above, there were no mid-month subscriptions or terminations over the past twelve (12) months that would have required the monthly fee to be pro-rated. The Exchange notes that other options exchanges do not provide for the similar pro-ration of market data fees.[59] Also, removing these provisions would harmonize the MIAX Emerald Fee Schedule with the MIAX Pearl Equities Fee Schedule, which does not provide for pro-ration.[60]

Inter-Market Competition

The Exchange does not believe the proposed fees place an undue burden on competition on other SROs that is not necessary or appropriate. In particular, market participants are not forced to subscribe to either data feed, as described above. An exchange that overprices its market data products stands a high risk that users may purchase another market's market data product. These competitive pressures ensure that no one exchange's market data fees can impose an unnecessary burden on competition, and the Exchange's proposed fees do not do so here. Additionally, other exchanges have similar market data fees with comparable rates in place for their participants. Other options exchanges are free to adopt comparable fee structures subject to the Commission's rule filing process.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or 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)(ii) of the Act,[61] and Rule 19b–4(f)(2)[62] 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–EMERALD–2025–11 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–EMERALD–2025–11. 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 the Exchange. 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–EMERALD–2025–11 and should be submitted on or before June 18, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[63]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–09486 Filed 5–27–25; 8:45 am]

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[59] *See* Cboe BZX Options Fee Schedule, Market Data Fees section and Cboe EDGX Options Fee Schedule, Market Data Fees section. *See also* MEMX Options Fee Schedule, Market Data Fees section *and* Securities Exchange Act Release No. 101370 (October 17, 2024), 89 FR 84638 (October 23, 2024) (SR–MEMX–2024–40).

[60] *See* MIAX Pearl Equities Fee Schedule, Section 3), Market Data Definitions *and* Securities Exchange Act Release No. 100319 (June 12, 2024), 89 FR 51562 (June 19, 2024) (SR–PEARL–2024–25).

[61] 15 U.S.C. 78s(b)(3)(A)(ii).

[62] 17 CFR 240.19b–4(f)(2).

[63] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103096; File No. SR–FICC–2025–014]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Amend and Restate the Cross-Margining Agreement Between FICC and CME

May 21, 2025.

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 May 9, 2025, Fixed Income Clearing Corporation (''FICC'') 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 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 FICC is proposing a rule change related to its cross-margining arrangement (the ''Cross-Margining Arrangement'') with the Chicago Mercantile Exchange Inc. (''CME''). The proposed rule change consists of a proposed Second Amended and Restated Cross-Margining Agreement (the ''Second A&R Agreement'') between FICC and CME (CME, collectively FICC and CME are referred to herein as the ''Clearing Organizations'' or ''Parties''). The proposed Second A&R Agreement would replace the current Amended and Restated Cross-Margining Agreement between the Parties (the ''Existing Agreement'')[3] in its entirety and would be incorporated into the FICC Government Securities Division (''GSD'') Rulebook (''GSD Rules''). The

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 98327 (Sept. 8, 2023), 88 FR 63185 (Sept. 14, 2023) (SR–FICC–2023–010).

proposed rule change does not require any changes to the text of the GSD Rules.[4] [5]

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

Generally, the purpose of the Cross-Margining Arrangement is to enable FICC and CME to recognize for margin purposes the offsetting risk of positions maintained by a member (or a member and its Affiliate) at the two Clearing Organizations in circumstances when the Clearing Organizations can look to all of those positions (and all associated margin) for performance of the member's obligations. In particular, the Cross-Margining Arrangement allows the Clearing Organizations to consider the net risk of a participant's eligible positions at FICC and CME when setting margin requirements for such positions.[6] Any resulting margin reductions create capital efficiencies for participating members and incentivize such members to maintain portfolios that present lower overall risk. It also facilitates the ability of clearing members and their indirect participant affiliates to access central clearing by ensuring that their margin obligations are commensurate to the risks of their portfolios.

Pursuant to the terms of the Existing Agreement, a joint clearing member of the Clearing Organizations (a ''Joint Clearing Member'') that participates in the Cross-Margining Arrangement may designate any of its accounts at FICC (except its Sponsoring Member Omnibus Account) to be cross-margined with a cross-margining account on the books of CME (each such account, a ''Cross-Margining Account''). In addition, a Joint Clearing Member may include in a Cross-Margining Account both its proprietary positions and those of an affiliate, as long as the affiliate is not a customer under certain rules of the SEC and its account on the records of the Joint Clearing Member is a ''proprietary account'' within the meaning of 17 CFR 1.3 (an ''Eligible Affiliate'').

On December 13, 2023, the SEC amended Rule 17ad–22 to require FICC to mandate that Netting Members submit for the clearance and settlement of eligible secondary market transactions (the ''U.S. Treasury Clearing Rule'') and to require FICC to calculate, collect, and hold margin for transactions in U.S. Treasury securities that a Netting Member submits to FICC on behalf of an indirect participant, including an affiliate of the Netting Member, separately and independently from margin for the Netting Member's proprietary positions in U.S. Treasury securities (''Separate Margining Requirement'').[7]

FICC has adopted amendments to the GSD Rules to implement the Separate Margining Requirement (the ''Separate Margining Amendments'').[8] These amendments went into effect on March 24, 2025.[9] Under the Separate Margining Amendments, a Netting Member will need to ensure that transactions it submits to FICC for the benefit of an indirect participant are recorded in an Indirect Participants Account, such as an Agent Clearing Member Omnibus Account, rather than in one of the Netting Member's Proprietary Accounts.[10] At the same time, the regulations promulgated by the Commodity Futures Trading Commission (''CFTC'') applicable to the positions that a Joint Clearing Member maintains at CME for an Eligible Affiliate require that such positions be maintained in the Joint Clearing Member's house account in which the Joint Clearing Member may also maintain its own proprietary positions.[11]

The purpose of the proposed Second A&R Agreement is to make certain technical changes that are designed to account for this difference in account structure so that an Eligible Affiliate of a Joint Clearing Member that accesses FICC's clearing services and the Cross-Margining Arrangement through a Joint Clearing Member will continue to be able to participate in the Cross-Margining Arrangement in accordance with the Separate Margining Requirement and Separate Margining Amendments.

The key changes reflected in the proposed Second A&R Agreement set forth below are principally those necessary to enable Eligible Affiliates to continue participating in the Cross-Margining Arrangement in accordance with the Separate Margining Requirement and Separate Margining Amendments. They consist of:

- A requirement for any Joint Clearing Member that wishes to subject the eligible positions of an Eligible Affiliate (a ''Participating Affiliate'') to the Cross-Margining Arrangement to cause such positions, to the extent cleared at FICC, to be recorded in an Agent Clearing Member Omnibus Account, which account must contain exclusively the positions of the Joint Clearing Member's Eligible Affiliates.
- Changes to reflect the role of a Participating Affiliate as a principal on the FICC-cleared eligible positions that are subject to the Cross-Margining Arrangement and recorded in an Agent Clearing Member Omnibus Account. These changes include adjustments to

[4] The Existing Agreement is incorporated in the GSD Rules available at *www.dtcc.com/legal/rules-and-procedures.* Unless otherwise specified, capitalized terms not defined herein shall have the meanings ascribed to them in the GSD Rules (as amended by recent rule changes approved by the SEC) on November 21, 2024), which includes the Existing Agreement. *See* Securities Exchange Act Release No. 101694 (Nov. 21, 2024), 89 FR 93784 (Nov. 27, 2024) (SR–FICC–2024–005); and No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) (SR–FICC–2024–007).

[5] Proposed Second Amended and Restated Cross-Margining Agreement by Fixed Income Clearing Corporation and Chicago Mercantile Exchange Inc.

[6] *See* Section 4, ''Calculation of the Cross-Margin Requirements'' of the Existing Agreement, *supra* note 4.

[7] *See* Securities Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (S7–23–22).

[8] *See* Securities Exchange Act Release No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) (SR–FICC–2024–007).

[9] On February 25, 2025, the SEC granted temporary exemptive relief to covered clearing agencies providing central counterparty services for U.S. Treasury *securities* from enforcing their written policies and procedures related to the Separate Margining Requirement until September 30, 2025. FICC has issued an Important Notice concerning such relief, which is available at *www.dtcc.com/-/media/Files/pdf/2025/2/26/GOV1909-25.pdf.*

[10] *See supra* note 8.

[11] *See* 7 U.S.C. 6d (permitting the commingling of futures customer property solely with the property of other futures customers); 17 CFR 1.3, ''Customer'' (deeming the holder of a ''proprietary account'' not to be a customer for purposes of 7 U.S.C. 6d); 17 CFR 1.3 ''proprietary account'' (''This term means commodity futures . . . account carried on the books and records of an individual, a partnership, corporation or other type of association: . . . (2) Of which ten percent or more is owned by one of the following persons, or an aggregate of ten percent or more of which is owned by more than one of the following persons: . . . (vii) A business affiliate that directly or indirectly controls such individual, partnership, corporation or association; or (viii) A business affiliate that, directly or indirectly is controlled by or is under common control with, such individual, partnership, corporation or association. . . .'').

descriptions of payment and transfer obligations to make clear that they may be owed by or to an Eligible Affiliate in the case of FICC-cleared eligible positions. They also include provisions to preserve the ability of the Clearing Organizations to look to the positions a Joint Clearing Member carries for a Participating Affiliate and all associated margin to satisfy the Joint Clearing Member's obligations to the Clearing Organizations in relation to Cross-Margining Accounts.

Clarifications to ensure that the use of the Cross-Margining Arrangement by Participating Affiliates does not affect the claims of any non-participating customers of a Joint Clearing Member under applicable Customer Protection Regimes (as defined below). In addition to the foregoing changes, the proposed Second A&R Agreement would contain revisions to extend from 30 days to 180 days the notice period in which FICC or CME may provide written notice to the other party of its election to terminate the proposed Second A&R Agreement.[12] Although this proposed change is not necessary to enable Eligible Affiliates to participate in the Cross-Margining Arrangement in accordance with the Separate Margining Requirement, the Parties believe this adjustment would provide FICC and CME with the necessary time needed to unwind the Cross-Margining Arrangement if that ever becomes necessary.

These changes would not otherwise affect the functioning of the Cross-Margining Arrangement, including the calculation of margin reductions and default management, under the Existing Agreement.

In addition, the Existing Agreement is supplemented by a Service Level Agreement (''SLA'') between FICC and CME. FICC and CME will make edits to the SLA as necessary to ensure conformance with the proposed Second A&R Agreement.[13]

A. The Proposed Second A&R Agreement

Overview

As noted above, FICC proposes to enter into the proposed Second A&R Agreement with CME. The proposed amendments to the Existing Agreement are designed to permit an Eligible Affiliate to have its positions cross-margined pursuant to the Cross-Margining Arrangement consistent with Separate Margining Requirement and the Separate Margining Amendments. FICC believes that such amendments would promote the maintenance of lower risk and more balanced portfolios and facilitate the access of indirect participants to central clearing in accordance with Rule 17ad–22.

1. Proposal To Ensure Compliance With Separate Margining Requirement

In order to facilitate an Eligible Affiliate's participation in the Cross-Margining Arrangement consistent with the Separate Margining Requirement and the Separate Margining Amendments, the proposed Second A&R Agreement would continue to permit a Joint Clearing Member to subject eligible positions cleared for an Eligible Affiliate to the Cross-Margining Arrangement but would require any such positions cleared at FICC to be recorded in an Agent Clearing Member Omnibus Account. More specifically, the proposed Second A&R Agreement would contain a new clause providing that in the event transactions or positions maintained in an Account are not the proprietary transactions or positions of the Cross-Margining Participant,[14] then such transactions or positions and margin therefore may only be maintained in a Cross-Margining Account at FICC if (i) the transactions, positions and margin are maintained by the Cross-Margining Participant for an Eligible Affiliate, and (ii) the Account in which the transactions and positions in FICC Eligible Products are recorded is an Agent Clearing Member Omnibus Account [15] that contains exclusively the transactions and positions of the Eligible Affiliate(s).[16] In order to ensure these conditions (the ''Separate Margining Conditions'') are satisfied, the proposed Second A&R Agreement would add certain provisions to the Cross-Margining Agreement (Common Member) attached as Appendix A to the proposed Second A&R Agreement (the ''Common Member Agreement''), which all Joint Clearing Members would be required to execute with the Clearing Organizations. Those provisions would consist of representations by the Joint Clearing Member to the Clearing Organizations that the Separate Margining Conditions are met.[17]

By virtue of these changes, in no circumstance would any proprietary securities positions of the Joint Clearing Member at FICC (or any proprietary margin securing those positions) be incorporated into or netted against FICC's calculation of the margin requirement applicable to the positions the Joint Clearing Member carries for its Eligible Affiliates.

2. Proposals To Address the Role of Participating Affiliates as Principal

Under the GSD Rules, when an Agent Clearing Member clears an Agent Clearing Member Transaction for an Executing Firm Customer, it ''acts solely as agent.'' [18] Accordingly, an Executing Firm Customer, such as a Participating Affiliate, is a principal on such transaction. The proposed Second A&R Agreement would include changes to reflect the role of a Participating Affiliate as principal on the Eligible Positions recorded in an Agent Clearing Member Omnibus Account. In particular, the proposed Second A&R Agreement would adjust a number of defined terms, including ''Cross-Margin VM Gain,'' ''Cross-Margin VM Loss,''

[12] *See* Sections 15(a) and (b), ''Termination'' of the Existing Agreement, *supra* note 4.

[13] The SLA is provided as confidential Exhibit 3 to this proposed rule change.

[14] *See* Section 1 of the Existing Agreement (defining ''Cross Margining Participant'' as ''a Joint Clearing Member that has become, or a Clearing Member that is part of a pair of Cross-Margining Affiliates each of which has become, a participant in the cross-margining arrangement between FICC and CME established pursuant to this Agreement. . . .''), *supra* note 4.

[15] *See* GSD Rule 8, Section 5, *supra* note 4. As a result of the recent amendment to GSD Rules to facilitate access to clearance and settlement of all eligible secondary market transactions in U.S. Treasury securities (the ''Access Amendments''), FICC will offer two different types of Indirect Participant Accounts for use without margin segregation: the Agent Clearing Member Omnibus Account and the Sponsoring Member Omnibus Account. Securities Exchange Act Release No. 101694 (Nov. 21, 2024), 89 FR 93784 (Nov. 27, 2024) (SR–FICC–2024–005). The GSD Rules do not currently permit a Joint Clearing Member to designate a Sponsoring Member Omnibus Account as a Cross-Margining Account. See GSD Rule 3A, Section 10(h). FICC is not proposing to change this limitation. FICC calculates margin obligations for Sponsoring Member Omnibus Accounts that are not designated for segregation in a different manner from how it calculates margin requirements for Proprietary Accounts and Agent Clearing Member Omnibus Accounts that are not designated for segregation. In particular, FICC generally calculates margin requirements for Sponsoring Member Omnibus Accounts on a gross (*i.e.,* Sponsored Member-by-Sponsored Member) basis, while it calculates margin for Agent Clearing Member Omnibus Accounts that are not designated for segregation and Proprietary Accounts on a net basis across all positions in the account. As a result, significant systems and other changes would be necessary to allow Joint Clearing Members to record Eligible Positions of Participating Affiliates in a Sponsoring Member Omnibus Account. FICC is not aware of any market interest in using unsegregated Sponsoring Member Omnibus Accounts for purposes of cross-margining involving Eligible Affiliates.

[16] A Joint Clearing Member and any Eligible Affiliate(s) would need to satisfy FICC's requirements to be an Agent Clearing Member and an Executing Firm, respectively, in accordance with GSD Rule 8, *supra* note 4.

[17] *See* Appendix A, ''Fixed Income Clearing Corporation/Chicago Mercantile Exchange Inc. Cross-Margining Participant Agreement (Common Member)'' of the proposed Second A&R Agreement, *supra* note 5.

[18] *See* GSD Rules, Rule 8, Section 5(b), *supra* note 2; Securities Exchange Act Release No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) (SR–FICC–2024–007).

''Liquidation Cost,'' ''Margin,'' ''Other VM Gain,'' ''Other VM Loss,'' ''Variation Margin,'' [19] as well as the provisions of Section 7 relating to the termination of a Cross-Margining Participant to recognize that payment or delivery obligations may be owed by or to an Eligible Participant, rather than by or to the Joint Clearing Member.[20]

In addition, the proposed Second A&R Agreement would include a number of additions to the Common Member Agreement to ensure that, as is the case with the Existing Agreement, FICC and CME would be able to look to the entirety of a Participating Affiliate's Eligible Positions and all associated margin to satisfy the obligations arising from the Joint Clearing Member's Cross-Margining Accounts at FICC and CME. In particular, the proposed Second A&R Agreement would require each Joint Clearing Member to agree in the Common Member Agreement, as agent for each of its Participating Affiliates, that each such Participating Affiliate (i) unconditionally promises to pay any amounts owing in respect of the Cross-Margining Accounts established for such Participating Affiliate (each, an ''Affiliate Account''), (ii) agrees that it is jointly and severally liable for any payment obligation in respect of any Cross-Margining Account of the Joint Clearing Member, in an amount up to the liquidation value of the positions maintained for the Participating Affiliate in any Affiliate Account and, without duplication, the value realized on any margin or other collateral held for any such account, and (iii) agrees it is bound by the GSD Rules and the CME rules as applicable to a Participating Affiliate and by the provisions of the proposed Second A&R Agreement and Common Member Agreement.[21]

In order to ensure the effectiveness of these agreements by a Joint Clearing Member on behalf of its Participating Affiliates, each Joint Clearing Member would represent and warrant in the Common Member Agreement that it has full power and authority to bind each of its Participating Affiliates to the foregoing terms and that before permitting an Eligible Affiliate to be a Participating Affiliate it will have obtained such Participating Affiliate's written consent to such terms.[22] The proposed Common Member Agreement would require each Joint Clearing Member to provide such written consent to the Clearing Organizations upon their request.[23]

Furthermore, the proposed Second A&R Agreement would include revisions to the security interest language in the Common Member Agreement so that the obligations secured include those of the Participating Affiliate, and that the Joint Clearing Member grants the security interest on behalf of itself and each Participating Affiliate.[24]

These proposed changes to the Common Member Agreement would ensure that, if a Joint Clearing Member defaults and FICC makes payment to CME pursuant to the cross-guarantee set forth in the proposed Second A&R Agreement,[25] FICC would be able to set off and apply to its claim for reimbursement the positive liquidation value of each Participating Affiliate's positions and the margin securing such positions.[26]

3. Proposals Relating to Customer Protection

The proposed Second A&R Agreement would include provisions to ensure that, consistent with the Existing Agreement, the use of the Cross-Margining Arrangement by Participating Affiliates would not affect the customer protections available to any non-participating customers of the Joint Clearing Member under the Securities Investor Protection Act (''SIPA''), the stockbroker liquidation provisions of Subchapter III of Chapter 7 of the Bankruptcy Code, the commodity broker liquidation provisions of Subchapter IV of Chapter 7 of the Bankruptcy Code, or the Commodity Futures Trading Commission's Part 190 regulations thereunder (collectively, the ''Customer Protection Regimes''). In order to accomplish this, the proposed Second A&R Agreement would limit the scope of Eligible Affiliates to entities that are Non-Customers,[27] which the proposed Second A&R Agreement would define as ''any Affiliate of the Clearing Member (i) that is not a 'customer' of the Clearing Member within the meaning of Securities Investor Protection Act, Subchapter III of Chapter 7 of the U.S. Bankruptcy Code, or Rule 15c3–3 as promulgated under the Act [28] and (ii) whose Eligible Positions in CME Eligible Products are carried in a Proprietary Account of the Clearing Member.'' [29]

In addition, the proposed Second A&R Agreement would require that each Affiliate Account be limited to the positions of Non-Customers (or in the case of an Affiliate Account at CME, the Joint Clearing Member's proprietary positions) and any margin posted to FICC in relation to such an account would not be subject to segregation. It would achieve this by requiring a Joint Clearing Member to represent in the Common Member Agreement that any Participating Affiliate is a Non-Customer, that any Cross-Margining Account (whether at CME or FICC) includes exclusively the positions of Non-Customers or the Joint Clearing Member, and that any margin posted to FICC in relation to an Eligible Affiliate account is not subject to segregation under the Rules.[30] These proposed changes are designed to ensure that no Participating Affiliate would have a claim under any Customer Protection Regime in relation to its Affiliate Account or Eligible Positions that could disrupt the priority rights of any customers of a Joint Clearing Member under those regimes to segregated pools of property.

4. Proposal To Extend the Termination Notification Period

The proposed Second A&R Agreement would revise Sections 15(a) and (b) of the Existing Agreement (Termination) to extend the prior written notification period for either party to terminate the Cross-Margining Arrangement from 30 days to 180 days.[31] While this proposed

[19] *See* Section 1, ''Definitions'' of the proposed Second A&R Agreement, *supra* note 5.

[20] *See* Section 7(a), ''Suspension and Liquidation of Cross-Margining Participant'' of the proposed Second A&R Agreement, *supra* note 5.

[21] *See supra* note 17.

[22] *See id.*

[23] *See id.*

[24] *See id.*

[25] The cross-guarantee would remain unchanged, *see* Section 8, ''Guaranty of FICC to CME'' and Section 9 ''Guaranty of CME to FICC'' of the Existing Agreement, *supra* note 4.

[26] The proposed Second A&R Agreement also includes a number of acknowledgments and agreements from each Joint Clearing Member, as agent for each Participating Affiliate, about the treatment of CME-cleared positions and CME-held margin and the Participating Affiliate's rights and obligations related thereto. *See* Appendix A, ''Fixed Income Clearing Corporation/Chicago Mercantile Exchange Inc. Cross-Margining Participant Agreement (Common Member)'' of the proposed Second A&R Agreement, *supra* note 5.

[27] *See* ''Recitals'' of the proposed Second A&R Agreement, *supra* note 5.

[28] In order for an Affiliate to constitute a non-customer for purposes of SIPA, the Affiliate would generally need to enter into a subordination agreement with the Joint Clearing Member pursuant to which the Affiliate agrees and acknowledges that its FICC-cleared positions and margin maintained in a Cross- Margining Account will not receive customer treatment under the Exchange Act or SIPA or be treated as ''customer property'' as defined in 11 U.S.C. 741 in a liquidation of the Joint Clearing Member.

[29] *See* Section 1, ''Definitions'' of the proposed Second A&R Agreement, *supra* note 5.

[30] *See* Section 15, ''Termination'' of the proposed Second A&R Agreement, *supra* note 5.

[31] Pursuant to the Existing Agreement, either Party may terminate the Agreement without cause by delivering written notice of termination to the other Party specifying a termination date not less than 30 days following the date on which such notice is sent. *See* Sections 15(a) and (b),

Continued

change is not required to facilitate the principal purpose of the proposed Second A&R Agreement, which is to allow Eligible Affiliates to participate in the Cross-Margining Arrangement consistently with the Separate Margining Requirement and Separate Margining Amendments, it would provide for a more effective timeframe for the Parties to unwind the Cross-Margining Arrangement, which would benefit FICC as well as all Cross-Margining Participants, including any Eligible Affiliates, where applicable.

B. Implementation of the Proposal

As noted above, the principal purpose of the proposed Second A&R Agreement is to allow Eligible Affiliates to participate in cross-margining in a manner consistent with the Separate Margining Requirement and the Separate Margining Amendments. The proposed Second A&R Agreement would therefore not become effective and replace the Existing Agreement until the latest of (i) the date both the SEC approves this proposed rule change and the CFTC approves CME's proposed rule change and (ii) a date agreed to by FICC and CME.[32] No later than two (2) business days following the date of the Commission's approval of this proposed rule change, FICC would add a legend to the proposed Second A&R Agreement to state that the specified changes are approved but not yet operative. The legend would also include the file number of the approved proposed rule change, and would state that once operative, the legend would automatically be removed from the proposed Second A&R Agreement. FICC would issue an important notice to members providing notice of the specific operative date at least two weeks prior to such date.

2. Statutory Basis

FICC believes that the proposed rule change is consistent with Section 17A of the Act[33] and the rules thereunder applicable to FICC.

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.[34] FICC believes that the proposed rule change would assure the safeguarding of securities and funds which are in its custody or control for which it is responsible for a number of reasons.

First, the proposed rule change would create a framework through which Eligible Affiliates may engage in cross-margining consistent with the Separate Margining Requirement and Separate Margining Amendments.[35] As the Commission recently found, those rule changes should allow FICC to better identify and measure the unique risk profiles of each Netting Member and indirect participant, enhancing FICC's ability to calculate and collect sufficient margin from each Netting Member and indirect participant to cover potential losses from a Netting Member or indirect participant default, thereby reducing the likelihood that FICC, Netting Members, or indirect participants would incur losses resulting from a default. As a result, the changes should limit FICC's risk to a Netting Member or indirect participant default and thereby enhance its ability to safeguard securities and funds in its control and for which it is responsible.[36]

Cross-margining likewise reduces the likelihood of FICC, its Netting Members, or its indirect participants incurring a loss on account of a default by aligning each participant's margin requirements with the risk of such participant's positions. Such alignment serves to incentivize the participant to maintain portfolios that present lower risk, which in turn serves to reduce the risk of such participant's default and FICC's exposure thereto. Accordingly, by allowing an Eligible Affiliate to engage in cross-margining activity in a way that is consistent with the Separate Margining Requirement and the Separate Margining Amendments, the proposed rule change would serve to promote both the risk-reducing effects of the Separate Margining Requirements and the Separate Margining Amendments and those of cross-margining. They would thus serve to enhance FICC's ability to safeguard the securities and funds in its control or for which it is responsible.

Second, the proposed rule change would ensure that FICC and CME can continue to look to the entirety of a Participating Affiliate's cross-margined positions and all associated margin to satisfy the obligations arising from the Joint Clearing Member's Cross-Margining Accounts at FICC and CME.[37] The Existing Agreement currently allows FICC and CME to apply to a Joint Clearing Member's obligations arising from its Cross-Margining Accounts, any of the positions forming part of the Joint Clearing Member's Cross-Margining Accounts, and any associated margin, including positions carried by the Joint Clearing Member for an affiliate. By retaining the ability of FICC and CME to look to those positions and associated margin to satisfy a Joint Clearing Member's obligations, the proposed rule change would ensure that allowing Participating Affiliates to participate in cross-margining in accordance with FICC's revised account structure would not increase FICC's or CME's risk exposure in relation to the Cross-Margining Arrangement. Accordingly, the proposed rule change would serve to limit FICC's risk related to a default of a Joint Clearing Member or its Participating Affiliate and thereby enhance FICC's ability to safeguard funds and securities.

Third, the proposed rule change would include provisions to ensure that the participation of Participating Affiliates would not disrupt the claims of any non-participating customers of a Joint Clearing Member under the Customer Protection Regimes for the return of their funds or securities held at FICC. More specifically, the proposed rule change would require that an Affiliate Account contains positions carried for Participating Affiliates, such positions must be positions of Non-Customers that have not elected margin segregation.[38] By doing so, the proposed rule change would ensure that neither Participating Affiliates nor others whose positions are carried in Affiliate Accounts are eligible to make claims under the Customer Protection Regimes that could reduce the property available to satisfy any veritable customer claims against a Joint Clearing Member. Accordingly, it would ensure that funds and securities in FICC's control or custody that are held for customers remain safeguarded for those customers to the same extent as would be the case in the absence of the Cross-Margining Arrangement.

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.[39] For the reasons set out below, FICC believes that the proposed rule change would remove impediments to and perfect the mechanism of a national system for the prompt and accurate

''Termination'' of the Existing Agreement, *supra* note 4.

[32] *See* Section 18(j), ''Effective Date'' of the proposed Second A&R Agreement, *supra* note 5.

[33] 15 U.S.C. 78q–1.

[34] 15 U.S.C. 78q–1(b)(3)(F).

[35] *See* ''Recitals'' of the proposed Second A&R Agreement, *supra* note 5.

[36] *Supra* note 8.

[37] *Supra* note 5.

[38] *See id.*

[39] 15 U.S.C. 78q–1(b)(3)(F).

clearance and settlement of securities transactions.

First, the proposed rule change would permit Eligible Affiliates to continue participating in the Cross-Margining Arrangement in accordance with the Separate Margining Requirement. By doing so, the proposed rule change would serve to maintain the incentives for Joint Clearing Members and their Eligible Affiliates to submit transactions for central clearing. Specifically, the proposed rule change would continue to allow Joint Clearing Members and Participating Affiliates to benefit from margin efficiencies and savings that arise from cross-margining and that serve to reduce the costs of Eligible Affiliates to access FICC's clearance and settlement services and the costs of Joint Clearing Members to facilitate such access. Therefore, the proposed rule change would continue encouraging market participants to submit more Treasury securities transactions to be cleared at FICC. The maintenance of such incentives to submit transactions for clearance and settlement at FICC would promote the diversity and scope of market participants able to utilize FICC's multilateral netting, trade guaranty and centralized default management services, which would help reduce the aggregate costs that would be incurred by market participants to engage in securities transactions. Therefore, the proposed rule change would serve to promote prompt and accurate clearance and settlement of securities transactions.[40]

Second, the proposed rule change would include clarifying changes to reflect the role of a Participating Affiliate as a principal. These changes would improve public understanding of how the Cross-Margining Arrangement works and make it easier for Eligible Affiliates to consider the benefits and risks of participating in the Cross-Margining Arrangement, thereby improving the ability of Joint Clearing Members and Eligible Affiliates to access FICC's clearance and settlement systems.[41]

Given the foregoing, FICC believes that the proposed rule change is designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.[42]

Rule 17ad–22(e)(6)(i) under the Act requires that a covered clearing agency establish a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market and, if the covered clearing agency provides central counterparty services for U.S. Treasury securities, calculates, collects, and holds margin amounts from a direct participant for its proprietary positions in Treasury securities separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant that relies on the services provided by the direct participant to access the covered clearing agency's payment, clearing, or settlement facilities.[43] FICC believes that the proposed rule change would ensure the satisfaction of this Separate Margining Requirement. This is because the proposed Second A&R Agreement would require that the FICC-cleared eligible positions of a Participating Affiliate be carried in an Agent Clearing Member Omnibus Account.[44] Accordingly, the proposed rule change would ensure that the FICC-cleared positions of a Participating Affiliate are never netted against any FICC-cleared positions of its Joint Clearing Member in FICC's calculation of margin requirements.

Rule 17ad–22(e)(4)(i) under the Act requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.[45] FICC believes that the proposed rule change would ensure that FICC continues to effectively measure and manage its credit exposure to participants by maintaining sufficient financial resources to cover its exposure thereto with a high degree of confidence. This is because the proposed rule change, as discussed above, would include changes to the Common Member Agreement to ensure that FICC can continue to look to all of the positions a Joint Clearing Member carries in a Cross-Margining Account at FICC or CME, and all associated margin, to satisfy that Joint Clearing Member's obligations in relation to a Cross-Margining Account, even when those positions are carried for a Participating Affiliate.[46] By doing so, the proposed rule change would ensure that the Separate Margining Requirement and FICC's implementing rules thereof do not reduce the scope of resources that FICC can rely upon to satisfy cross-margining exposures.

Rule 17ad–22(e)(23)(ii) under the Act requires that a covered clearing agency establish written policies and procedures providing sufficient information to enable participants to identify and evaluate the risks, fees, and other material costs they incur by participating in the covered clearing agency.[47] As described above, the proposed rule change would include clarifications regarding the types of indirect participants eligible to participate in the Cross-Margining Agreement and the role of Participating Affiliates as principals.[48] The proposed rule change would also include express language making clear that a Participating Affiliate's positions recorded in a Cross-Margining Account, and all associated margin, may be used to satisfy the Joint Clearing Member's obligations in relation to its Cross-Margining Accounts.[49] These changes would accordingly provide clarity to market participants to enable them to evaluate the risks and costs of participating in the Cross-Margining Arrangement in accordance with Rule 17ad–22(e)(23)(ii).

Rule 17ad–22(e)(18)(iv)(C) under the Act requires, among other things, that a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury securities ensure that it has appropriate means to facilitate access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants. As described above, the proposed rule change would ensure that Eligible Affiliates would continue to be able to participate in the Cross-Margining Arrangement consistent with the Separate Margining Requirement and incentivize market participates, including indirect participants that are Eligible Affiliates, to submit more eligible secondary market transactions in U.S. Treasury securities for clearing under the Cross-Margining Arrangement in light of the

[40] *Id.*

[41] For the avoidance of doubt, the proposed rule change would not implicate the inter-affiliate exception under the U.S. Treasury Clearing Rule because that relates to transactions between a Netting Member and an affiliate. *Supra* note 7.

[42] 15 U.S.C. 78q–1(b)(3)(F).

[43] 17 CFR 240.17ad–22(e)(6)(i).

[44] *See* Section 3(b), ''Establishment of Cross-Margining Accounts'' of the proposed Second A&R Agreement, *supra* note 5.

[45] 17 CFR 240.17ad–22(e)(4)(i).

[46] *Supra* note 5.

[47] 17 CFR 240.17ad–22(e)(23)(ii).

[48] *Supra* note 5.

[49] *See id.*

margin efficiency. Therefore, the proposed rule change would continue to facilitate access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants.[50]

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

FICC believes that the proposed rule change to replace the Existing Agreement with the proposed Second A&R Agreement would promote competition by ensuring Eligible Affiliates' continued access to the Cross-Margining Arrangement.

The proposed Second A&R Agreement would ensure that Eligible Affiliates can continue to participate in the Cross-Margining Arrangement consistent with the Separate Margining Requirement. Such undisrupted access would allow Eligible Affiliates to remain on a level playing field with other market participants, such as Joint Clearing Members and Cross-Margining Affiliates, which will continue to be eligible to participate in the Cross-Margining Arrangement for their proprietary positions in accordance with the Separate Margining Requirement and Separate Margining Amendments. Accordingly, the proposed rule change would ensure that the advent of the Separate Margining Requirement and the adoption of the Separate Margining Amendments do not place Eligible Affiliates at an undue competitive disadvantage relative to Joint Clearing Members or Cross-Margining Affiliates by depriving the former, but not the latter, of the ability to cross-margin.

Although the proposed rule change would not extend cross-margining to indirect participants that do not satisfy the definition of Eligible Affiliates, that does not represent a change. Such indirect participants are currently unable to participate in cross-margining due to the account structures, customer protection arrangements, and regulatory approvals that would be necessary to allow such participation. The proposed rule change would not change that, but would merely preserve the status quo of allowing Eligible Affiliates to participate in cross-margining and remain competitive with Joint Clearing Members and Cross-Margining Affiliates.

While the proposed rule change would clarify the scope of what constitutes a Non-Customer and thus the scope of Eligible Participants, FICC does not believe that this change represents a material modification of the market participants that are able to engage in cross-margining. Rather, this change simply aims to clarify what is currently the case, (*i.e.,* that Eligible Participants do not include entities eligible for the Customer Protection Regimes). Accordingly, FICC does not believe this change would materially affect 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 a Comment, 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 Commission's Division of Trading and Markets at *tradingandmarkets@sec.gov* or 202–551–5777.

FICC reserves the right to not respond to any comments received.

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

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

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–FICC–2025–014 on the subject line.

Paper Comments

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

All submissions should refer to file number SR–FICC–2025–014. 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 (*www.dtcc.com/legal/sec-rule-filings*). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to File Number SR–FICC–2025–014 and should be submitted on or before June 18, 2025.

[50] 17 CFR 240.17ad–22(e)(18)(iv)(C).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[51]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–09485 Filed 5–27–25; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0527]

Proposed Collection; Comment Request; Extension: Rule 7d–2

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') is soliciting comments on the collection of information.

In Canada, as in the United States, individuals can invest a portion of their earnings in tax-deferred retirement savings accounts (''Canadian retirement accounts''). These accounts, which operate in a manner similar to individual retirement accounts in the United States, encourage retirement savings by permitting savings on a tax-deferred basis. Individuals who establish Canadian retirement accounts while living and working in Canada and who later move to the United States (''Canadian-U.S. Participants'' or ''participants'') often continue to hold their retirement assets in their Canadian retirement accounts rather than prematurely withdrawing (or ''cashing out'') those assets, which would result in immediate taxation in Canada.

Once in the United States, however, these participants historically have been unable to manage their Canadian retirement account investments. Most investment companies (''funds'') that are ''qualified companies'' for Canadian retirement accounts are not registered under the U.S. securities laws. Securities of those unregistered funds, therefore, generally cannot be publicly offered and sold in the United States without violating the registration requirement of the Investment Company Act of 1940 (''Investment Company Act'').[1] As a result of this registration requirement, Canadian-U.S. Participants previously were not able to purchase or exchange securities for their Canadian retirement accounts as needed to meet their changing investment goals or income needs.

The Commission issued a rulemaking in 2000 that enabled Canadian-U.S. Participants to manage the assets in their Canadian retirement accounts by providing relief from the U.S. registration requirements for offers of securities of foreign issuers to Canadian-U.S. Participants and sales to Canadian retirement accounts.[2] Rule 7d–2 under the Investment Company Act [3] permits foreign funds to offer securities to Canadian-U.S. Participants and sell securities to Canadian retirement accounts without registering as investment companies under the Investment Company Act.

Rule 7d–2 contains a ''collection of information'' requirement within the meaning of the Paperwork Reduction Act of 1995.[4] Rule 7d–2 requires written offering materials for securities offered or sold in reliance on that rule to disclose prominently that those securities and the fund issuing those securities are not registered with the Commission, and that those securities and the fund issuing those securities are exempt from registration under U.S. securities laws. Rule 7d–2 does not require any documents to be filed with the Commission.

Rule 7d–2 requires written offering documents for securities offered or sold in reliance on the rule to disclose prominently that the securities are not registered with the Commission and may not be offered or sold in the United States unless registered or exempt from registration under the U.S. securities laws, and also to disclose prominently that the fund that issued the securities is not registered with the Commission. The burden under the rule associated with adding this disclosure to written offering documents is minimal and is non-recurring. The foreign issuer, underwriter, or broker-dealer can redraft an existing prospectus or other written offering material to add this disclosure statement, or may draft a sticker or supplement containing this disclosure to be added to existing offering materials. In either case, based on discussions with representatives of the Canadian fund industry, the staff estimates that it would take an average of 10 minutes per document to draft the requisite disclosure statement.

The staff estimates that there are 3,887 publicly offered Canadian funds that potentially would rely on the rule to offer securities to participants and sell securities to their Canadian retirement accounts without registering under the Investment Company Act.[5] The staff estimates that all of these funds have previously relied upon the rule and have already made the one-time change to their offering documents required to rely on the rule. The staff estimates that 194 (5 percent) additional Canadian funds would newly rely on the rule each year to offer securities to Canadian-U.S. Participants and sell securities to their Canadian retirement accounts, thus incurring the paperwork burden required under the rule. The staff estimates that each of those funds, on average, distributes 3 different written offering documents concerning those securities, for a total of 582 offering documents. The staff therefore estimates that 194 respondents would make 582 responses by adding the new disclosure statement to 582 written offering documents. The staff therefore estimates that the annual burden associated with the rule 7d–2 disclosure requirement would be 97 hours (582 offering documents × 10 minutes per document). The total annual cost of these burden hours is estimated to be $49,567 (97 hours × $511 per hour of attorney time).[6]

These burden hour estimates are based upon the Commission staff's experience and discussions with the fund industry. The estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. These estimates are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

Compliance with the collection of information requirements of the rule is mandatory and is necessary to comply

[51] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 80a. In addition, the offering and selling of securities that are not registered pursuant to the Securities Act of 1933 (''Securities Act'') is generally prohibited by U.S. securities laws. 15 U.S.C. 77.

[2] *See* Offer and Sale of Securities to Canadian Tax-Deferred Retirement Savings Accounts, Release Nos. 33–7860, 34–42905, IC–24491 (June 7, 2000) [65 FR 37672 (June 15, 2000)]; this rulemaking also included new rule 237 under the Securities Act, permitting securities of foreign issuers to be offered to Canadian-U.S. Participants and sold to Canadian retirement accounts without being registered under the Securities Act. 17 CFR 230.237.

[3] 17 CFR 270.7d–2.

[4] 44 U.S.C. 3501–3502.

[5] International Investment Funds Association, Worldwide Public Tables for the Second Quarter of 2024, at Table 4, *available at https://iifa.ca/resource/collection/658ACD2D-DB32-4C34-B2F7-129D184E7EAC/WorldwidePublicReportUS_2024-Q2.xlsx.*

[6] The Commission's estimate concerning the wage rate for attorney time is based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association (''SIFMA''); the $511 per hour figure for an Attorney is based on SIFMA's Management & Professional Earnings in the Securities Industry 2013, updated for 2024, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.