FICC – GSD

CCIT™ FACT SHEET

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The Fixed Income Clearing Corporation (FICC), a wholly-owned subsidiary of DTCC, is the leading provider of trade comparison, netting and settlement for the U.S. Government securities marketplace. FICC's Government Securities Division (GSD) was established in 1986 to provide automated comparison and settlement services, risk management benefits and operational efficiencies to the Government securities industry. GSD clients include the nation's major brokers and dealers, as well as a wide range of entities that trade U.S. Government securities.

Through an innovative suite of new and expanded service offerings, FICC leveraged its battle-tested infrastructure and proven technology to expand the availability of central clearing to the bilateral repo market.

CENTRALLY CLEARED INSTITUTIONAL TRI-PARTY (CCIT™) SERVICE

FICC is the only central counterparty (CCP) platform in the U.S. that clears tri-party repo and debt transactions. Since 1998, FICC's GCF Repo® Service has enabled its Dealer Members to trade FICC-cleared general collateral repos with each other based on rate, term and underlying product through the day without requiring intra-day, trade-for-trade settlement on a Delivery-versus- Payment (DVP) basis.

As an expansion of the GCF Repo® Service, the CCIT Service extends FICC's CCP services and guarantee of completion of eligible trades to tri-party repo transactions between GSD Dealer Members and eligible tri-party money lenders.

- **Trade Submission and Matching**: For trade matching purposes, GSD accounts for tri-party money lenders may be opened at the legal entity level or at the joint account level. Investment advisers, agent lenders or other authorized agents may submit trades to FICC on behalf of their tri-party money lender clients.
- **Tri-Party Account Requirements**: Each tri-party money lender or joint account, as applicable, will also be required to open a specific tri-party account for the CCIT Service at the applicable tri-party bank.

BENEFITS OF REPO CLEARING AT FICC

Reduction of counterparty risk by guaranteeing the completion of settlement in a member default scenario:

- CCP guarantee may mitigate risk of a large scale exit by institutional investors in a stress scenario.
- A centralized liquidation of a failed counterparty by FICC would reduce the risk of "fire sales" that drive down asset prices and spread stress across the financial system.

Members could be eligible for balance sheet and capital relief. Centrally clearing these transactions at FICC could alleviate the constraints on borrowers as it may enable them to:

- Reduce capital usage via netting, potentially enabling the redeployment of scarce capital to other uses.
- Apply lower risk weights in their risk-based capital ratios.

Lending through FICC offers institutional investors potential growth of their on-loan balances and income as borrowers shift their demand to CCP channels.

FOR MORE INFORMATION

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