

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-54794; File No. SR-FICC-2006-18)

November 20, 2006

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Certain Administrative Provisions of the Rules 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 October 12, 2006, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) and on October 17, 2006, amended² 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)(iii) of the Act³ and Rule 19b-4(f)(3)⁴ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

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

The purpose of the rule change is to amend certain administrative provisions of the rules of FICC’s Government Securities Division (“GSD”) and Mortgage-Backed Securities Division (“MBSD”) to create more uniformity between FICC’s rules and the rules of FICC’s affiliate, the

¹ 15 U.S.C. 78s(b)(1).

² The amendment deleted a proposal that would have enabled FICC to rely on signatures transmitted, recorded, or stored by any electronic, optical, or similar means because a substantively similar rule already exists.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(3).

National Securities Clearing Corporation (“NSCC”). FICC is also making technical amendments to the administrative rules 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 these statements.⁵

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

FICC believes that amending certain administrative provisions of the rules of GSD and MBSD to create more uniformity between the rules of FICC and NSCC will provide more clarity to the members of FICC and NSCC.

(i) Proposed GSD Rule Changes

Rule 28-Forms

Currently, GSD Rule 28 states that the delivery of forms of lists, notices, and other documents may be delivered by the use of any media, including magnetic tape, discs, or cards. FICC proposes to remove language referring to “magnetic tapes, discs, or cards” since these modes of delivery are outdated.

Rule 29-Release of Clearing Data

FICC proposes to amend GSD Rule 29 so that it is structured in a way that is similar to the analogous NSCC rule. Therefore, FICC proposes to delete numbered section subheadings

⁵ The Commission has modified the text of the summaries prepared by FICC.

and identify provisions going forward with the letters (a) through (g). FICC proposes to delete Section 7 of Rule 29 since FICC no longer follows this procedure.

Rule 30-Lists to be Maintained

FICC proposes to amend GSD Rule 30 so that it includes Sponsored Members as a category of members for which FICC will maintain a list.

Rule 31-Distribution Facilities

Since FICC does not currently maintain distribution facilities, FICC proposes to amend GSD Rule 31 by including language indicating that “if deemed necessary” FICC will “establish” distribution facilities. FICC does not propose to alter the guidelines listed in the rule.

(ii) Proposed MBSB Rule Changes

Clearing Rule 8 and EPN Rule 8-Arbitration of Disputes

FICC proposes to delete MBSB Clearing Rule 8 of Article V and MBSB EPN Rule 8 of Article X since the provisions are outdated and have never been invoked by MBSB.

Clearing Rule 10 and EPN Rule 10-Amendment of Rules

FICC proposes to revise MBSB Clearing Rule 10 of Article V and MBSB EPN Rule 10 of Article X with language similar to that of the GSD and NSCC rules.⁶ The rule will continue to provide for prompt notification to all participants, limited purpose participants, EPN users, and registered clearing agencies of proposals made to change, revise, add, or repeal any MBSB Rule. Participants may submit comments to FICC upon receipt of the notification.

⁶ GSD Rule 33 and NSCC Rule 33.

Clearing Rule 12 and EPN Rule 12-Waivers, Etc.

FICC proposes to modify MBSD Clearing Rule 12 of Article V and MBSD EPN Rule 12 of Article X with language similar to that of the GSD and NSCC rules.⁷ Pursuant to the proposed rule, the Board of Directors or any FICC officer having a rank of Vice President or higher may waive or suspend times fixed by the rules or regulations issued by FICC whenever waiver or suspension is deemed necessary or expedient in its or her judgment. The waiver or suspension shall not continue in effect for more than sixty calendar-days unless approved by the Board of Directors within the sixty calendar-day period.

(iii) MBSD Administrative Rule Additions

FICC proposes to add certain provisions to MBSD Clearing Rules and MBSD EPN Rules that are currently contained in the rules of the GSD. FICC believes the additions will provide guidance to MBSD members on administrative matters.

Clearing Rule 19 and EPN Rule 19-Forms

FICC proposes to add a rule identical to GSD Rule 28 to MBSD Clearing Rules Article V and MBSD EPN Rules Article X allowing FICC to use forms of lists, notices, or other documents in connection with any transactions. Information required to be delivered to FICC may be delivered by the use of any media, to be prescribed by FICC from time to time.

⁷ GSD Rule 22 and NSCC Rule 42.

EPN Rule 18-Release of Processing Data

FICC proposes to add a rule similar to GSD Rule 29 to MBSB EPN Rules Article X governing the release of EPN processing data upon written request or pursuant to a written agreement between an EPN user and FICC.

Clearing Rule 20 and EPN Rule 19-Lists to be Maintained

FICC proposes to add a rule similar to GSD Rule 30 to MBSB Clearing Rules Article V and MBSB EPN Rules Article X providing that MBSB will maintain lists of all participants, limited purpose participants, and EPN users to be made available upon request.

Clearing Rule 9 and EPN Rule 9-Captions

FICC proposes to add a rule regarding captions to MBSB Clearing Rules Article V and MBSB EPN Rules Article X to clarify that captions to rules are for information and guidance only and should not be considered by participants as substantive language.

Clearing Rule 21 and EPN Rule 20-Distribution Facilities

FICC proposes to add a rule similar to GSD Rule 31 to MBSB Clearing Rules Article V and MBSB EPN Rules Article X regarding distribution facilities. Though MBSB does not currently maintain a distribution facility, the rule will provide guidance if a facility is established in the future.

FICC believes the proposed rule change is consistent with Section 17A of the Act,⁸ as amended because it is concerned solely with the administration of FICC and as such does not affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible.

⁸ 15 U.S.C. 78q-1.

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

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act⁹ and Rule 19b-4(f)(3)¹⁰ thereunder because the rule effects a change in an existing service of FICC that does not adversely affect the safeguarding of securities or funds in the custody or control of FICC or for which it is responsible. At any time within sixty days of the filing of the proposed rule change,¹¹ 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.

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(3).

¹¹ For purposes of calculating the sixty day period within which the Commission may summarily abrogate the proposed rule change under Section 19(b)(3)(C) of the Act, the Commission considers the period to commence on the date on which the last amendment to the proposed rule change was filed with the Commission. 15 U.S.C. 78s(b)(3)(C).

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-2006-18 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 20549-1090.

All submissions should refer to File Number SR-FICC-2006-18. 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 <http://www.ficc.com/commondocs/rule.filings/rule.filing.06-18.amendment1.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-2006-18 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.¹²

Nancy M. Morris
Secretary

¹² 17 CFR 200.30-3(a)(12).