

Corporate & Financial Weekly Digest

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SEC Approves Amendments to FICC's Government Securities Division Rules Relating to Close Out Netting

On October 5, the Securities and Exchange Commission approved proposed amendments to the Fixed Income Clearing Corporation's (FICC) Government Securities Division (GSD) rules relating to close out netting. FICC's proposal adds a provision to the rules of the GSD to make it clear that close out netting would apply to obligations between FICC and its members in the event that FICC becomes insolvent or defaults in its obligations to its members.

The proposed rule change was prompted by requests from FICC dealer-members for more clarity with respect to the manner in which close out netting would apply to the obligations of FICC and its members in the event of an FICC insolvency or default. Under the rules that apply to certain FICC members, FICC's close out netting rules may permit members to calculate their capital requirements based on their net credit exposure to FICC.

Click [here](#) to read the language of FICC's proposed rule.

Click [here](#) to read the SEC's order approving FICC's proposed rule.

Katten Muchin Rosenman LLP

Charlotte Chicago Irving London Los Angeles New York Washington, DC