealer. In estimating these burden hours, the Commission also examined the estimated initial and ongoing burden hours imposed on registered security-based swap dealers under Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information. *See* Exchange Act Release No. 74244 (Feb. 11, 2015), 80 FR 14564, 14683 (Mar. 19, 2015) (''Regulation SBSR''). Regulation SBSR requires registered security-based swap dealers to establish, maintain, and enforce written policies and procedures that are reasonably designed to ensure compliance with any security-based swap transaction reporting obligations. *Id.* The estimated initial and ongoing compliance burden on registered security-based swap dealers under Regulation SBSR were 216 burden hours and 120 burden hours, respectively. *Id.* The policies and procedures under Rule 15b9–1 are much more limited in nature.

[10] This figure is based on the following: (48 burden hours per broker or dealer) × (3 non-FINRA brokers and dealers) = 144 aggregate, ongoing burden hours per year.

[11] This figure is based on the following: (8.01 aggregate, initial burden hours) + (144 aggregate, ongoing burden hours) = 152.01 total burden hours per year.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105849; File No. SR–FICC–2026–007]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Modify the GSD Rules To Adopt a U.S. Treasury Clearing Trade Submission Requirement

July 6, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 24, 2026, Fixed Income Clearing Corporation (''FICC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of modifications to FICC's Government Securities Division (''GSD'') Rulebook (''Rules'') [3] to (1) adopt a requirement that each Netting Member submits all eligible secondary market transactions, both for repurchase agreements and certain categories of cash transactions, to which it is a counterparty to FICC for clearance and settlement; (2) adopt provisions to monitor and enforce the trade submission requirement; and (3) make other revisions to the Rules to clarify, conform and enhance the disclosures of the Rules, as described below.

These proposed rule changes are primarily designed to comply with the requirements of Rule 17ad–22(e)(18)(iv)(A) and (B) under the Act, as described below.[4]

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Terms not defined herein are defined in the Rules, *available at www.dtcc.com/~/media/Files/Downloads/legal/rules/ficc_gov_rules.pdf.*

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

Executive Summary

On December 13, 2023, the Commission adopted amendments to the covered clearing agency standards that apply to covered clearing agencies that clear transactions in U.S. Treasury securities, including FICC.[5] These amendments require, among other things, that FICC establish objective, risk-based, and publicly disclosed criteria for participation that (i) require FICC's Netting Members submit for clearance and settlement all of the eligible secondary market transactions to which they are a counterparty; and (ii) identify and monitor Netting Members' submission of eligible secondary market transactions to which they are a counterparty, including how FICC would address a failure to submit transactions in accordance with this requirement.[6]

Therefore, under the Treasury Clearing Rules, FICC must require its Netting Members, as direct participants,

[4] 17 CFR 240.17ad–22(e)(18)(iv)(A) and (B). *See* Securities Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (''Adopting Release'', and the rules adopted therein referred to herein as ''Treasury Clearing Rules'').

[5] *Id.*

[6] *Id.*

to submit all eligible secondary market transactions to which they are a counterparty to it for central clearing. FICC is also obligated to adopt provisions that would facilitate its monitoring of Netting Members' compliance with the trade submission requirement and how it would address a Member's failure to comply. As described below, the proposed rules are designed to comply with those requirements.

First, the proposed changes would adopt an ongoing membership requirement that all Netting Members submit to FICC for clearance and settlement eligible secondary market transactions to which they are a party in a new GSD Rule 5. The proposed rules would adopt a definition of Eligible Secondary Market Transactions by reference to the Treasury Clearing Rules [7] to ensure that FICC's trade submission requirement is consistent with such regulations and with the requirements being adopted by other U.S. Treasury clearing agencies.

Second, the proposed changes would adopt provisions to enable FICC to identify and monitor Netting Members' ongoing compliance with the proposed trade submission requirement. These provisions would include affirmative obligations of Netting Members to notify FICC of non-compliance with this requirement. These provisions would also extend FICC's existing authority to request information or review a Netting Member's books and records to its monitoring and verification, as needed, of such compliance. Therefore, FICC's proposal would rely on Member self-reporting and its existing authority to request information and examine a Netting Member's books and records to fulfill its requirement to identify and monitor Netting Members' compliance with the requirement.

The proposed rule changes would also adopt disciplinary measures FICC would take if a Netting Member fails to meet its obligations under the new rules, which would include a fine and notifications to applicable regulatory authorities. The fine would be incorporated into the GSD Fine Schedule and would be waived for any Netting Member that self-reports non-compliance and remediates such non-compliance within a specified timeframe.

Finally, the proposed rule changes would include non-substantive revisions to re-organize, clarify and conform the GSD Rules, as described below.

[7] *Supra* note 4. *See also* 17 CFR 240.17ad–22(a).

Background

FICC, through GSD, serves as a central counterparty and provider of clearance and settlement services for the U.S. government securities markets. GSD's central counterparty services are available directly to entities that are approved to be Netting Members and indirectly to other market participants through its indirect access models—the Sponsored Service or Agent Clearing Service.[8] FICC's direct participants include brokers, dealers, inter-dealer brokers, futures commission merchants, government securities issuers, insurance companies, registered clearing agencies, registered investment companies and both U.S. and non-U.S. banks. Currently, other market participants, including investment funds, pension plans and other buy-side institutions, generally access GSD's central counterparty services through one of its indirect access models.

Through GSD, FICC provides real-time trade matching, clearing, risk management and netting for cash purchases and sales of eligible securities, as well as repurchase and reverse repurchase transactions involving eligible securities (''Repo Transactions''). Eligible securities include securities issued by the U.S. Treasury Department (''U.S. Treasury Securities'') and securities issued or guaranteed by U.S. government agencies and government sponsored enterprises.[9]

In its role as central counterparty, FICC novates eligible transactions that are submitted to it for clearance and settlement. Novation is defined in the Rules as the termination of deliver, receive, and related payment obligations between pre-novation counterparties and the replacement of such obligations with identical obligations to and from FICC, pursuant to the provisions of the Rules, and generally occurs at the time a submitted transaction is compared by FICC.[10] As recognized by the Commission in the Adopting Release, by ''novating transactions (that is, becoming the counterparty to both sides of a transaction), [FICC] addresses concerns about counterparty risk by substituting its own creditworthiness and liquidity for the creditworthiness and liquidity of the counterparties.'' [11]

[8] *See* Rule 2 (Members) (providing that FICC shall make its services available to entities that are approved to be Members of GSD); Rule 3A (Sponsoring Members and Sponsored Members) (describing the ''Sponsored Service''); and Rule 8 (Agent Clearing Service), *supra* note 3.

[9] *See* definition of ''Eligible Securities'' in Rule 1, *supra* note 3.

[10] *See* definition of ''Novation'' in Rule 1, *supra* note 3.

[11] *Supra* note 4, at 8–9.

The Adopting Release identifies the important operational, risk management and other benefits of central clearing, which include the reduction in counterparty credit risk through novation of trades by the central counterparty, centralized default management, and efficiencies provided by multilateral netting.[12] The efficacy of FICC's own risk management framework is critical to its ability to provide these benefits to the market it serves.

Description of Proposed Rule Changes

1. Adopt Trade Submission Requirement and Define Scope of Requirement

The proposed rule changes would adopt an ongoing membership obligation that each Netting Member submit to FICC, or to another clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, for clearance and settlement all ''Eligible Secondary Market Transactions'' to which such Netting Member (or a part of the Netting Member, as the Commission may provide through interpretive guidance or exemptive relief) is a counterparty. This requirement would be added to a new Rule 5 [13] and would be adopted to comply with both the amendments to Rule 17ad–22(e)(18)(iv)(A) under the Act,[14] and with any future guidance or rulemaking of the Commission with respect to the scope of that rule.

Rule 5 would also provide that Netting Members are permitted, but not required, to submit to FICC transactions that are outside the scope of the new trade submission requirement.

a. Scope of Trade Submission Requirement

The proposed rule changes would specify the scope of the trade submission requirement by adopting the definition of ''Eligible Secondary Market Transactions'' in the Treasury Clearing Rules.[15]

The Commission's definition of Eligible Secondary Market Transactions generally includes secondary market transactions in U.S. Treasury Securities where the transaction is of a type that is accepted by FICC for clearance and settlement and, subject to specified exceptions and exemptions, is one of three specified types of transactions: (i) repurchase transactions in U.S. Treasury

[12] *Supra* note 4, at 14–17.

[13] The rules currently in Rule 5, describing the Comparison System, would be moved to a new Rule 6. References to current Rule 5 would be updated throughout the Rules to reflect this change. *Supra* note 3.

[14] 17 CFR 240.17ad–22(e)(18)(iv)(A).

[15] *See* 17 CFR 240.17ad–22(a).

Securities entered into by the Netting Member; (ii) cash transactions on U.S. Treasury Securities entered into by the Netting Member if the Netting Member is an Inter-Dealer Broker; and (iii) all cash transactions on U.S. Treasury Securities entered into by the Netting Member with a broker-dealer, government securities dealer, or government securities broker.[16] The Commission's definition excludes certain transactions entered into with certain specified counterparties, including central banks and sovereign entities.

The proposed rule changes would adopt a definition of the term, Eligible Secondary Market Transactions, into Rule 1 by reference to the definition set forth in Rule 17ad–22(a) under the Act, which would ensure consistency with the Act.[17] The proposed definition further defines Eligible Secondary Market Transaction to include any interpretation of that term that may be issued by the Commission and its staff from time to time and would exclude any transactions that are exempted or excluded from the trade submission requirement under Rule 17ad–22(a) under the Act by the Commission or its staff. Similar to the language that would be added to the proposed Rule 5 (discussed above), this proposed language would permit the scope of the trade submission requirement to remain consistent with the binding definition of such term by preemptively incorporating any future guidance, interpretation or exemption published by Commission or its staff related to that definition.

FICC is also proposing to clarify language in the Rules to make clear that a bank and its branches must all apply under the same membership, as one Bank Netting Member. This proposed revision would clarify that a branch and its parent bank are considered the same legal entity under the GSD Rules and not separate affiliates. The proposed changes would remove reference to a bank applying for membership through its branch or agency from various places in Rules 2A and 3, including (1) updating eligibility to be a Bank Netting Member to remove the ability in Section 3(a)(i) of Rule 2A of a non-U.S. bank to participate through a U.S. branch as an alternative to meeting the qualifications applicable to a Foreign Person and including in this Section 3(a)(i) clarifying language regarding FICC's position on Bank Netting Members; (2) updating the descriptions of financial requirements applicable to both Bank Netting Members established or chartered under the laws of a non-U.S. jurisdiction and other Foreign Persons that are banks to remove reference to an application for membership through a U.S. branch in Sections 4(b)(ii)(A)(2) and (E)(2) of Rule 2A; and (3) removing reference to a bank's branch in the description of the annual attestation that must be provided by non-U.S. bank Netting Members in Section 2 of Rule 3.

b. Remove Existing Trade Submission Requirements

In connection with adopting this trade submission requirement, FICC would remove the existing trade submission requirements from the GSD Rules. These requirements are currently set forth in Section 1 of Rule 5 (to be re-numbered Rule 6), Section 3 of Rule 11, Rule 15, and Section 2 of Rule 18.

Section 1 of Rule 5 requires that Members of the Comparison System submit to FICC for comparison trade data on all trades that are of the type processed by FICC. Section 3 of Rule 11 requires Netting Members to submit data on all of that Netting Member's or the Netting Member's Executing Firm Customers' trades other than Repo Transactions (i) with other Netting Members (or their Executing Firm Customers) that are eligible for netting and (ii) executed by a Covered Affiliate (as defined in Rule 1) that meet certain criteria. Section 2 of Rule 18 includes an identical trade submission obligation with respect to trade data on Netting Members' Repo Transactions. Both Rules exclude certain trades from the submission requirement, including trades executed between Netting Members and their Affiliates (defined in these Rules as ''Affiliate Trades''). Rule 15 requires that Inter-Dealer Broker Netting Members submit to FICC trade data regarding their brokered activity, other than Repo Transactions, upon FICC's request.

FICC is proposing to remove these provisions from the Rules. The activity that would be required to be submitted to FICC pursuant to the trade submission requirement proposed to be added to new Rule 5 pursuant to the Treasury Clearing Rules would include much of the activity that is covered by these existing requirements. Therefore, FICC believes it is unnecessary to retain these trade submission requirements in the Rules with the adoption of the new requirements to Rule 5.

In connection with this change FICC would delete the defined term ''Covered Affiliate'' from Rule 1.

c. Retain Prohibition Against Pre-Netting Trade Data

FICC is proposing to move and consolidate the existing restriction against pre-netting practices from Section 3 of Rule 11 and Section 2 of Rule 18 into Section 4 of the new Rule 5. These provisions provide that any trade data that is required to be submitted to FICC must be submitted on a trade-by-trade basis with the original terms of the trade unaltered, and specifically prohibits pre-netting practices. The receipt of unaltered trade data permits FICC's market risk management processes to monitor trades closer to the time of execution and manage the risk exposures of those trades earlier in the day. Maintaining the prohibition against pre-netting practices for trades that are required to be submitted to FICC will, therefore, support the application of the risk management benefits of central clearing to this trading activity and support the goals of the Treasury Clearing Rules.

In moving and consolidating these provisions into Rule 5, FICC would also include the disciplinary action it may take if a Netting Member fails to comply with these requirements. Currently, Rules 11 and 18 provide that a Netting Member that violates this requirement ''may be reported to the appropriate regulatory body, placed on the Watch List and/or subject to an additional fee'' and that FICC may further discipline the Netting Member pursuant to Rule 48.[18] FICC is proposing to move these disciplinary measures to the new Section 4 of Rule 5.

In connection with this proposed change, FICC would also delete the defined term for ''Pre-Netting of Trades'' from Rule 1 as that term would be incorporated into the new Section 4 of Rule 5.

2. Adopt Provisions To Monitor and Enforce the Trade Submission Requirement

The proposed changes would adopt provisions to facilitate FICC's ability to identify and monitor the trade submission requirement. These proposed changes would clarify that FICC's existing ability to request information from both the Netting Member and from its applicable regulatory authority, and to review Netting Members' books and records, may be utilized by FICC, as and when it deems it necessary, to monitor Members' compliance with the

[16] *See id.*

[17] *Id.*

[18] Section 3 of Rule 11, Section 2 of Rule 18, *supra* note 3. *See also* Rule 48 (addressing FICC's general authority to discipline any Member for violation of the Rules), *id.*

requirement. The proposed changes would also adopt an affirmative obligation of Netting Members to proactively report any instances of non-compliance with the requirement, as described below.

While FICC would adopt provisions that would allow it to request information from Netting Members and their applicable regulatory authority, and to inspect Netting Members' books and records when it deems such review necessary, given that Netting Members' internal operations, organizational structures and trading practices vary greatly, FICC believes it is also appropriate to apply an approach that entails some degree of Netting Member self-reporting under the general obligation to comply with FICC's ongoing membership requirements. Therefore, and as recommended in the Adopting Release,[19] FICC is proposing to require that Netting Members monitor their own compliance with the requirement and report any instances of non-compliance, as described in detail below.

a. FICC's Authority To Request Information and Inspect Books and Records

FICC would describe in Section 2 of proposed Rule 5 its authority to take certain actions, and Netting Members' agreement to comply with such actions, in connection with its monitoring of Netting Members' ongoing compliance with the trade submission requirement. FICC currently has the authority to take each of these actions under Rules 2A and 3 in connection with its monitoring of Members' compliance with the requirements of membership generally. Therefore, FICC is not proposing to expand its authority to request information, or review the books and records of its Members, but would clarify that it may exercise these existing rights in connection with its monitoring of the trade submission requirement.

First, Netting Members would be required to submit to FICC any reports or other information that FICC may reasonably request, as also set forth in Section 2 of Rule 3, which requires that Netting Members submit to FICC ''the reports, financial or other information set forth below and such other reports, financial and other information as the Corporation from time to time may reasonably require.'' The proposed rule change would specify that this information could include, for example, reports of trading activity, trade data, and the Netting Member's policies, procedures or other controls related to its compliance with the trade submission requirement. Second, Netting Members would agree that FICC may inspect their books and records, as also set forth in Section 10 of Rule 3. Finally, Netting Members would authorize FICC to request information regarding a Netting Member from that firm's Designated Examining Authority or Appropriate Regulatory Agency, which FICC may also do under Rule 2A, Section 6 in evaluating an applicant to be a Netting Member. This provision would incorporate a suggestion in the Adopting Release that reviewing information from regulatory and self-regulatory organizations would be an appropriate method for FICC to assess its Netting Members' compliance with the requirement.[20] The proposed rule would specify that FICC may request information from such authority or agency as FICC deems necessary for the purposes of ensuring compliance with the trade submission requirement and as may be available to be shared, and that such information may include, for example, information related to such authority or agency's examination of the Netting Member's trading practices, trading reports and other records.

As noted above and described below, FICC would primarily rely on Netting Members to monitor their own compliance with the trade submission requirement. However, these proposed changes to clarify FICC's existing rights to request information and examine Netting Members' books and records would allow FICC to verify such compliance, for example, before it takes action to enforce the requirement.

b. Requirement To Notify FICC of Non-Compliance

Second, the proposed rule changes would require each Netting Member to notify FICC in writing within 30 calendar days from the date on which it learns that it is no longer in compliance with the trade submission requirement. Currently, under Section 7 of Rule 3, Members are required to notify FICC if they are no longer in compliance with the qualifications, standards or other requirements of membership.[21] This proposed rule change would clarify for Members the application of this existing requirement to a failure to comply with the trade submission requirement, and would provide Netting Members with a longer period in which such notifications are required.

The proposed rule change would also specify that notification of non-compliance shall include all relevant facts that are known to the Netting Member at the time of the notification and would identify examples of such information. Examples of such relevant facts would include (i) the approximate duration of the non-compliance with the trade submission requirement; (ii) either the time when non-compliance with the trade submission requirement was remediated or the anticipated steps to be taken to remediate such non-compliance and the approximate time when non-compliance is expected to remediated; and (iii) identification and contact information of the member of the Netting Member's Controlling Management (as such term is defined in the Rules)[22] that is overseeing the matter.

FICC believes this information would assist it in assessing the status and extent of the Netting Member's non-compliance with this requirement and the appropriate, applicable disciplinary measures. By requiring that a Netting Member identify a member of its Controlling Management that is overseeing the matter, the proposed rule change would ensure that the Netting Member has appropriately escalated the non-compliance internally and that the matter is being addressed by its senior management.

c. Enforcement of Trade Submission Requirement

Finally, Section 3 of proposed Rule 5 would provide that a Netting Member that fails to comply with the trade submission requirement would be subject to a fine under the Fine Schedule and that the Netting Member's Designated Examining Authority or Appropriate Regulatory Agency, as applicable, and the Commission would be notified of that failure. FICC believes that notice of a Netting Member's failure to comply with the trade submission requirement to other appropriate regulatory or self-regulatory

[19] *Supra* note 4, at 129 (''. . . U.S. Treasury securities CCA could require direct participants to submit to the CCA information regarding their U.S. Treasury securities transactions . . . .'').

[20] *See id.* (''The Commission further agrees that a U.S. Treasury securities CCA also could review publicly available information and information made available to it by regulatory and self-regulatory organizations as part of its assessment of its direct participants' compliance.'').

[21] Section 7 of Rule 3, *supra* note 3.

[22] *See* Rule 1 (''The term ''Controlling Management'' shall mean the Chief Executive Officer, the Chief Financial Officer, and the Chief Operations Officer, or their equivalents, of an applicant or Member or such other individuals or entities with direct or indirect control over the applicant or Member; provided that with respect to a Registered Investment Company Netting Member or an applicant to become a Registered Investment Company Netting Member, the term ''Controlling Management'' shall include the investment manager.''), *supra* note 3.

organizations is an appropriate measure and would be an effective deterrent to non-compliance.

Within the Fine Schedule, FICC would adopt a fine of $10,000 for failure to comply with the trade submission requirement. Section 3 of Rule 5 would provide Netting Members who notify FICC of their non-compliance with the trade submission requirement before such non-compliance is independently discovered by FICC with a cure period of 30 Business Days before the applicable disciplinary measures are taken. FICC believes it is appropriate to adopt this cure period to encourage Netting Members to effectively monitor their own compliance with the requirement and notify FICC when non-compliance is discovered.

3. Other Revisions and Clarifications to the Rules

Finally, the proposed rule changes would make other revisions to clarify and conform provisions of the Rules to improve their accuracy and transparency.

First, the proposed rule changes would revise and clarify certain defined terms in Rule 1. The revisions would update the definition of ''Affiliate'' to replace a citation to a particular regulatory definition of this term set forth in rules promulgated under the Act, with the text of the particular regulatory definition of this term.[23] This revision would not change the meaning of this term as it is used in the Rules, but would provide further clarity by including the actual definition and not requiring a reader to find that definition in the cited regulation.

Second, the proposed rule change would define ''Buy/Sell Transactions'' in Rule 1 to mean a Transaction that is either the purchase or sale of an Eligible Netting Security in exchange for cash for which the trade data is submitted to FICC for Novation.[24]

Third, the proposed rule changes would update the definition of ''Designated Examining Authority'' to include the appropriate regulatory bodies that may apply to other legal entity types and to permit FICC to choose the applicable regulatory body when a Member has multiple overseeing regulators. The additional regulatory authorities that would be included in this defined term are already listed along with the term Designated Examining Authority in Section 6 of Rule 3. Expanding the defined term to include these additional regulatory agencies in the defined term would allow FICC to remove that additional language from Rule 3 and simplify the uses of this term in other places in the Rules, including in Sections 2 and 3 of proposed Rule 5 regarding the monitoring and enforcement of the trade submission requirement.

Fourth, the proposed rule changes would update the defined term for ''Eligible Treasury Security'' to clarify the meaning of this term by using the new proposed defined term for ''U.S. Treasury Security'' and the existing defined term for ''Eligible Security.''

Fifth, FICC would define ''Treasury Repo Transaction'' in Rule 1 to mean a Repo Transaction collateralized by Eligible Treasury Securities.

Finally, FICC would adopt a new defined term for ''U.S. Treasury Securities'' in Rule 1 and would use this term in the definition of Eligible Treasury Security.

Implementation Timeframe

Subject to approval by the Commission, FICC expects to implement the proposal, with the exception of the proposed changes to Rule 5 (to be renumbered Rule 6), and Rules 11, 15 and 18, by no later than December 31, 2026. FICC would announce the effective date of the proposed rule change by an Important Notice posted to FICC's website.

While the Rules would be updated to reflect the majority of the changes proposed by no later than December 31, 2026, Netting Members would not be obligated to comply with the trade submission requirement proposed by this filing until the date set by the Commission as the relevant compliance date for cash transactions that are considered Eligible Secondary Market Transactions (''Eligible Buy/Sell Transactions Compliance Date'') and the date set by the Commission as the relevant compliance date for repurchase transactions that are considered Eligible Secondary Market Transactions (''Eligible Treasury Repo Transactions Compliance Date''), respectively.

As noted in Exhibit 5 to this filing, the proposed changes to Rule 5 (to be re-numbered 6) and Rules 11 and 15 would be implemented on the Eligible Buy/Sell Transactions Compliance Date, and the proposed changes to Rule 18 would be implemented on the Eligible Treasury Repo Transactions Compliance Date.

2. Statutory Basis

FICC believes the proposed changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, FICC believes the proposed rule changes are consistent with Section 17A(b)(3)(F) and (G) of the Act,[25] and Rules 17ad–22(e)(18)(ii), (iii), (iv)(A) and (B), and (e)(23)(ii), each promulgated under the Act,[26] for the reasons described below.

Section 17A(b)(3)(F) of the Act requires that the rules of FICC be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible.[27]

The proposed rule changes to require that each Netting Member submit to FICC for Novation all Eligible Secondary Market Transactions to which it is a counterparty would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act, by ensuring that such transactions are subject to the risk mitigation benefits of central clearing at FICC. Such benefits are described by the Commission in the Adopting Release and include, for example, (1) reduction in overall counterparty credit risk when FICC Novates such transactions, becoming a counterparty to each transaction, as the buyer to every seller and the seller to every buyer; (2) enhancing the efficiency of, and market confidence in, centralized default management at FICC if a Netting Member defaults; and (3) increasing multilateral netting of these transactions, thereby reducing operational and other risks associated with such transactions.[28] By implementing the trade submission requirement and adopting provisions to monitor and enforce Members' compliance with that requirement, as required by the Treasury Clearing Rules, the proposal would extend the benefits of central clearing to all Eligible Secondary Market Transactions and, thereby, promote the prompt and accurate clearance and settlement of securities transactions, as recognized by the Adopting Release. In this way, the proposal is consistent with the

[23] 17 CFR 230.405.

[24] The term ''Buy/Sell Transaction'' would also be used in the definition of ''Bilateral Transaction'' and ''Brokered Transaction'' in Rule 1 to clarify the meaning of those terms and would replace lowercase uses of this term in other places in the Rules with the proposed defined term. *Supra* note 3.

[25] 15 U.S.C. 78q–1(b)(3)(F) and (G).

[26] 17 CFR 240.17ad–22(e)(18)(ii), (iii), (e)(18)(iv)(A) and (B), and (e)(23)(ii).

[27] 15 U.S.C. 78q–1(b)(3)(F).

[28] *See supra* note 4, at 14–18.

requirements of Section 17A(b)(3)(F) of the Act.[29]

Section 17A(b)(3)(G) of the Act requires that the rules of FICC provide that its participants shall be appropriately disciplined for violation of any provision of the rules of the clearing agency by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, or any other fitting sanction.[30] The proposed rule changes would adopt measures in proposed Rule 5 and in the Fine Schedule to address a failure to comply with the trade submission requirement. Under these provisions, FICC would impose a fine and notification to the applicable Netting Members' Designated Examining Authority or Appropriate Regulatory Agency and to the Commission. The disciplinary action would be clearly described in Rule 5, and the proposed fine amount would be set forth in the Fine Schedule. FICC is also proposing to adopt a cure period of 30 Business Days before it takes disciplinary measures if a Netting Member self-reports a failure to comply with the requirement. FICC believes these measures, including the cure period that would be available to Members who self-report a failure to comply with the trades submission requirements, are appropriate deterrents to non-compliance and are consistent with the requirements of Section 17A(b)(3)(G).[31]

Rule 17ad–22(e)(18)(iv)(A) under the Act requires, among other things, that FICC, as a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, require that any direct participant of such covered clearing agency submit for clearance and settlement all of the eligible secondary market transactions to which such direct participant is a counterparty.[32] The proposed rule changes would adopt a requirement that all Netting Members submit to FICC for clearing and settlement all Eligible Secondary Market Transactions to which they are a party, and would adopt the definition of Eligible Secondary Market Transactions as such term is defined in the Treasury Clearing Rules in defining the scope of this requirement. The proposed changes to adopt this requirement, and related defined terms, into Rules 1 and 5 would directly comply, and, therefore, be consistent, with the requirements of Rule 17ad–22(e)(18)(iv)(A).[33]

Rule 17ad–22(e)(18)(iv)(B) under the Act requires, among other things, that FICC, as a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury Securities, identify and monitor its direct participants' submission of transactions for clearing as required by Rule 17ad–22(e)(18)(iv)(A), including how FICC would address a failure to submit transactions in accordance with Rule 17ad–22(e)(18)(iv)(A).[34] FICC is proposing to adopt provisions that would specify that its existing authority to request information and inspect its Netting Members' books and records would apply to its monitoring of their compliance with the trade submission requirement. FICC is also proposing to adopt an ongoing membership requirement that would require each Netting Member to report to FICC if the Netting Member is not in compliance with the trade submission requirement. As discussed above, FICC believes it is appropriate to identify and monitor Netting Members' submission of transactions for clearing by adopting both provisions that Netting Members take specific affirmative actions to review their compliance to FICC, and provisions that specify FICC's own authority to inspect and verify such compliance. Collectively, these provisions provide a comprehensive framework for identifying and monitoring compliance with the trade submission requirements and are consistent with the requirements of Rule 17ad–22(e)(18)(iv)(B).[35]

FICC is also proposing to adopt measures in proposed Rule 5 to specify how FICC would address a failure to comply with the trade submission requirement. Under these provisions, FICC would impose a fine and notification to the applicable Netting Members' Designated Examining Authority or Appropriate Regulatory Agency and to the Commission. FICC is also proposing to adopt a cure period of 30 Business Days before it takes disciplinary measures if a Netting Member self-reports a failure to comply with the requirement. FICC believes these measures, including the cure period, are appropriate deterrents to non-compliance and are consistent with the requirements of Rule 17ad–22(e)(18)(iv)(B).[36]

Rule 17ad–22(e)(23)(ii) under the Act requires that FICC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for providing sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in FICC.[37] As described above, FICC is proposing a number of clarifications and revisions to the Rules that do not create new rights or obligations, but are designed instead to improve the clarity and transparency of the Rules. These proposed changes include clarifying existing defined terms and adopting new defined terms that create more consistency in how transactions are described in the GSD Rules. In this way, the proposed changes that are designed to clarify and conform provisions of the Rules are consistent with the requirements of Rule 17ad–22(e)(23)(ii).[38]

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

The proposed rule changes to adopt a trade submission requirement and define the scope of that requirement by adopting definitions from the Treasury Clearing Rules could impose a burden on competition. Specifically, Netting Members that are subject to the trade submission requirement may incur additional costs related to submitting those transactions to FICC for central clearing, such as applicable clearing fees and risk management charges. These costs could burden Netting Members that have lower operating margins or higher costs of capital than other Netting Members or market participants. However, FICC believes that any burden on competition would be necessary and appropriate in furtherance of the purposes of the Act, as permitted by Section 17A(b)(3)(I) of the Act.[39]

First, as described above, the proposed rule changes to adopt a trade submission requirement would be necessary in furtherance of the Act. By subjecting Eligible Secondary Market Transactions to the risk mitigation benefits of central clearing at FICC, including reducing overall counterparty credit risk, enhancing the efficiency of, and market confidence in, centralized default management at FICC if a Netting Member defaults, and increasing multilateral netting of these transactions, the proposed trade submission requirement would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.[40]

As described above, the proposed trade submission requirement that

[29] 15 U.S.C. 78q–1(b)(3)(F).

[30] 15 U.S.C. 78q–1(b)(3)(G).

[31] *Id.*

[32] 17 CFR 240.17ad–22(e)(18)(iv)(A).

[33] *Id.*

[34] 17 CFR 240.17ad–22(e)(18)(iv)(B).

[35] *Id.*

[36] *Id.*

[37] 17 CFR 240.17ad–22(e)(23)(ii).

[38] *Id.*

[39] 15 U.S.C. 78q–1(b)(3)(I).

[40] 15 U.S.C. 78q–1(b)(3)(F).

would be adopted in proposed Rule 5 and the proposed scope of transactions that are subject to that requirement that would be adopted through the definition of ''Eligible Secondary Securities Transactions'' as such term is defined in the Exchange Act are necessary in furtherance of Rule 17ad–22(e)(18)(iv)(A) under the Act.[41] The proposed measures that address how FICC would identify and monitor Netting Members' compliance with the trade submission requirement and how FICC would address a failure to submit transactions in compliance with the trade submission requirement are also necessary in furtherance of Rule 17ad–22(e)(18)(iv)(B) under the Act.[42]

Second, FICC believes the proposed changes are appropriate in furtherance of the Act. Specifically, the proposed trade submission requirement would apply equally to all Netting Members, without any distinction between Members that are different legal entities or have different locations of incorporation, organizational structure or sizes. Under the proposed rules, which are being adopted to comply with the requirements of Rule 17ad–22(e)(18)(iv)(A), all Netting Members would be subject to the same obligation to submit Eligible Secondary Market Transactions to which they are a counterparty to FICC for clearing and settlement.[43]

Similarly, the ongoing reporting requirement proposed to comply with the requirements of Rule 17ad–22(e)(18)(iv)(B) would apply to all Netting Members equally, without distinction.[44] The fines and regulatory reporting measures that FICC is proposing to adopt to address non-compliance with the trade submission requirement would also apply equally to all Netting Members. Finally, FICC is also proposing to adopt a cure period to incentivize Netting Members to self-report any non-compliance with the requirement. In these ways, FICC believes the proposed rule changes are appropriate and designed in a way to minimize the impact the proposal could have on competition.

Therefore, while the proposed rule changes may cause some burden on competition, FICC believes that the proposed rule changes are necessary and appropriate in furtherance of the purposes of the Act.

FICC does not believe the proposal to make technical corrections and other clarification changes to the Rules would impact competition. These changes are being proposed to ensure the clarity and accuracy of the Rules. They would not change FICC's current practices or affect Members' rights and obligations. As such, FICC believes those changes would not have any impact on 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 how to submit comments, available at *www.sec.gov/rules-regulations/how-submit-comment.* General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the SEC's Division of Trading and Markets at *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 (*www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–FICC–2026–007 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–2026–007. 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 (*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*). 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–2026–007 and should be submitted on or before July 30, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[45]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026–13827 Filed 7–8–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–105850; File No. SR–LCH SA–2026–004]

Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to the LCH SA Liquidity Plan

July 6, 2026.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

[41] 17 CFR 240.17ad–22(e)(18)(iv)(A).

[42] 17 CFR 240.17ad–22(e)(18)(iv)(B).

[43] 17 CFR 240.17ad–22(e)(18)(iv)(A).

[44] 17 CFR 240.17ad–22(e)(18)(iv)(B).

[45] 17 CFR 200.30–3(a)(12).