

**DATES:** The comment period has been extended and now expires on December 12, 2006. Comments received after this date will be considered if it is practical to do so, but the Commission is able to ensure consideration only for comments received before this date.

**ADDRESSES:** Members of the public are invited and encouraged to submit written comments to Michael Lesar, Chief, Rulemaking, Directives and Editing Branch, Office of Administration, Mail Stop T6-D59, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001. Hand-deliver comments attention to Michael Lesar, 11545 Rockville Pike, Rockville, MD, between 7:30 a.m. and 4:15 p.m. on Federal workdays. Comments may also be sent electronically to [NRCREP@nrc.gov](mailto:NRCREP@nrc.gov).

This document, NUREG-1852, is available at the Agencywide Documents Access and Management System (ADAMS) Public Electronic Reading Room on the Internet at the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> under Accession No. ML0623502923; on the NRC Web site at <http://www.nrc.gov/reading-rm/doc-collections/nuregs/docs4comment.html>; and at the NRC Public Document Room, 11555 Rockville Pike, Rockville, MD. The PDR's mailing address is USNRC PDR, Washington, DC 20555; telephone (301) 415-4737 or (800) 397-4205; fax (301) 415-3548; e-mail [PDR@NRC.GOV](mailto:PDR@NRC.GOV).

**FOR FURTHER INFORMATION, CONTACT:** Erasmia Lois, Human Factors and Reliability Branch, Office of Nuclear Regulatory Research, telephone (301) 415-6560, e-mail [exl1@nrc.gov](mailto:exl1@nrc.gov).

Dated at Rockville, Maryland, this 16th day of October, 2006.

For the Nuclear Regulatory Commission.

**Jose Ibarra,**

*Chief, Human Factors and Reliability Branch, Probabilistic Risk and Applications, Division of Risk Assessment and Special Projects, Office of Nuclear Regulatory Research.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54609; File No. SR-FICC-2006-11]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating To Establishing New Reporting Processes To Support the Bilateral Comparison of Pool Details Associated With Specified Pool Trade Activity

October 16, 2006.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on June 15, 2006, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") and on June 30, 2006, amended 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. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would add new rules to FICC's Mortgage Backed Securities Division ("MBSD") Rulebook that would establish new reporting processes to support the bilateral comparison of pool details associated with specified pool trade ("SPT") activity.

#### 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 below. FICC has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.<sup>2</sup>

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

The purpose of this filing is to implement in MBSD's Rulebook new reporting processes to support the

bilateral comparison of pool details associated with SPT's. This is the first of three new services MBSD plans to offer the mortgage-backed securities industry. The new services will be Real Time Trade Matching ("RTTM") Specified Pool Trade Matching, Electronic Pool Notification Pool Substitution, and Central Counterparty Pool Netting with Guaranteed Settlement.<sup>3</sup>

Currently, MBSD does not support SPT matching. As a result, members must submit SPT's to MBSD as "to be announced" ("TBA") trades for matching on a trade-for-trade basis. These trades are processed through MBSD's comparison and clearing system as TBA's and are risk managed at the TBA level using par amount.<sup>4</sup> MBSD reports these trades to members through the MBS Purchase and Sale Report and the Open Commitment Report, which reports provide binding confirmation of these trades to members but do not transmit actual pool level details to the member. Because these original trades must currently be submitted at the TBA level, MBSD members must perform exception processing to convert the SPT data to the associated TBA level. In addition, the selling member must utilize MBSD's EPN service to supplement the original trade submission with pool level details.

To make this process more efficient for its members, FICC is proposing to enable MBSD members to submit the pool number and original face for all SPT activity through RTTM. However, this proposal will not change how MBSD currently risk manages these trades at the TBA level. MBSD's rules will continue to stipulate that SPT's may be treated as TBA's in instances of member insolvency.

In addition, FICC proposes to make two new reports available to members: the RTTM Purchase and Sale Report and the RTTM Open Commitment Report.<sup>5</sup> These reports would reflect the submission of pool number and original

<sup>3</sup> FICC has published two white papers that discuss its plans to develop central counterparty services for MBSD. *Fixed Income Clearing Corporation as Central Counterparty for Mortgage-Backed Securities* (June 2003) and *A Central Counterparty for Mortgage-Backed Securities: Paving the Way* (April 2006), which are available online at <http://www.ficc.com/mbs/docs/whitepapers/final.ccp.0617.pdf> and <http://www.dtc.com/ThoughtLeadership/whitepapers/ccp.pdf>, respectively.

<sup>4</sup> Par amount could be the original face or current face submitted by members.

<sup>5</sup> These reports will not replace the MBSD's Purchase and Sale Report or the Open Commitment Report, which will continue to reflect specified pool trades as TBA trades.

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

<sup>2</sup> The Commission has modified the text of the summaries prepared by FICC.

face value<sup>6</sup> as matching criteria submitted by members. Finally, FICC is proposing to include new fees for the submission of SPTs to the Schedule of Charges in the MBSR Rulebook.

FICC believes that the proposed rule change is consistent with the requirements of section 17A of the Act<sup>7</sup> and the rules and regulations thereunder because it should improve the reporting of SPT information to members and thereby should improve the accurate reporting, clearance, and settlement of securities.

#### *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*

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**

Within thirty-five days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to ninety days of such date 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 such proposed rule change or

(B) Institute proceedings to determine whether the proposed rule 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, as amended, 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](mailto:rule-comments@sec.gov). Please include File No. SR-FICC-2006-11 on the subject line.

#### *Paper Comments*

• Send paper comments in triplicate to Nancy M. Morris, Secretary, Securities and Exchange Commission, 100 F Street, NE., Washington DC 20549-1090.

All submissions should refer to File No. SR-FICC-2006-11. 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, 100 F Street, NE., Washington, DC 20549. 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-2006-11 and should be submitted on or before November 14, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>8</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-54613; File No. SR-NASDAQ-2006-043]

#### **Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the Operations of Its Recently-Approved "Single Book" Execution System**

October 17, 2006.

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 October 10, 2006, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by Nasdaq. Nasdaq has filed the proposal pursuant to section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders the proposal 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**

Nasdaq proposes to modify the operations of its recently-approved "Single Book" execution system.<sup>5</sup> Nasdaq states that, through quality control and testing, and feedback from the trading community, it has identified five modifications to the operation and rules governing the Single Book system that would improve the fair and orderly operation of the Nasdaq market.

Specifically, Nasdaq is proposing five changes: (1) Establishing a Pegged Order based upon changes to the Nasdaq Market Center inside, an order type that is currently available in the Nasdaq Market Center; (2) clarifying how certain order routing strategies would operate with respect to the New York Stock Exchange ("NYSE") and American Stock Exchange ("Amex") markets; (3) eliminating vestigial references to individual Nasdaq market

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> Securities Exchange Act Release No. 54155 (July 14, 2006), 71 FR 41291 (July 20, 2006) (File No. SR-NASDAQ-2006-001) (approving the "Single Book Proposal"). See also Securities Exchange Act Release No. 53583 (March 31, 2006), 71 FR 19573 (April 14, 2006) (File No. SR-NASDAQ-2006-001) ("Single Book Proposal").

<sup>6</sup> In addition to pool number and original face value, existing matching fields (such as TBA CUSIP and price) will continue to be populated by members.

<sup>7</sup> 15 U.S.C. 78q-1.

<sup>8</sup> 17 CFR 200.30-3(a)(12).