

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-51093; File No. SR-FICC-2004-24)

January 28, 2005

Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Fee Structure of the Government Securities Division of the Fixed Income Clearing Corporation

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on December 30, 2004, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule 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 rule change from interested parties.

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

The proposed rule change consists of amendments to the fee structure of the Government Securities Division (“GSD”) of FICC to clarify and update certain provisions of the fee structure for GSD’s services.

II. Self-Regulatory Organization’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).

below. FICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

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

The purpose of the proposed rule change is to amend the fee structure of the GSD to clarify and/or update certain provisions.

(1) Trade Submission

The proposed change deletes references to outdated submission modes such as magnetic tape output and paper output and makes clear that there is a \$0.50 charge for submitting trade data to the GSD. The proposed change also clarifies that a trade submission that is rejected because it failed to pass the necessary edit checks (other than a valid contra side) will not be charged the submission fee but will be charged a rejection fee.

(2) Surcharge for Trade Submission Method

The proposed change clarifies that the surcharges that are imposed for failure to use the interactive submission method are based on submission method as opposed to whether the trade is submitted to the GSD within one hour of execution.

(3) Demand and Locked-In Trade Submissions

The proposed change makes clear that the fee for processing and reporting demand and locked-in trades is applied per \$50 million increment, which is the way in which trades other than GCF Repo trades are required to be submitted.

² The Commission has modified the text of the summaries prepared by FICC.

(4) Trade Advisories

The proposed change deletes a provision from the fee structure regarding charges for advisories under certain circumstances as that fee is no longer being applied.

(5) Communication Connections

The communication fees currently listed in the fee structure have become outmoded, and FICC is removing them from the fee structure. In the near future, a new communications framework will be implemented which will include revised fees. FICC will file with the Commission a new communication fee arrangement as more details on such implementation become available.

(6) Auction Takedown Process Fees

The proposed change restructures the provisions on the auction takedown process so that they are all contained within one section.

(7) Repo Collateral Substitution Fees

Members are currently billed the repo collateral substitution fee by being charged a submission fee (\$.50) plus a modification fee (\$.25). The proposed change specifies more clearly that the fee for repo collateral substitutions is \$.75.

The proposed changes will become effective on January 1, 2005.

FICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act³ and the rules and regulations thereunder applicable to FICC because the proposed rule change provides for the equitable allocation of dues, fees, and other charges among FICC's participants.

³ 15 U.S.C. 78q-1.

(B) Self-Regulatory Organization's Statement on Burden on Competition

FICC does not believe that the proposed rule change will have an 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

Written comments relating to the proposed rule change have 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 rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(ii) of the Act⁴ and Rule 19b-4(f)(2)⁵ thereunder because the proposed rule establishes or changes a due, fee, or other charge. At any time within sixty days of the filing of such 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

⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵ 17 CFR 240.19b-4(f)(2).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-FICC-2004-24 on the subject line.

Paper comments:

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File Number SR-FICC-2004-21. 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 Section, 450 Fifth Street, NW, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of FICC and on FICC's Web site at www.ficc.com. 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-2004-24 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁶

Margaret H. McFarland
Deputy Secretary

⁶ 17 CFR 200.30-3(a)(12).