



September 2, 2026

Ms. Sherry R. Haywood
Assistant Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, D.C. 20549-1090

RE: Notice of Filing of Proposed Rule Change, as Modified by Partial Amendment No. 1, to Establish a Guaranty Fund at the Government Securities Division (File No. SR-FICC-2026-008)

Dear Ms. Haywood:

The Securities Industry and Financial Markets Association¹ and its Asset Management Group² (collectively, “SIFMA”) appreciates the opportunity to submit this letter to the U.S. Securities and Exchange Commission (the “Commission”) in response to the proposal (“Proposal”) by Fixed Income Clearing Corporation (“FICC”) to amend the Government Securities Division (“GSD”) Rulebook to establish a guaranty fund designed to cover losses that may arise due to a Member default or a non-default loss event.³ The proposed “Guaranty Fund would provide an additional source of prefunded financial resources, separate from the Clearing Fund, to serve as GSD’s ‘default fund’ and enable FICC to treat its Member’s Clearing Fund deposits as ‘initial margin,’ excluding the Clearing Fund from loss mutualization and supporting bankruptcy remote treatment for Clearing Fund deposits at GSD.”⁴ SIFMA supports FICC’s

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s one million employees, we advocate on legislation, regulation and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

² SIFMA’s Asset Management Group (SIFMA AMG) brings the asset management community together to provide views on U.S. and global policy and to create industry best practices. SIFMA AMG’s members represent U.S. and global asset management firms that manage more than 50% of global AUM. The clients of SIFMA AMG member firms include, among others, tens of millions of individual investors, registered investment companies, endowments, public and private pension funds, UCITS and private funds such as hedge funds and private equity funds. For more information, visit <http://www.sifma.org/amg>.

³ Release No. 34-106053 (Aug. 6, 2026), 91 FR 51762 (Aug. 11, 2026). Undefined terms in this letter have the same meaning as in the Proposal or in the FICC Government Securities Division Rulebook.

⁴ *Id.* at 51763.

establishment of the Guaranty Fund because it would create a more risk-based approach to maintaining an appropriate funding level to address potential loss events and also would introduce capital efficiencies for Clearing Members.

I. A Separate FICC Guaranty Fund Is a Positive Development

A FICC Guaranty Fund specifically designed for Clearing Member defaults or other loss events that is separate from the Clearing Fund is a positive development for Clearing Members and the capital markets. As described in the Proposal, FICC's current Clearing Fund serves multiple purposes, including the initial and ongoing margin obligations of Clearing Members, the loss mutualization function in the event of defaults that exceed the value of a defaulting Clearing Member's liquidated assets, and as a source of liquidity for FICC in the event of a GSD Netting Member default.

The Guaranty Fund would become FICC's independent default fund, serving as the mutualized pool from which FICC could draw in certain non-default loss events or in the event of a Clearing Member default exceeding the value of that Member's Clearing Fund and Guaranty Fund deposits. In addition to shifting FICC's default fund coverage to a more risk-based system, the Proposal also would align FICC with the loss mutualization approaches of other similarly situated CCPs.⁵ Moreover, FICC would size the Guaranty Fund at the "Cover 2 Standard," which also is consistent with other CCP default funds. Harmonizing the approach to loss mutualization frameworks across CCPs contributes to overall stability.

Importantly, this new approach would allow Clearing Members to treat their contributions to FICC's Clearing Fund as "bankruptcy remote" because the Proposal would exclude the Clearing Fund from FICC's reach for the purposes of loss mutualization.⁶ Under the Proposal, a non-defaulting Clearing Member would have certainty that their contributions to FICC's Clearing Fund would not be at risk of satisfying the obligations of a defaulting Member, as that event would be addressed solely via the separate Guaranty Fund. As noted in the Proposal, Clearing Members "are subject to regulatory capital rules (either directly or on a consolidated basis) that require such Members to hold capital against margin they post to a CCP unless such margin is 'bankruptcy remote' from the CCP." Therefore, providing certainty that Clearing Fund deposits are "bankruptcy remote" would enhance capital efficiency, particularly for Clearing Members that are banks.⁷

⁵ 91 FR at 51763, n. 11.

⁶ 91 FR at 51769 ("The foregoing changes would ensure that, in the event of FICC's insolvency, the Clearing Fund would not form part of FICC's estate or be available to FICC's general creditors, and that, instead, the Netting Members who posted the Clearing Fund would have the right to its return.").

⁷ *Id.*

II. FICC Should Consider Whether the Stress Test Deficiency Charge Threshold Should be Less Than 30%

The Proposal would add a Stress Test Deficiency Charge to the GSD Rules.⁸ The charge would be triggered when the ratio of a Netting Member's Stress Test Deficiency exceeds 30 percent of the total Required Fund Deposits of all other Members (excluding the triggering Netting Member or Affiliated Family).⁹ SIFMA supports the charge but recommends that FICC consider whether using a threshold lower than 30 percent would be appropriate to limit the mutualization of outsized risk exposures of individual Netting Members.

III. Non-Default Losses Should be Addressed Separately

While we appreciate the establishment of a separate Guaranty Fund as noted above, we urge FICC to go further and create a separate source of funds to cover non-default losses. Non-default losses, including operational and cyber incidents, legal and regulatory actions, investment risks, as well as other routine management decisions, are typically events related to clearing house operations separate and apart from market and/or credit-related losses managed by the clearing house and involving Clearing Members and their customers. As such, Clearing Members and their customers have no transparency into, or management oversight of, such risks, which are in the sole control of the clearing house.

Consistent with previous SIFMA and SIFMA AMG advocacy, as non-default losses are fully within the purview of the clearing house, neither Clearing Member initial margin nor default fund contributions should be accessed and the clearing house must be incentivized to manage its own non-default risks by contributing funds to cover the risk.¹⁰ We therefore urge FICC to calculate and set aside liquid net assets funded by equity to cover such events. While the Depository Trust & Clearing Corporation ("DTCC") is member owned, clearing house management must be appropriately incentivized to address non-default risk without the backstop of the Clearing Member-contributed Clearing Fund or Guaranty Fund, which should be exclusively dedicated to addressing default events.

IV. Broker-Dealer Guaranty Fund Contributions Must be Allowable Assets for Net Capital Purposes

We recommend that the Commission ensure the Proposal does not negatively impact broker-dealer Clearing Members from a net capital perspective. Clearing Members that are

⁸ *Id.* at 51771.

⁹ *Id.* at n. 44.

¹⁰ See Letter from William C. Thum, Managing Director and Associate General Counsel, SIFMA Asset Management Group and Thomas F. Price, Managing Director, SIFMA to Vanessa Countryman, Secretary, Commission and Christopher Kirkpatrick, Secretary, Commodity Futures Trading Commission, at p. 5 (Sept. 26, 2026) ("The [clearing agencies'] procedures should clearly distinguish between the treatment of default losses resulting from the failure of a clearing member and non-default losses caused by the Clearing Agency's internal business decisions. Financial responsibility for non-default losses . . . should be borne by the Clearing Agency and not by clearing members and market participants."), <https://www.sec.gov/comments/s7-10-23/s71023-265079-634382.pdf>.

broker-dealers are subject to the net capital requirements of Exchange Act Rule 15c3-1, under which an asset generally must be readily convertible into cash, free of restrictions on that convertibility, to be treated as an “allowable asset” includable in net capital; assets that do not meet this standard are treated as “non-allowable” and deducted dollar-for-dollar in computing net capital.¹¹ Because the Guaranty Fund, unlike the bankruptcy-remote Clearing Fund the Proposal would create, remains a mutualized pool that FICC may draw upon to cover the default or non-default losses of other Clearing Members, its treatment for net capital purposes is not self-evident. SIFMA therefore requests that the Commission and FICC confirm, prior to or in connection with approval of the Proposal, that broker-dealer Clearing Members may treat their Guaranty Fund contributions as allowable assets for net capital purposes, consistent with the capital-efficient, risk-based approach the Proposal is otherwise intended to achieve.

V. After Implementation FICC Should Review Its Clearing Fund Liquidity Needs

As the proposed changes would permit FICC to access liquidity through the exchange of non-defaulting Netting Members’ Clearing Fund deposits in the form of cash for U.S. Treasury securities, SIFMA recommends that after the Proposal receives regulatory approval and FICC implements a separate Guaranty Fund, FICC should periodically review its liquidity needs and determine the appropriate balance between cash and securities in the Clearing Fund. If necessary, FICC can consider adjustments on interest paid on cash to address liquidity needs. While SIFMA members appreciate the elimination of FICC’s authority to borrow Clearing Fund securities for liquidity purposes, this review, along with any needed changes, would ensure sufficient default liquidity resources.

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¹¹ 17 C.F.R. § 240.15c3-1(c)(2)(iv) (defining “non-allowable assets” to include assets that cannot be readily converted into cash).

SIFMA appreciates the opportunity to comment on the Proposal. We support FICC's Proposal to create a dedicated Guaranty Fund separate from FICC's Clearing Fund, which currently serves both roles. This approach, which would size the Guaranty Fund to a Cover-2 standard, is consistent with other CCPs that centrally clear government securities and would enhance the important benefits of central clearing. In addition, it would allow Clearing Members to achieve greater capital efficiencies by creating certainty that their Clearing Fund deposits are not subject to mutualization in the event of a default or other loss event. SIFMA also requests that the Commission and FICC confirm that broker-dealer Clearing Members may treat their Guaranty Fund contributions as allowable assets for net capital purposes, so that the Proposal does not negatively impact broker-dealer Clearing Members from a capital perspective. For these reasons, SIFMA supports the Proposal.

Please contact the undersigned at 212-313-1200 or 202-962-7300 if you have any questions.

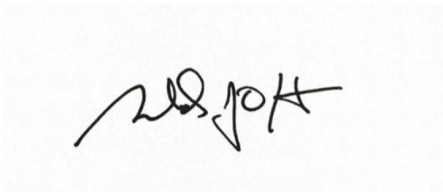
Sincerely,



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