

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-53106; File No. SR-FICC-2005-21)

January 11, 2006

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Revise the Fee Structures of the Government Securities Division and the Mortgage-Backed Securities Division

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on December 22, 2005, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by FICC. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii) of the Act² and Rule 19b-4(f)(2) thereunder³ whereby the proposal became effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

FICC is revising the fee structures of its Government Securities Division (“GSD”) and Mortgage-Backed Securities Division (“MBSD”).

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(ii).

³ 17 CFR 240.19b-4(f)(2).

below. FICC has prepared summaries, set forth in Sections (A), (B), and (C) below, of the most significant aspects of these statements.⁴

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

The proposed rule change updates certain provisions of the fee structures of the GSD and the MBSD. The fee structures are modified as follows:

1. GSD Fee Structure Revisions

(a) Trade Submission

The charge for submitting trade data to the GSD is revised from \$.50 per submission to \$.30 per submission.

(b) Communication Corrections

Language pertaining to the implementation of a new communications framework is deleted since FICC plans to utilize the communications feature of its parent company, The Depository Trust & Clearing Corporation.

(c) Netting Fee

The fixed component of the netting fee is revised from \$.43 per side to \$.16 per side. The fixed netting fee along with an existing variable component of \$.012 per \$1 million par value will be extended to apply to the netting of outstanding fail obligations with current settlement activity.

2. MBSD Fee Structure Revisions

(a) Broker Trade Processing

The charge for Broker Give-up Trade Creates is revised from \$.25 per side to \$.20 per side.

⁴ The Commission has modified the text of the summaries prepared by FICC.

(b) Dealer Trade Processing

The monthly charge for Dealer Trade Creates for SBO Destined Trades is revised as follows:

<u>Number of Trade Creates</u>	<u>Current Charge</u>	<u>Revised Charge</u>
1-2,500	\$2.00/MM	\$1.68/MM
2,501-5,000	\$1.85/MM	\$1.56/MM
5,001-7,500	\$1.70/MM	\$1.43/MM
7,501-10,000	\$1.60/MM	\$1.35/MM
10,001-12,500	\$1.45/MM	\$1.22/MM
12,501 & over	\$1.30/MM	\$1.09/MM

Also, the charges for both Dealer Trade-for-Trade Trade Creates and Dealer Option Trade Creates are revised from \$2.50 per side to \$2.25 per side.

(c) Electronic Pool Notification (“EPN”) Message Processing Fees

MBSD’s EPN Message Processing Fees are modified as follows:

- (1) The fee for a Notification Send from the Opening of Business to 1:00 p.m. is revised from \$.25 per million current face value to \$.15 per million current face value.
- (2) The fee for a Notification Send from 1:00 p.m. to 2:00 p.m. is revised from \$1.25 per million current to \$.75 per million current face value.
- (3) The fee for a Notification Receive from Opening of Business to 1:00 p.m. is revised from \$.50 per million current face value to \$.40 per million current face value.

- (4) The fee for a Notification Receive from 1:00 p.m. to 2:00 p.m. or 2:00 p.m. to 3:00 p.m. is revised from \$.25 per million current face value to \$.20 per million current face value.
- (5) The fee for (i) a Notification Send from 2:00 p.m. to 3:00 p.m. or 3:00 p.m. to Close of Business and (ii) a Notification Receive from 3:00 p.m. to Close of Business remains unchanged.

FICC believes the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ and the rules and regulations thereunder applicable to FICC because it clarifies and updates FICC's fee schedule. As such, it provides for the equitable allocation of fees among its participants and aligns fees for services with the associated cost to deliver the service.

(B) Self-Regulatory Organization's Statement on Burden on Competition

FICC does not believe that the proposed rule change will have an 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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act⁶ and Rule 19b-4(f)(2)⁷ thereunder because the rule establishes a due,

⁵ 15 U.S.C. 78q-1.

⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

⁷ 17 CFR 240.19b-4(f)(2).

fee, or other charge. At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

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. Please include File Number SR-FICC-2005-21 on the subject line.

Paper comments:

- Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-9303.

All submissions should refer to File Number SR-FICC-2005-21. 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 Web site (<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 inspection and copying in the Commission's Public Reference Section, 100 F Street, NE, Washington, DC 20549. Copies of such filings also will be available for inspection and copying at the principal office of FICC and on FICC's Web site at www.ficc.com. 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-2005-21 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁸

Nancy M. Morris
Secretary

⁸ 17 CFR 200.30-3(a)(12).