

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-59498; File No. SR-FICC-2009-01)

March 4, 2009

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Modifying the Appendix of the GSD-CME Cross-Margining Agreement, Deletion of the GSD-TCC Cross-Margining Arrangement, and Technical Changes and Corrections

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on January 13, 2009, 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. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act² and Rule 19b-4(f)(4) thereunder³ so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change will amend the appendix of the cross-margining agreement between FICC and the Chicago Mercantile Exchange, Inc. (“CME”) (“FICC/CME Agreement”), and to make additional technical changes and corrections.

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(iii).

³ 17 CFR 240.19b-4(f)(4).

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

FICC is proposing to amend its Divisions' rules as follows:

1. Revisions to Appendix A of the Cross-Margining Agreement with the Chicago Mercantile Exchange, Inc.

Through its Government Securities Division ("GSD"), FICC currently participates in a cross-margining arrangement with the CME. The FICC/CME Agreement, which governs the arrangement, contains an Appendix A, which requires the parties to list other cross-margining or loss sharing arrangements to which they are parties and the order in which they will be considered when the parties calculate their available resources under the FICC/CME Agreement. The FICC/CME Agreement further provides that the parties may amend Appendix A without prior approval of the other party by giving notice to the other party.⁴

FICC has notified CME that it has amended Appendix A of the Agreement to: (1) remove references to the cross-margining agreement with The Clearing Corporation ("TCC") as that agreement is no longer in effect, (2) remove a reference to a multilateral netting contract and limited cross-guaranty agreement with the now-defunct Emerging Markets Clearing Corporation, (3) change the priority of the multilateral cross-guaranty agreements that FICC participates, and (4) make reference to the upcoming portfolio margining between GSD and FICC's Mortgage-

⁴ Recitals F and G of the FICC/CME Agreement.

Backed Securities Division (“MBSD”). This rule change incorporates these changes into the FICC/CME Agreement, which is a part of the GSD’s rules.

2. Correction to MBSD Rules

FICC is also correcting a reference in MBSD’s rules to reflect actual practice. While MBSD’s fee schedule accurately labels a “fee” for non-compliance with MBSD trade input requirements, its rules incorrectly label this a “fine.” The proposed rule change corrects the fine reference.

3. Clarifications to GSD’s Schedule of Time Frames

FICC is updating its Schedule of Time Frames to correct the time during which FICC’s comparison, netting, settlement, and margining output normally is made available to members and to make clear that the funds-only settlement process occurs through the Federal Reserve’s National Settlement Service.

FICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁵ and the rules and regulations thereunder because it will make certain rule corrections and address the cross-margining agreements and therefore will support the prompt and accurate clearance and settlement of securities transactions.

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

⁵ 15 U.S.C. 78q-1.

FICC has not solicited or received written comments relating to the proposed rule change. FICC will notify the Commission of any written comments it receives.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁶ and Rule 19b-4(f)(4)⁷ thereunder because it effects a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within 60 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 No. SR-FICC-2009-01 on the subject line.

Paper comments:

⁶ 15 U.S.C. 78s(b)(3)(A)(iii).

⁷ 17 CFR 240.19b-4(f)(4).

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Station Place, 100 F Street, NE, Washington, DC, 20549-1090.

All submissions should refer to File No. SR-FICC-2009-01. 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 Room, 450 Fifth Street, NW, Washington DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at FICC's principal office and on FICC's Web site at <http://ficc.com/gov/gov.docs.jsp?NS-query=#rf>. 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 submission should refer to File No. SR-FICC-2009-01 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.⁸

Florence E. Harmon
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).