



8011-01p  
SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-66485; File No. SR-FICC-2012-01)

February 28, 2012

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change to Make a Technical Correction to the Rule Relating to the Calculation of Funds-Only Settlement Amounts for Repo Brokers

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder notice is hereby given that on February 14, 2012, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared primarily by FICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to Rule 19, Section 4 of the rules of the Government Securities Division (“GSD”) of FICC.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FICC 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. FICC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>3</sup>

---

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> The Commission has modified the text of the summaries prepared by FICC.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of this filing is to make technical corrections to GSD Rule 19 (Special Provisions For Brokered Repo Transactions), Section 4 (Calculations of Funds-Only Settlement Amounts for Repo Brokers) as described below. GSD Rule 19, Section 4 states that FICC may retain any amount of a Credit Forward Mark Adjustment Payment that is in excess of the Cap<sup>4</sup> and that interest earned on such amount shall be paid to the Repo Broker on the subsequent business day. The second part of this sentence is incorrectly stated because FICC pays interest to those who were debited forward mark adjustment amounts not those who were credited such amounts. On the following day (i.e., the day after the broker received the Credit Forward Mark Adjustment Payment) when the broker is debited the interest for the use of funds it received as a credit, the broker will be debited the interest on the amount that it actually received as a credit (i.e., it will not be debited interest for the amount of Credit payment withheld above the Cap). The rule is also revised to state that Repo Brokers with more than one Segregated Repo Account must aggregate Debit Forward Mark Adjustments and Credit Forward Mark Adjustment Payments in those accounts for purposes of the Cap. The Repo Brokers currently comply with this correction and the revision reflects current practice.

FICC believes that the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because it makes technical corrections to its rules to ensure that they are consistent and accurate.

B. Self-Regulatory Organization's Statement on Burden on Competition

---

<sup>4</sup> The GSD rules define “Cap” as any Debit Forward Mark Adjustment Payment or Credit Forward Mark Adjustment Payment up to a dollar amount, as determined by FICC from time to time, that is automatically collected from or paid to the Repo Broker, as applicable.

FICC does not believe that the proposed rule change will have any impact or impose any burden on competition.

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

Written comments relating to the proposed rule change have not yet been solicited or received. FICC will notify the Commission of any written comments received by FICC.

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 the 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2012-01 on the subject line.

Paper comments:

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

All submissions should refer to File Number SR-FICC-2012-01. This file number should be included on the subject line if e-mail 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 (<http://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 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at FICC's principal office and on FICC's website at [http://dtcc.com/downloads/legal/rule\\_filings/2012/ficc/SR\\_FICC\\_2012\\_01.pdf](http://dtcc.com/downloads/legal/rule_filings/2012/ficc/SR_FICC_2012_01.pdf). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-FICC-2012-01 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>5</sup>

Kevin M. O'Neill  
Deputy Secretary

[FR Doc. 2012-5207 Filed 03/02/2012 at 8:45 am; Publication Date: 03/05/2012]

---

<sup>5</sup> 17 CFR 200.30-3(a)(12).