

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69653; File No. SR-FICC-2013-05)

May 29, 2013

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing
Proposed Rule Change to Include trueEX LLC as a Designated Locked-In Trade Source
Pursuant to the Rulebook of the Government Securities Division

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 May 15, 2013, 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 primarily by FICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would amend the Rulebook of the Government Securities Division (“GSD”) to include trueEX LLC (“trueEX”) as one of the GSD’s designated locked-in trade sources.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

below. FICC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.³

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

(i) The GSD Rulebook ("Rules") provides for the submission of "locked-in trades" (*i.e.*, trades that are deemed compared when the data on the trade is received from a single source)⁴ by a locked-in trade source⁵ on behalf of a GSD Member. Currently, the GSD's designated locked-in trade sources are the following entities: (i) Federal Reserve Banks (as fiscal agents of the United States); (ii) the Federal Home Loan Mortgage Corporation ("Freddie Mac"); (iii) GCF-Authorized Inter-Dealer Brokers;⁶ (iv) the U.S. Department of the Treasury; and (v) New York Portfolio Clearing, LLC. FICC is proposing to add trueEX as a designated locked-in trade source.

trueEX is an exchange for interest rate swaps, and has been designated a contract market by the Commodity Futures Trading Commission. trueEX will offer electronic execution of interest-rate swaps, which will be cleared by a clearing house other than FICC. For the delivery vs. payment ("DVP")⁷ leg of

³ The Commission has modified the text of the summaries prepared by FICC.

⁴ The GSD Rulebook defines the term "Locked-In Trade" as "a trade involving Eligible Securities that is deemed a compared trade once the data on such trade is received from a single, designated source and meets the requirements for submission of data on a locked-in trade pursuant to GSD's rules, without the necessity of matching the data regarding the trade with data provided by each member that is or is acting on behalf of an original counterparty to the trade." GSD Rulebook, Rule 1.

⁵ The GSD Rulebook defines the term "Locked-in Trade Source" as "a source of data on Locked-In Trades that the Corporation has so designated, subject to such terms and conditions as to which the Locked-In Trade Source and the Corporation may agree." GSD Rulebook, Rule 1.

⁶ The GSD Rulebook defines the term "GCF-Authorized Inter-Dealer Broker" as "an Inter-Dealer Broker Netting Member that the Corporation has designated as eligible to submit to the Corporation data on GCF Repo Transactions on a Locked-In Basis." GSD Rulebook, Rule 1.

⁷ Delivery vs. payment is a settlement procedure in which the buyer's cash payment for the securities it has purchased is due at the time the securities are delivered.

these transactions, trueEX will offer its members, who are also members of GSD, the ability to have such transactions submitted to the GSD as netting-eligible transactions (*e.g.*, as Treasury DVP transactions). In its capacity as a designated locked-in trade source, trueEX will transmit transactions to the GSD throughout the day by submitting single tickets in a batch format. Once trueEX transmits a locked-in trade to the GSD, the GSD will process the trade normally from the point of guarantee through settlement with the respective GSD member's current DVP trades. Because the single ticket submitted by trueEX lists trueEX as the submitter on behalf of two FICC counterparties, the single-ticket format guarantees that the parties to the trade will not know each other's identity, and ensures that trueEX will not have a resulting settlement obligation.⁸ Subject to the Commission's approval of this rule filing, trueEX will be the first designated contract market ("DCM")⁹ to act as a locked-in trade source for the GSD.¹⁰

As is the case with other locked-in trade submissions accepted by FICC, GSD members will be required to execute appropriate documentation evidencing to FICC their authorization of trueEX to submit trades on their behalf. FICC will notify members of the availability of this documentation via Important Notice.

(ii) FICC believes that the proposed rule change is consistent with Section 17A of the Act¹¹ and the rules and regulations promulgated thereunder because it will provide operational efficiencies in the marketplace, and will therefore support the prompt and accurate clearance and settlement of securities transactions.

⁸ In its capacity as a locked-in trade source, trueEX will initially not be subject to any fees pursuant to the existing GSD Rules. FICC may, however, consider imposing a fee on certain locked-in trade sources in the future based on volumes and processing costs.

⁹ Designated contract markets (DCMs) are exchanges that may list for trading futures or option contracts based on all types of commodities and that may allow access to their facilities by all types of traders, including retail customers.

¹⁰ During the onboarding phase, trueEX will be subject to FICC's existing due diligence process, including testing trueEX's trade input and receipt of output capabilities prior to the go-live date.

¹¹ 15 U.S.C. 78q-1.

(B) Clearing Agency's Statement on Burden on Competition

FICC does not believe that the proposed rule change will have any negative impact, or impose any burden, on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Participants, Members, 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 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 rule change is 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 No. SR-FICC-2013-05 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 No. SR-FICC-2013-05. 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 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 filings also will be available for inspection and copying at the principal office of FICC and on FICC's website at http://dtcc.com/downloads/legal/rule_filings/2013/ficc/SR_FICC_2013_05.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 No. SR-FICC-2013-05 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.¹²

Kevin M. O'Neill
Deputy Secretary

¹² 17 CFR 300.30-3(a)(12).