

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-66124; File No. SR-FICC-2008-01)

January 10, 2012

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change to Allow the Mortgage-Backed Securities Division to Provide Guaranteed Settlement and Central Counterparty Services

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> on March 12, 2008, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”), and on November 21, 2011, amended a proposed rule change to allow the Mortgage-Backed Securities Division (“MBSD”) to provide guaranteed settlement and central counterparty services. The proposed rule change was published for comment in the Federal Register on December 12, 2011.<sup>3</sup> The Commission received one comment letter on the proposal.<sup>4</sup>

Prior to amendments introduced by the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), Section 19(b)(2) of the Act<sup>5</sup> provided that, within thirty-five days of the publication of notice of the filing of a proposed rule change, or within such longer period as the Commission may designate up to ninety days of such date if it finds such longer

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

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

<sup>3</sup> Securities Exchange Act Release No. 65899 (Dec. 6, 2011), 76 FR 77287 (Dec. 12, 2011) (“Notice”) and Securities Exchange Act Release No. 65899A (Dec. 12, 2011), 76 FR 77865 (Dec. 14, 2011) (correcting a non-substantive portion of the Notice).

<sup>4</sup> See Letter from Christopher Killian, Managing Director, Securities Industry and Financial Markets Association, to Elizabeth M. Murphy, Secretary, Commission, dated December 19, 2011.

<sup>5</sup> 15 U.S.C. 78s(b)(2) (2010), amended by Section 916 of Pub. L. No. 111-203, 124 Stat. 1376 (2010).

period to be appropriate and publishes its reasons for so finding, the Commission shall either approve the proposed rule change or institute proceedings to determine whether the proposed rule change should be disapproved.<sup>6</sup> The thirty-fifth day after publication of notice of this filing is Monday, January 16, 2012, a national holiday. The last business day preceding that date is Friday, January 13, 2012.

The proposed rule change would modify the rules of FICC's MBSD to allow MBSD to provide guaranteed settlement and central counterparty ("CCP") services to the mortgage-backed securities market. As FICC notes in the proposed rule change, the conversion of the MBSD to a CCP would increase the amount of risk to FICC because FICC would assume risk currently borne by bilateral counterparties in the market. The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the risk management implications of the proposed rule change in light of, among other things, initiatives FICC proposed to develop under the proposed rule change and any other initiatives FICC may develop during the extended period.

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<sup>6</sup> Because the original rule proposal was received by the Commission prior to the Dodd-Frank Act amendments to Section 19(b)(2) of the Act, the operative timing and procedural requirements for Commission action are those that applied at the time the Commission received the original rule proposal.

Accordingly, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> the Commission designates March 9, 2012, as the date by which the Commission should either approve or institute proceedings to determine whether to disapprove the proposed rule change.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

Kevin M. O'Neill  
Deputy Secretary

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<sup>7</sup> 15 U.S.C. 78s(b)(2) (2010), amended by Section 916 of Pub. L. No. 111-203, 124 Stat. 1376 (2010).

<sup>8</sup> 17 CFR 200.30-3(a)(31).