

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-67653; File No. SR-FICC-2012-06)

August 14, 2012

Self-Regulatory Organizations; The Fixed Income Clearing Corporation; Notice of Filing Proposed Change to Move the Time at Which the Mortgage-Backed Securities Division Runs its Daily Morning Pass

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on August 6, 2012, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed change described in Items I, II and III, below, which Items have been prepared primarily by FICC. The Commission is publishing this Notice to solicit comments on the proposed change from interested persons.

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

FICC proposes to move the time at which its Mortgage-Backed Securities Division (“MBSD”) runs its first processing pass of the day from 2:00 p.m. to 4:00 p.m. Eastern Standard Time. The proposed change does not require revisions to MBSD’s rules because those rules do not address the times of MBSD’s processing passes. Even so, FICC is notifying its members and the public of the proposed change via this filing in an effort to provide them with adequate notice.

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

In its filing with the Commission, FICC included statements concerning the purpose and basis for the proposed change and discussed any comments it received on the

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

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

proposed change. The text of these statements and comments 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.<sup>3</sup>

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

The purpose of this filing is to notify members that MBSD intends to move the time at which it runs its first processing pass of the day (historically referred to as the "AM Pass") from 2:00 p.m. to 4:00 p.m. Eastern Standard Time. MBSD also executes an evening pass (referred to as the "PM Pass") at 8:00 p.m. Eastern Standard Time, which will remain unchanged. On days when MBSD executes its To-Be-Announced Netting cycle, this cycle immediately follows the completion of the first pass of the day. The proposed change to 4:00 p.m. for the first pass of the day will allow more trades to be included into the To-Be-Announced Net, which will assist in reducing both the amount of fails in the market and the related operational risk. The above change is being made at the request of the Securities Industry and Financial Markets Association ("SIFMA") MBS Operations Committee. MBSD advised members of the proposed change via Important Notice dated August 1, 2012.

The proposed change does not require amendments to the text of the Rules of the MBSD. The effective date of this change will be announced to MBSD members via Important Notice, and is anticipated to be November 2, 2012, subject to the Commission's approval.

FICC believes the proposed change is consistent with the requirements of the Act, including Section 17A,<sup>4</sup> and the rules and regulations thereunder applicable to FICC.

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

Specifically, FICC believes the proposed change will foster the prompt and accurate clearance and settlement of securities transactions because a greater proportion of transactions will be included in the net, fewer fails will result, and operational risk will therefore be reduced.

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

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

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

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 change, or
- (B) institute proceedings to determine whether the proposed 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 change is consistent with the Act. Comments may be submitted by any of the following methods:

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<sup>4</sup> 15 U.S.C. 78q-1.

- Electronic comments may be submitted by using the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>), or by sending an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-FICC-2012-06 on the subject line.
- Paper comments should be sent in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, D.C., 20549-0609.

All submissions should refer to File Number SR-FICC-2012-06. 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 change that are filed with the Commission, and all written communications relating to the proposed 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, 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/downloads/legal/rule\\_filings/2012/ficc/SR-FICC-2012-06.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2012/ficc/SR-FICC-2012-06.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-2012-06 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>

Elizabeth M. Murphy  
Secretary

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