

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99097; File No. SR–FICC–2023–016]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Clearing Agency Risk Management Framework

December 6, 2023.

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 December 1, 2023, 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. FICC filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act³ and Rule 19b–4(f)(4) thereunder.⁴ 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 of Fixed Income Clearing Corporation (“FICC”) is provided hereto [sic] as Exhibit 5 and amends the Clearing Agency Risk Management Framework (“Risk Management Framework”, or “Framework”) of FICC and its affiliates, The Depository Trust Company (“DTC”) and National Securities Clearing Corporation (“NSCC,” and together with FICC and DTC, the “Clearing Agencies”).⁵ The proposed rule change would amend the Risk Management Framework to clarify and revise the descriptions of certain matters within the Framework, as further described below. The proposed changes would update and clarify the Risk Management Framework but do not reflect changes to how the Clearing Agencies comply with

the applicable requirements of Rule 17Ad–22(e), as described in greater detail below.

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 Clearing Agencies adopted the Risk Management Framework⁶ to provide an outline for how each of the Clearing Agencies (i) maintains a well-founded, clear, transparent and enforceable legal basis for each aspect of its activities; (ii) comprehensively manages legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by it; (iii) identifies, monitors, and manages risks related to links it establishes with one or more clearing agencies, financial market utilities, or trading markets; (iv) meets the requirements of its participants and the markets it serves efficiently and effectively; (v) uses, or at a minimum accommodates, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing and settlement; and (vi) publicly discloses certain information, including market data. In this way, the Risk Management Framework currently supports the Clearing Agencies’ compliance with Rules 17Ad–22(e)(1), (3), (20), (21), (22) and (23) of the Standards,⁷ as described in the Framework Filings. In addition to setting forth the way each of the Clearing Agencies addresses these requirements, the Risk Management Framework also contains a section titled “Framework Ownership and Change Management” that, among other matters, describes the Framework ownership and the required governance process for review and approval of changes to the Framework. In connection with the annual review and

approval of the Framework by the Board of Directors of NSCC, DTC and FICC (each a “Board” and collectively, the “Boards”), the Clearing Agencies are proposing to make certain revisions to the Framework.

The proposed changes would clarify and enhance the descriptions in the Risk Management Framework, for example, (i) clarify the cadence of publication of disclosure frameworks; (ii) clarify the description of the Clearing Agencies recovery and wind-down processes and procedures; and (iii) make other non-substantive clarifying and clean-up changes to the Framework. Each of these categories of changes are discussed in further detail below.

i. Proposed Amendment To Clarify the Cadence of Publication of Disclosure Frameworks

Section 4.1 of the Framework describes certain tools provided to Clearing Agency participants to assist participants in understanding the Clearing Agencies’ products and services and their use. One such tool is the publication of disclosure frameworks to the DTCC website. The proposed change would enhance the description in the third bullet of Section 4.1, to add that although each of the Clearing Agencies publish to the DTCC website disclosure frameworks that are updated on a biennial basis, such frameworks are also updated more frequently for material changes.

ii. Proposed Amendment To Clarify the Description of Recovery and Wind-Down

Section 5 of the Framework describes the Clearing Agencies identification of scenarios that may potentially prevent them from being able to provide critical operations and services, and assessment of options for recovery and orderly wind-down, and maintenance of appropriate plans for recovery and orderly wind-down. The proposed changes to Section 5 are primarily rephrasing and grammatical choices that clarify the Framework and conform the language in the Framework to the Clearing Agencies’ stand-alone Recovery and Wind-Down Plans.

iii. Proposed Amendment To Make Other Non-Substantive Clarifying Changes

These proposed changes consist of rephrasing for clarity and removal of unnecessary language in the Framework. These changes include: (i) changes to Section 1 to simplify the description of other documentation of the Clearing Agencies that support the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b–4(f)(4).

⁵ See Securities Exchange Act Release Nos. 81635 (September 15, 2017), 82 FR 44224 (September 21, 2017) (SR–DTC–2017–013; SR–FICC–2017–016; SR–NSCC–2017–012) (“Initial Filing”) and Securities Exchange Act Release Nos. 89271 (July 09, 2020), 85 FR 42933 (July 15, 2020) (SR–NSCC–2020–012); Securities Exchange Act Release No. 89269 (July 09, 2020), 85 FR 42954 (July 15, 2020) (SR–DTC–2020–009); and Securities Exchange Act Release No. 89270 (July 09, 2020), 85 FR 42927 (July 15, 2020) (SR–FICC–2020–007) (together with the Initial Filing, the “Framework Filings”)

⁶ *Supra* note 5.

⁷ 17 CFR 240.17Ad–22(e)(1), (3), (20), (21), (22) and (23).

activities described in the Framework by removing statements regarding the maintenance of those documents that are not relevant to the operation of this Framework and removing redundant sentences; (ii) add “and” for grammatical purposes in the second sentence of the last paragraph of Section 3.2 as well as the words “when required” as clarifying language; (3) remove the words “Market Risk” from the heading “*Clearing Agency Stress Testing Framework*” in Section 3.3.3 and add “liquidity resources” to align with other documentation of the Clearing Agencies; (4) deletion of the word “all” in various sentences in Section 4.2.2, as unnecessary.

2. Statutory Basis

The Clearing Agencies believe that the proposed changes are consistent with section 17A(b)(3)(F) of the Act⁸ for the reasons described below. Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.⁹ The proposed changes would clarify the descriptions of certain matters within the Framework to improve comprehensiveness and align with other documentation of the Clearing Agencies, as described above. By creating clearer, updated descriptions, the Clearing Agencies believe that the proposed changes would make the Risk Management Framework more effective in providing an overview of the important risk management activities of the Clearing Agencies, as described therein.

As described in the Framework Filings, the risk management functions described in the Risk Management Framework allow the Clearing Agencies to continue to promote the prompt and accurate clearance and settlement of securities transactions and continue to assure the safeguarding of securities and funds which are in their custody or control or for which they are responsible notwithstanding the default of a member of an affiliated family. The proposed changes to improve the clarity and accuracy of the descriptions of risk management functions within the Framework would assist the Clearing Agencies in carrying out these risk management functions. Therefore, the Clearing Agencies believe these

proposed changes are consistent with the requirements of section 17A(b)(3)(F) of the Act.¹⁰

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

The Clearing Agencies do not believe that the proposed changes to the Framework described above would have any impact, or impose any burden, on competition. As described above, the proposed rule changes would improve the comprehensiveness of the Framework by creating clearer, updated descriptions, thereby making the Risk Management Framework more effective in providing an overview of the important risk management activities of the Clearing Agencies. As such, the Clearing Agencies do not believe that the proposed rule changes would 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* <https://www.sec.gov/regulatory-actions/how-to-submitcomments>. 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 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

The foregoing rule change has become effective pursuant to section

19(b)(3)(A)¹¹ of the Act and paragraph (f)¹² of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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. Please include file number SR-FICC-2023-016 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-2023-016. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission’s Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FICC and on DTCC’s website (<https://dtcc.com/legal/sec-rule-filings.aspx>). Do not include personal identifiable

⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁹ *Id.*

¹⁰ *Id.*

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

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-2023-016 and should be submitted on or before January 2, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99096; File No. SR-MSRB-2023-06]

Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish the 2024 Rate Card Fees for Dealers and Municipal Advisors Pursuant to MSRB Rules A-11 and A-13

December 6, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”) ¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 30, 2023, the Municipal Securities Rulemaking Board (“MSRB” or “Board”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. 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

The MSRB filed with the Commission a proposed rule change to amend, consistent with the MSRB’s annual rate-setting process (“Annual Rate Card Process”):³ (i) Supplementary Material

.01 to Rule A-11 to modify the rate of assessment for the annual rate card fees on municipal advisors for covered professionals under Rule A-11(b) (the “Municipal Advisor Professional Fee”); and (ii) Supplementary Material .01 to Rule A-13 to modify the rate of assessments for the annual rate card fees on brokers, dealers, and municipal securities dealers (collectively, “dealers”) for certain underwriting fees under Rule A-13(b), transaction fees under Rule A-13(d)(i) and (ii), and trade count fees under Rule A-13(d)(iv)(a) and (b) (collectively, the “Market Activity Fees” and, together with the Municipal Advisor Professional Fee, the “Rate Card Fees”). The proposed amendments to Supplementary Material .01 to Rule A-11 and Supplementary Material .01 to Rule A-13 collectively make up the “proposed rule change”.

The MSRB has designated the proposed rule change for immediate effectiveness.⁴ The new Rate Card Fees reflected in the proposed rule change will become effective as of January 1, 2024.⁵

The text of the proposed rule change is available on the MSRB’s website at <https://msrb.org/2023-SEC-Filings>, at the MSRB’s principal office, and at the Commission’s Public Reference Room.

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 MSRB 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 MSRB 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 purpose of the proposed rule change is to amend the rate of assessments for the MSRB’s Rate Card Fees under its Annual Rate Card Process. The Annual Rate Card Process

was established in 2022 to create a process by which the four individual Rate Card Fees would be adjusted on an annual basis under a single rate setting process.⁶ In conjunction with the establishment of the Annual Rate Card Process, the MSRB established its initial Annual Rate Card to implement Rate Card Fees intended to remain in effect through calendar year 2023 (the “2023 Rate Card”), with new Rate Card Fees expected to be established for subsequent calendar years. Pursuant to this process and consistent with the MSRB’s funding policy (the “MSRB Funding Policy”),⁷ the MSRB has conducted its annual review of the Rate Card Fees and has determined that an adjustment is necessary and appropriate to defray the costs and expenses of operating and administering the MSRB.⁸ Accordingly, the proposed rule change would effectuate a new Annual Rate Card (the “2024 Rate Card”) which will remain in effect until a subsequent proposed rule change amending the Rate Card Fees becomes effective.⁹

MSRB Review of the Proposed Rate Card Fees for Fiscal Year 2024

The MSRB undertook the Annual Rate Card Process as described in the MSRB Funding Policy to establish the proposed Rate Card Fees for 2024. The Annual Rate Card Process is intended to establish a fee structure that is more transparent and predictable for the MSRB’s stakeholders while also retaining the MSRB’s flexibility to react to changing market or budgetary circumstances when establishing reasonable fees to be paid by regulated entities. The Annual Rate Card Process consists of: (i) developing the fiscal year operational funding level for the upcoming fiscal year, (ii) reconciling any material reserves variances, (iii) incorporating other anticipated revenue for the upcoming fiscal year, (iv) validating contribution targets and reconciling any rate card fee variances from the prior fiscal year, and (v) setting rates of assessment for the Annual Rate Card based on forecasted volume of activity for the coming fiscal year.

Development of the Fiscal Year Operational Funding Level. In July 2023, the board of directors of the MSRB

⁶ See *supra* note 3.

⁷ Available at <https://www.msrb.org/MSRB-Funding-Policy-0>. The board of directors of the MSRB approved its current Funding Policy on July 28, 2022 with an effective date of October 1, 2022.

⁸ See Section 15B(b)(2)(J) of the Exchange Act (15 U.S.C. 78b-4(b)(2)(J)).

⁹ The MSRB anticipates amending the rates of assessment for the Rate Card Fees specified in the 2024 Rate Card with a subsequent rule filing with the Commission that would become effective as of January 1, 2025 for the calendar year 2025.

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Act Release No. 95417 (Aug. 3, 2022), 87 FR 48530 (Aug. 9, 2022), File No. SR-MSRB-2022-06 (establishing the MSRB’s Annual Rate Card Process with respect to the setting of certain fee rates each calendar year (an “Annual Rate Card”) and setting the initial Rate Card Fees through December 31, 2023) (the “Annual Rate Card Process Notice”).

⁴ The MSRB has designated the proposed rule change as establishing or changing a due, fee, or other charge under Section 19(b)(3)(A)(ii) of the Exchange Act (15 U.S.C. 78s(b)(3)(A)(ii)) and Rule 19b-4(f)(2) (17 CFR 240.19b-4(f)(2)) thereunder.

⁵ Rate Card Fees for activities occurring prior to the January 1, 2024 effectiveness of the new rates will continue to accrue at the rates in effect prior to that date.