

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74908; File No. SR-FICC-2015-001)

May 8, 2015

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Clarify the Rules of the Government Securities Division and the Mortgage-Backed Securities Division regarding the Default of Fixed Income Clearing Corporation

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that, on April 24, 2015, The Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by FICC. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A)³ of the Act and Rule 19b-4(f)(1)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. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change is a clarification of the meaning of clause (b)(i) of Rule 22B of the Government Securities Division (“GSD”) of Fixed Income Clearing Corporation (“FICC” or the “Corporation”) and the meaning of clause (b)(i) of Rule 17A of the Mortgage-Backed Securities Division (“MBSD”) of FICC (together the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(1).

“Corporation Default Rules”). This clarification does not require a change to the text of the rules of GSD (the “GSD Rules”) or the text of the rules of MBSD (the “MBSD Rules”).

II. Clearing Agency’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.

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

It has come to the attention of FICC that, although the texts of the Corporation Default Rules are clear, the narrative description of the rule changes to the Corporation Default Rules recently implemented by FICC in its rule filing SR-FICC-2014-09⁵ could be construed as ambiguous as to the relationship between the 7 calendar day grace period applicable under clause (b)(i) of the Corporation Default Rules and FICC’s authority to suspend its rules under GSD Rule 42 (Suspension of Rules) and MBSD Rule 33 (Suspension of Rules in Emergency Circumstances), as applicable. By this proposed rule change, FICC is clarifying that the 7 calendar day grace period applicable under clause (b)(i) of GSD Rule 22B cannot be extended by application of any GSD Rule, including

⁵ See Securities Exchange Act Release No. 73682 (November 25, 2014), 79 FR 71481 (December 2, 2014) (File No. SR-FICC-2014-09).

GSD Rule 42 (Suspension of Rules), and that the 7 calendar day grace period applicable under clause (b)(i) of MBSB Rule 17A cannot be extended by application of any MBSB Rule, including MBSB Rule 33 (Suspension of Rules in Emergency Circumstances).

(2) Statutory Basis

The proposed rule change is consistent with Section 17A(b)(3)(F)⁶ of the Act and the rules and regulations promulgated thereunder because it will promote the prompt and accurate clearance and settlement of securities transactions in that it will provide clarity to FICC members regarding their rights and obligations and the rights and obligations of the Corporation under clause (b)(i) of the Corporation Default Rules.

(B) Clearing Agency'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 because it relates to a clarification of the meaning of the Corporation Default Rules that would apply equally to all FICC members.

(C) Clearing Agency'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 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 change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f)(1) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary

⁶ 15 U.S.C. 78q-1(b)(3)(F).

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-2015-001 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FICC-2015-001. 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 of submission. 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 Section, 100 F Street, N.E., 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 the principal office of FICC and on FICC's website at <http://www.dtcc.com/legal/sec-rule-filings.aspx>. 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-2015-001 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.⁷

Robert W. Errett
Deputy Secretary

⁷ 17 CFR 200.30-3(a)(12).