

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-92142; File No. SR-LCH SA 2021-001]

Self-Regulatory Organizations; LCH SA; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Relating to the Clearing of Single-Name Credit Default Swaps by U.S. Customers

June 10, 2021.

On April 13, 2021, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act (“Act”) ¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its rules to allow LCH SA to offer clearing services in respect of single-name credit default swaps that are security-based swaps submitted by Clearing Members on behalf of their U.S. Clients for clearing by LCH SA. The proposed rule change was published for comment in the **Federal Register** on May 3, 2021.³ To date, the Commission has not received comments on the proposed rule change.

Section 19(b)(2) of the Act⁴ provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day from the publication of notice of filing of this proposed rule change is June 17, 2021.

The Commission is extending the 45-day time period for Commission action on the proposed rule change. The Commission finds it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider LCH SA’s proposed rule change.

Accordingly, pursuant to Section 19(b)(2)⁵ of the Act, and for the reasons discussed above, the Commission designates August 1, 2021, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-LCH SA-2021-001).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-92145; File No. SR-FICC-2020-804]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of No Objection To Advance Notice To Modify the Calculation of the MBSD VaR Floor To Incorporate a Minimum Margin Amount

June 10, 2021.

On November 27, 2020, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) advance notice SR-FICC-2020-804 (“Advance Notice”) pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled Payment, Clearing and Settlement Supervision Act of 2010 (“Clearing Supervision Act”),¹ and Rule 19b-4(n)(1)(i)² under the Securities Exchange Act of 1934 (“Exchange Act”).³ In the Advance Notice, FICC proposes to add a minimum margin amount calculation to its margin methodology to enhance FICC’s margin collections as needed in response to periods of extreme market volatility, as described more fully below. The Advance Notice was published for public comment in the **Federal Register**

on January 6, 2021.⁴ Upon publication of the Notice of Filing, the Commission extended the review period of the Advance Notice for an additional 60 days because the Commission determined that the Advance Notice raised novel and complex issues.⁵ On March 12, 2021, the Commission, by the Division of Trading and Markets, pursuant to delegated authority,⁶ requested additional information from FICC pursuant to Section 806(e)(1)(D) of the Act.⁷ The request for information tolled the Commission’s period of review of the Advance Notice until 60 days from the date of the Commission’s receipt of the information requested from FICC, absent an additional information request.⁸

The Commission has received comments on the changes proposed in the Advance Notice.⁹ In addition, the

⁴ Securities Exchange Act Release No. 90834 (December 31, 2020), 86 FR 584 (January 6, 2021) (File No. SR-FICC-2020-804) (“Notice of Filing”). FICC also filed a related proposed rule change with the Commission pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder. 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. FICC seeks approval of the proposed changes to its rules necessary to implement the Advance Notice (the “Proposed Rule Change”). The Proposed Rule Change was published in the **Federal Register** on December 10, 2020. Securities Exchange Act Release No. 90568 (December 4, 2020), 85 FR 79541 (December 10, 2020) (SR-FICC-2020-017). On December 30, 2020, the Commission published a notice designating a longer period of time for Commission action and a longer period for public comment on the Proposed Rule Change. Securities Exchange Act Release No. 90794 (December 23, 2020), 85 FR 86591 (December 30, 2020) (SR-FICC-2020-017). On February 16, 2021, the Commission published an order instituting proceedings to determine whether to approve or disapprove the Proposed Rule Change. Securities Exchange Act Release No. 91092 (February 9, 2021), 86 FR 91092 (February 16, 2021) (SR-FICC-2020-017).

⁵ Pursuant to Section 806(e)(1)(H) of the Act, the Commission may extend the review period of an advance notice for an additional 60 days, if the changes proposed in the advance notice raise novel or complex issues, subject to the Commission providing the FMU with prompt written notice of the extension. 12 U.S.C. 5465(e)(1)(H); see also Notice of Filing, *supra* note 4 at 590 (explaining the Commission’s rationale for determining that the proposed changes in the Advance Notice raised novel and complex issues because (1) the proposed changes to FICC’s margin model are a direct response by FICC to address the unique circumstances that occurred during the pandemic-related market volatility in March and April 2020, and (2) the proposed changes potentially could impact the mortgage market).

⁶ 17 CFR 200.30-3(a)(93).

⁷ 12 U.S.C. 5465(e)(1)(D).

⁸ See 12 U.S.C. 5465(e)(1)(E)(ii) and (G)(ii); see Memorandum from the Office of Clearance and Settlement, Division of Trading and Markets, titled “Commission’s Request for Additional Information,” available at <https://www.sec.gov/comments/sr-ficc-2020-804/srficc2020804-8490035-229981.pdf>.

⁹ Comments on the Advance Notice are available at <https://www.sec.gov/comments/sr-ficc-2020-804/srficc2020804.htm>. Comments on the Proposed

Continued

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to the Clearing of Single-Name Credit Default Swaps by U.S. Customers, Exchange Act Release No. 34-91676 (April 26, 2021); 86 FR 23445 (May 3, 2021) (SR-LCH SA-2021-001).

⁴ 15 U.S.C. 78s(b)(2).

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(31).

¹² U.S.C. 5465(e)(1).

² 17 CFR 240.19b-4(n)(1)(i).

³ 15 U.S.C. 78a *et seq.*