

TABLE 1—SUMMARY OF BURDEN ESTIMATES FOR RULE 11a–3

	Internal burden	Wage rate	Cost of internal burden
CURRENTLY-APPROVED BURDEN ESTIMATES			
Recordkeeping Requirement	1 hour	\$63/hr. (clerk)	\$63
Respondents	349 funds .....	.....	349 funds
Total	349 hours .....	.....	\$21,987
Notice Requirement	1 hour	\$419/hr. (attorney)	\$419
Total	2 hours	\$63/hr. (clerk)	\$126
Respondents	70 funds .....	.....	70 funds
Total	210 hours .....	.....	\$38,150
Total Responses (Recordkeeping + Notice)	419 .....	.....	.....
Total Burden (Recordkeeping + Notice)	559 hours .....	.....	\$60,137
UPDATED BURDEN ESTIMATES			
Recordkeeping Requirement	1 hour	\$73/hr. (clerk)	\$73
Respondents	345 funds .....	.....	345 funds
Total	345 funds .....	.....	\$25,185
Notice Requirement	1 hour	\$484/hr. (attorney)	\$484
Total	2 hours	\$73/hr. (clerk)	\$146
Respondents	69 funds .....	.....	69 funds
Total	207 hours .....	.....	\$43,470
Total Responses (Recordkeeping + Notice)	414 .....	.....	.....
Total Burden (Recordkeeping + Notice)	552 hours .....	.....	\$68,655

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by April 8, 2024.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov.

Dated: February 1, 2024.
Sherry R. Haywood,
Assistant Secretary.
 [FR Doc. 2024–02358 Filed 2–5–24; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99447; File No. SR–FICC–2024–001]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Methodology Documents

January 30, 2024.

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 January 23, 2024, 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. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act ³ and

¹ 15 U.S.C. 78s(b)(1).
² 17 CFR 240.19b–4.
³ 15 U.S.C. 78s(b)(3)(A).

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

FICC is proposing to amend the MBSD Methodology and Model Operations Document—MBSD Quantitative Risk Model (“MBSD QRM Methodology Document”),⁵ in order to remove references to specific benchmarks used to calculate the minimum margin amount (“Minimum Margin Amount”) ⁶ and the alternative

⁴ 17 CFR 240.19b–4(f)(4).

⁵ The MBSD QRM Methodology was filed as a confidential exhibit in the rule filing and advance notice for MBSD sensitivity VaR. See Securities Exchange Act Release Nos. 79868 (Jan. 24, 2017), 82 FR 8780 (Jan. 30, 2017) (SR–FICC–2016–007) and 79843 (Jan. 19, 2017), 82 FR 8555 (Jan. 26, 2017) (SR–FICC–2016–801) (collectively, “MBSD Margin Proxy Approval Order”). The MBSD QRM Methodology has been amended. See Securities Exchange Act Release Nos. 85944 (May 24, 2019), 84 FR 25315 (May 31, 2019) (SR–FICC–2019–001), 90182 (Oct. 14, 2020), 85 FR 66630 (Oct. 20, 2020) (SR–FICC–2020–009), 92303 (Jun. 30, 2021), 86 FR 35854 (Jul. 7, 2021) (SR–FICC–2020–017) (“MBSD Minimum Margin Amount Approval Order”), 95070 (Jun. 8, 2022), 87 FR 36014 (Jun. 14, 2022) (SR–FICC–2022–002), and 97342 (Apr. 21, 2023), 88 FR 25721 (Apr. 27, 2023) (SR–FICC–2023–003).

⁶ FICC has adopted a minimum margin amount into its MBSD margin methodology. The Minimum Margin Amount uses a dynamic haircut method

volatility calculation (“Margin Proxy”)⁷ at MBSB. FICC would replace the references to specific benchmarks with a more general description. FICC is also proposing to make certain corrections and technical changes to the GSD Methodology Document—GSD Initial Market Risk Margin Model⁸ (“GSD QRM Methodology Document,” and together with the MBSB QRM Methodology Document, the “QRM

based on observed to-be-announced (“TBA”) securities price moves and serves as a minimum MBSB value-at-risk (“VaR”) charge (“VaR Charge”) for net unsettled positions, calculated using the historical market price changes of certain benchmark TBA securities. See MBSB Minimum Margin Amount Approval Order, *supra* note 5. As defined in MBSB Rule 1 (Definitions), the term “TBA” means a contract for the purchase or sale of mortgage-backed security to be delivered at an agreed-upon future date because as of the transaction date, the seller has not yet identified certain terms of the contract, such as the pool number and number of pools, to the buyer. *Infra* note 9. The term “VaR Charge” is defined in MBSB Rule 1 and means, with respect to each margin portfolio, a calculation of the volatility of specified net unsettled positions of a Clearing Member, as of the time of such calculation (with respect to the specified net unsettled positions as of the time of such calculation). Such volatility calculations shall be made in accordance with any generally accepted portfolio volatility model, including, but not limited to, any margining formula employed by any other clearing agency registered under Section 17A of the Act. Such calculation shall be made utilizing such assumptions (including confidence levels) and based on such historical data as FICC deems reasonable, and shall cover such range of historical volatility as FICC from time to time deems appropriate. To the extent that the primary source of such historical data becomes unavailable for an extended period of time, FICC shall utilize the Margin Proxy as an alternative volatility calculation. In its assessment of volatility, FICC shall calculate an additional bid-ask spread risk charge measured by multiplying the gross market value of each Net Unsettled Position by a basis point charge, where the applicable basis point charge shall be reviewed at least annually. If the volatility calculation is lower than the VaR Floor then the VaR Floor will be utilized as such Clearing Member’s VaR Charge. *Infra* note 9.

⁷ FICC has adopted procedures that would govern in the event that the vendor fails to provide risk analytics data used by FICC to calculate the MBSB VaR Charge. These procedures include the application of the Margin Proxy, which would be applied as an alternative volatility calculation for the MBSB VaR Charge (subject to the VaR Floor, as defined in MBSB Rule 1, *infra* note 9) if FICC determines that the data disruption would extend beyond five (5) business days. See MBSB Margin Proxy Approval Order, *supra* note 5.

⁸ The GSD QRM Methodology Document was filed as a confidential exhibit in the rule filing and advance notice for GSD sensitivity VaR. See Securities Exchange Act Release Nos. 83362 (Jun. 1, 2018), 83 FR 26514 (Jun. 7, 2018) (SR–FICC–2018–001) and 83223 (May 11, 2018), 83 FR 23020 (May 17, 2018) (SR–FICC–2018–801). The GSD QRM Methodology has been subsequently amended. See Securities Exchange Act Release Nos. 85944 (May 24, 2019), 84 FR 25315 (May 31, 2019) (SR–FICC–2019–001), 90182 (Oct. 14, 2020), 85 FR 66630 (Oct. 20, 2020) (SR–FICC–2020–009), 93234 (Oct. 1, 2021), 86 FR 55891 (Oct. 7, 2021) (SR–FICC–2021–007), 95605 (Aug. 25, 2022), 87 FR 53522 (Aug. 31, 2022) (SR–FICC–2022–005), and 97342 (Apr. 21, 2023), 88 FR 25721 (Apr. 27, 2023) (SR–FICC–2023–003).

Methodology Documents”) and a clarification to the MBSB QRM Methodology Document, as described in greater detail below.⁹

FICC is requesting confidential treatment of the QRM Methodology Documents and has filed them separately with the Secretary of the Commission.¹⁰

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 this rule filing is to amend the QRM Methodology Documents to remove references to specific benchmarks used for the Minimum Margin Amount and Margin Proxy at MBSB. FICC would replace these references to specific benchmarks with a more general description. FICC is also proposing to make certain corrections and technical changes to the GSD QRM Methodology Document and a clarification to the MBSB QRM Methodology Document.

Replacing References to Specific Benchmarks for Minimum Margin Amount and Margin Proxy of MBSB With a More General Description in the MBSB QRM Methodology Document

The MBSB QRM Methodology Document provides the methodology by which FICC calculates the MBSB VaR Charge. The MBSB QRM Methodology Document specifies model inputs, parameters and assumptions, among other information. With respect to Minimum Margin Amount and Margin Proxy, the MBSB QRM Methodology Document refers to the specific benchmarks that are in use. FICC is

⁹ Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the FICC’s Government Securities Division (“GSD”) Rulebook (“GSD Rules”) and FICC’s Mortgage-Backed Securities Division (“MBSB”) Clearing Rules (“MBSB Rules”), and together with the GSD Rules, the “Rules”, available at www.dtcc.com/legal/rules-and-procedures.aspx.

¹⁰ 17 CFR 240.24b–2.

proposing to remove the specific benchmark references and replace them with a more general description in order to provide FICC with more flexibility in updating the benchmarks. This is because FICC has observed that vendors may from time to time modify, suspend or discontinue benchmarks.¹¹ Such occurrences do not happen frequently, however, because the references to the specific benchmarks are currently codified in the MBSB QRM Methodology Document, any changes or updates to the benchmarks would require a proposed rule change to be filed with the Commission. In order to provide FICC with more flexibility in updating the benchmarks to timely reflect changes and/or updates, FICC is proposing to replace references to specific benchmarks in the MBSB QRM Methodology Document with a more general description.

Specifically, with respect to the Minimum Margin Amount calculation, FICC is proposing to remove the specific references to default benchmark TBA programs from the MBSB QRM Methodology and replacing it with language that FICC would designate daily benchmark TBA for each of the CONV30, CONV15, GNMA30, and GNMA15 programs based on the TBA with the largest gross settlement amount in the program. Similarly, with respect to the Margin Proxy calculation, FICC is proposing to remove the specific references to default benchmark TBAs as well as the corresponding reference current coupons and replacing them with language that FICC would designate daily benchmark TBAs for each of the CONV30, CONV15, GNMA30, and GNMA15 programs based on the TBA coupon rate closest to or identical with the then current coupon rate. By replacing references to specific benchmarks in the MBSB QRM Methodology Document with a more general description, FICC would no longer need to submit subsequent rule filings to make updates or changes to these benchmarks unless such changes require an advance notice.¹²

¹¹ For example, one of the benchmarks specified in the MBSB QRM Methodology Document for the GNMA program is GNMA I (*i.e.*, MTGEGNSF Index from Bloomberg for GNMA I 30-Year current coupons), which is used to calculate the Margin Proxy; however, FICC has recently learned that GNMA I is no longer available due to diminishing trading volume. Accordingly, following the implementation of these proposed changes, FICC plans to replace GNMA I with GNMA II (*i.e.*, MTGEG2SF Index from Bloomberg for GNMA II 30-Year current coupons) in the calculation of Margin Proxy.

¹² Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Rule 19b–4(n)(1)(i) under the

Nonetheless, as part of the key model construct, benchmarks are reviewed at least annually through FICC's model validation process, and any changes to the benchmarks would continue to be subject to DTCC's internal model governance process as described in the Clearing Agency Model Risk Management Framework.¹³

Under the proposal, FICC would delete references to specific benchmarks from the Minimum Margin Amount and the Margin Proxy sections of the MBSQ QRM Methodology Document. With respect to the calculation of the Minimum Margin Amount, the MBSQ QRM Methodology Document would provide that the risk factors are calculated based on the applicable benchmark TBA for each program,¹⁴ and each day, the benchmark TBA is designated by FICC based on the TBA with the largest gross settlement amount in the program. Similarly, the MBSQ QRM Methodology Document would also provide that in calculating the Margin Proxy, the risk factors are calculated based on the benchmark TBA for each program,¹⁵ and each day, the benchmark TBA is designated by FICC based on the TBA coupon rate closest to or identical with the then current coupon rate.

Act, if a change materially affects the nature or level of risks presented by FICC, then FICC is required to file an advance notice filing. 12 U.S.C. 5465(e)(1) and 17 CFR 240.19b(4)(n)(1)(i).

¹³ The Clearing Agency Model Risk Management Framework ("Framework") sets forth the model risk management practices that FICC and its affiliates The Depository Trust Company ("DTC") and National Securities Clearing Corporation ("NSCC," and together with FICC and DTC, the "Clearing Agencies") follow to identify, measure, monitor, and manage the risks associated with the design, development, implementation, use, and validation of quantitative models. The Framework is filed as a rule of the Clearing Agencies. See Securities Exchange Act Release Nos. 81485 (Aug. 25, 2017), 82 FR 41433 (Aug. 31, 2017) (SR-DTC-2017-008; SR-FICC-2017-014; SR-NSCC-2017-008), 88911 (May 20, 2020), 85 FR 31828 (May 27, 2020) (SR-DTC-2020-008; SR-FICC-2020-004; SR-NSCC-2020-008), 92380 (Jul. 13, 2021), 86 FR 38140 (Jul. 19, 2021) (SR-FICC-2021-006), 92381 (Jul. 13, 2021), 86 FR 38163 (Jul. 19, 2021) (SR-NSCC-2021-008), 92379 (Jul. 13, 2021), 86 FR 38143 (Jul. 19, 2021) (SR-DTC-2021-013), 94271 (Feb. 17, 2022), 87 FR 10411 (Feb. 24, 2022) (SR-FICC-2022-001), 94272 (Feb. 17, 2022) 87 FR 10419 (Feb. 24, 2022) (SR-NSCC-2022-001), 94273 (Feb. 17, 2022), 87 FR 10395 (Feb. 24, 2022) (SR-DTC-2022-001), 97890 (Jul. 13, 2023), 88 FR 46287 (Jul. 19, 2023) (SR-FICC-2023-008), 97892 (Jul. 13, 2023), 88 FR 46232 (Jul. 19, 2023) (SR-NSCC-2023-006), and 97891 (Jul. 13, 2023), 88 FR 46336 (Jul. 19, 2023) (SR-DTC-2023-006).

¹⁴ In calculating the Minimum Margin Amount and the Margin Proxy, FICC partitions each MBSQ member portfolio into four programs—CONV30, GNMA30, CONV15, and GNMA15.

¹⁵ *Id.*

Certain Corrections and Technical Changes to the GSD QRM Methodology Document and a Clarification to the MBSQ QRM Methodology Document

FICC is proposing to make certain corrections and technical changes to the GSD QRM Methodology Document and a clarification to the MBSQ QRM Methodology Document, as described in detail below.

(1) GSD QRM Methodology Document

FICC is proposing to make certain corrections and technical changes to the GSD QRM Methodology Document. Specifically, FICC would correct two typographical errors—one in the description of market risks associated with products cleared by GSD, and the other in the description of key assumptions for Blackout Period Exposure. FICC would also correct two grammatical errors—one in the description of market risks associated with products cleared by GSD and the other in the description of certain factors for VaR determination.

Appendix 4 (Related Methodology for MBSQ Sensitivity VaR) to the GSD QRM Methodology Document currently includes certain sections from the MBSQ QRM Methodology Document with slightly different numbering sequences. In order to eliminate duplicity and prevent potential inconsistency with the MBSQ QRM Methodology Document, FICC is proposing certain technical changes to remove Appendix 4 (Related Methodology for MBSQ Sensitivity VaR) from the GSD QRM Methodology Document and update references thereto to directly refer to the relevant section name(s) in the MBSQ QRM Methodology Document. FICC is also proposing an update to the reference of the MBSQ QRM Methodology Document in the Bibliography section by removing the date from the title of the document. Removing the date from the title of this document in the Bibliography section of the MBSQ QRM Methodology Document would help this reference from becoming stale or outdated as the MBSQ QRM Methodology gets updated from time to time.

(2) MBSQ QRM Methodology Document

FICC is proposing to make a clarification to the MBSQ QRM Methodology Document. Specifically, in the section of the MBSQ QRM Methodology Document that describes the calculation of Margin Proxy, FICC would add a sentence that describes FICC's current practice when the current coupon rate used to determine the benchmark is missing, unavailable,

or deemed unreliable. Specifically, the additional sentence would provide that if the current coupon rate is missing, unavailable, or deemed unreliable for a particular program, then FICC would use the latest available coupon rate to determine the benchmark TBA or obtain the current coupon rate from an alternative source.

Impact Study

FICC has conducted an impact study for the period from June 2022 to May 2023 ("Impact Study") assessing the change with respect to the Margin Proxy.¹⁶ The result of the Impact Study indicates that, if FICC had replaced GNMA I (*i.e.*, MTGEGNSF Index from Bloomberg for GNMA I 30-Year current coupons) with GNMA II (*i.e.*, MTGEG2SF Index from Bloomberg for GNMA II 30-Year current coupons) when calculating the Margin Proxy during the Impact Study period, the MBSQ backtesting coverage ratio with respect to the Margin Proxy would largely remain unchanged, with a 0.1% decrease in coverage ratio.

Specifically, if FICC had replaced GNMA I with GNMA II when calculating the MBSQ Margin Proxy during the Impact Study period, the average daily aggregate Margin Proxy would have decreased \$16.3 million (or approximately 0.29% of the average daily aggregate Margin Proxy). The average daily decrease in Margin Proxy per portfolio would have been approximately \$213,000 (or approximately 0.29% of the average daily Margin Proxy per portfolio), with the largest daily dollar decrease of approximately \$4.1 million (0.59% of the Margin Proxy for that day) and the largest percentage decrease of 2.07% (or approximately \$1,900 decrease in Margin Proxy).

2. Statutory Basis

FICC believes this proposal is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, FICC

¹⁶ There is no anticipated impact from this proposal with respect to the Minimum Margin Amount from Jun. 2022 to May 2023. This is because under the proposal, with respect to the Minimum Margin Amount, GNMA I TBAs would be added as a potential benchmark TBA in addition to the currently existing default benchmark TBAs, *i.e.*, GNMA II TBAs; however, since 2022, GNMA II TBAs have consistently exceeded GNMA I TBAs in terms of position exposures at MBSQ, therefore, based on the gross settlement amounts, irrespective of the addition of GNMA I TBAs as a potential benchmark TBA, the benchmark TBA designated by FICC would still have been GNMA II TBAs. Therefore, there is no anticipated impact from this proposal on the Minimum Margin Amount from Jun. 2022 to May 2023.

believes that the proposed changes to the QRM Methodology Documents described above are consistent with Section 17A(b)(3)(F) of the Act, for the reasons described below.¹⁷

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed 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.¹⁸

FICC believes that amending the MBSD QRM Methodology Document to remove references to specific benchmarks used for the calculation of Minimum Margin Amount and Margin Proxy and replace them with a more general description as described above would enhance clarity and consistency for FICC. Specifically, the proposed changes would help ensure that the MBSD QRM Methodology Document (which has been filed confidentially) remains aligned with the slate of available benchmarks as it evolves over time. FICC believes that enhancing clarity and consistency with respect to changes to the aforementioned benchmarks would help ensure that FICC calculates and collects adequate margin from its Clearing Members. Collecting adequate margin from its Clearing Members would help FICC mitigate potential losses associated with liquidating a Clearing Member's portfolio in the event of Clearing Member default. Therefore, in the event of Clearing Member default, the proposed changes would help to ensure that FICC's operations would not be disrupted and non-defaulting Clearing Members would not be exposed to losses they cannot anticipate or control. In this way, the proposed changes to the aforementioned benchmarks would help assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible, consistent with Section 17A(b)(3)(F) of the Act.¹⁹

FICC believes that the proposed changes, which constitute certain corrections and technical changes to the GSD QRM Methodology Document and a clarification to the MBSD QRM Methodology Document, would enhance the clarity and accuracy of the QRM Methodology Documents for FICC. The QRM Methodology Documents are used by FICC risk management personnel regarding the calculation of margin requirements. Having clear and accurate QRM Methodology Documents would help facilitate the accurate and smooth

functioning of the margining process at FICC. The changes referenced in this paragraph would promote such clarity and accuracy. This would in turn allow FICC risk management to charge members an appropriate level of margin. As such, FICC believes that enhancing the clarity and accuracy of the QRM Methodology Documents would assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible, consistent with Section 17A(b)(3)(F) of the Act.²⁰

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

FICC believes that the proposed changes to amend the MBSD QRM Methodology Document to remove references to specific benchmarks used for the calculation of Minimum Margin Amount and Margin Proxy and replace them with a more general description as described above could have an impact on competition. Specifically, FICC believes that the proposed changes could burden competition because changes to the benchmarks could potentially result in larger Required Fund Deposit amounts for some members than the amounts currently calculated. This is because the proposed changes would provide FICC the flexibility to timely update benchmarks without a rule filing, which in turn could lead to either higher or lower haircut rates being used when calculating the Minimum Margin Amount and/or Margin Proxy. Using higher haircut rates when calculating the Minimum Margin Amount and/or Margin Proxy could result in larger Required Fund Deposit amounts for some members than the amounts currently calculated.

When the proposal results in a larger Required Fund Deposit for members, the proposed changes could burden competition for members that have lower operating margin or higher cost of capital compared to other members. Whether such burden on competition would be significant would depend on each member's financial status and the specific risks presented by each member's portfolio(s). Regardless of whether the burden on competition would be significant, FICC believes that any burden on competition imposed by the proposed changes would be both necessary and appropriate in furtherance of FICC's efforts to mitigate risks and meet the requirements of the Act,²¹ as described in this filing and further below.

FICC believes the above-described burden on competition that may be created by the proposed changes to amend the MBSD QRM Methodology Document to remove references to specific benchmarks used in the calculation of the Minimum Margin Amount and Margin Proxy and replace them with a more general description would be necessary in furtherance of the Act.²² As stated above, these proposed changes would provide FICC with more flexibility in updating these benchmarks without a rule filing. As such, the proposed changes would enhance clarity and consistency for FICC by helping to ensure that the MBSD QRM Methodology Document (which has been filed confidentially) stays aligned with the slate of available benchmarks as it evolves over time. FICC believes that enhancing clarity and consistency for FICC with respect to changes to the aforementioned benchmarks would help ensure that FICC calculates and collects adequate margin from its Clearing Members and would thereby assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible, consistent with Section 17A(b)(3)(F) of the Act.²³

FICC also believes that the above-described burden on competition that could be created by the proposed changes to amend the MBSD QRM Methodology Document to remove references to specific benchmarks used for the calculation of Minimum Margin Amount and Margin Proxy and replace them with a more general description would be appropriate in furtherance of the Act.²⁴ FICC believes these proposed changes would be appropriate in furtherance of the Act because they have been designed to assure the safeguard of securities and funds which are in the custody or control of FICC or for which it is responsible. The proposal achieves this purpose by providing FICC additional flexibility when updating aforementioned benchmarks, thus ensuring that the MBSD QRM Methodology Document (which has been filed confidentially) remains aligned with the slate of available benchmarks as it evolves over time. Having a clear MBSD QRM Methodology Document would help facilitate the accurate and smooth functioning of the margining process at FICC and thereby assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible,

¹⁷ 15 U.S.C. 78q-1(b)(3)(F).

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.*

²¹ 15 U.S.C. 78q-1(b)(3)(I).

²² *Id.*

²³ 15 U.S.C. 78q-1(b)(3)(F).

²⁴ 15 U.S.C. 78q-1(b)(3)(I).

consistent with Section 17A(b)(3)(F) of the Act.²⁵

FICC does not believe the proposed corrections and technical changes to the GSD QRM Methodology Document and the proposed clarification to the MBSD QRM Methodology Document described above would have any impact on competition. These proposed changes would enhance QRM Methodology Documents by providing additional clarity and accuracy. The proposed changes referenced above would not advantage or disadvantage any particular member of FICC or unfairly inhibit access to FICC's services. FICC therefore does not believe these proposed changes would have any impact, or impose any burden, 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 additional 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/regulatory-actions/how-to-submit-comments. 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)²⁶ of the Act and paragraph (f)²⁷ 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-2024-001 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-2024-001. 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 (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-2024-001 and should be submitted on or before February 27, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁸

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-02159 Filed 2-5-24; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 35122; File No. 812-15490]

Diameter Credit Company, et al.

AGENCY: Securities and Exchange Commission ("Commission" or "SEC").
ACTION: Notice.

Notice of application for an order ("Order") under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the "Act") and rule 17d-1 under the Act to permit certain joint transactions otherwise prohibited by sections 17(d) and 57(a)(4) of the Act and rule 17d-1 under the Act.

Summary of Application: Applicants request an order to permit certain business development companies ("BDCs") and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment entities.

Applicants: Diameter Credit Company, Diameter Principal Finance LLC, Diameter Principal Finance Partnership LP, Diameter Capital Partners LP, Diameter CLO Advisors LLC, Diameter Master Fund LP, Diameter Dislocation Master Fund LP, Diameter Dislocation Master Fund II LP, DCMALT LP, DCP IG Fund LP, Diameter Credit Funding I, Ltd., Diameter Credit Funding II, Ltd., Diameter Credit Funding III, Ltd., Diameter Credit Funding IV, Ltd., Diameter Capital CLO 1 Ltd., Diameter Capital CLO 2 Ltd., Diameter Capital CLO 3 Ltd., Diameter Capital CLO 4 Ltd., Diameter Capital CLO 5 Ltd.

Filing Dates: The application was filed on July 25, 2023, and amended on October 31, 2023.

Hearing or Notification of Hearing: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at

²⁸ 17 CFR 200.30-3(a)(12).

²⁵ 15 U.S.C. 78q-1(b)(3)(F).

²⁶ 15 U.S.C. 78s(b)(3)(A).

²⁷ 17 CFR 240.19b-4(f).