

securities, and letters of credit contributing to the member's required clearing fund deposits; and prohibit the member from withdrawing excess clearing fund deposits.<sup>7</sup>

Because the proposed rule change gives FICC the general authority to require additional clearing fund collateral when FICC is seeking additional assurances from a member or applicant, the provisions in GSD's Rule 4 that require the posting of additional collateral for specific circumstances are being deleted.

### C. Technical Amendments

FICC will make several technical amendments to GSD's and MBSD's rules. The terms "Board" and "Board of Directors" will be redefined to include a committee of FICC's Board of Directors that is acting under delegated authority of the Board. Accordingly, references to specific board committees throughout both divisions' rules will be replaced simply by the term "Board," which will include any such board committees.

## II. Discussion

Section 17A(b)(3)(F) of the Act<sup>8</sup> requires that the rules of a clearing agency assure the safeguarding of securities and funds that are in the custody or control of the clearing agency or for which it is responsible. The Commission finds that the proposed rule change is consistent with this obligation because it should enhance FICC's ability to identify members that present greater financial and operational risk and expands the remedies available to FICC to protect itself when dealing with such members. As a result, the proposed rule change should improve FICC's capacity to safeguard securities and funds in its custody or control or for which it is responsible.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>9</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-FICC-2006-12) be, and hereby is, approved.<sup>10</sup>

<sup>7</sup> These proposed actions are similar to those that FICC has proposed to undertake with respect to a member undergoing a wind-down in a rule filing pending with the Commission. SR-FICC-2006-05.

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>9</sup> 15 U.S.C. 78q-1.

<sup>10</sup> In approving the proposed rule change, the Commission considered the proposal's impact on

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54899; File No. SR-FICC-2006-11]

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

December 8, 2006.

On June 15, 2006, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and on June 30, 2006, amended the proposed rule change. Notice of the proposed rule change was published in the **Federal Register** on October 24, 2006.<sup>2</sup> No comment letters were received. For the reasons discussed below, the Commission is approving the proposed rule change.

#### I. Description

The proposed rule change will add new rules to FICC's Mortgage Backed Securities Division ("MBSD") Rulebook to establish new reporting processes to support the bilateral comparison of pool details associated with specified pool trade ("SPT") activity. Specifically, FICC will enable MBSD members to submit the pool number and original face value for all SPT activity through its real time trade matching ("RTTM") service. This rule filing will not change how MBSD currently manages risk for these trades at the TBA level in that MBSD's rules will continue to stipulate that SPT's may be treated as TBA's in instances of member insolvency.

In conjunction with establishing this new service, FICC will make two new reports available to members: The RTTM Purchase and Sale Report and the

efficiency, competition and capital formation. 15 U.S.C. 78c(f).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> Securities Exchange Act Release No. 54609 (Oct. 16, 2006), 71 FR 62324.

RTTM Open Commitment Report.<sup>3</sup> These reports will reflect the submission of pool number and original face value<sup>4</sup> as matching criteria submitted by members. Finally, FICC will include new fees for the submission of SPTs to the Schedule of Charges in the MBSD Rulebook.

## II. Discussion

Section 17A(b)(3)(F) of the Act<sup>5</sup> requires that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions. The Commission finds that the proposed rule change is consistent with this requirement because it will provide a more efficient process for MBSD members to report and compare SPT transaction information and thereby should promote the prompt and accurate clearance and settlement of such transactions.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>6</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-FICC-2006-11) be, and hereby is, approved.<sup>7</sup>

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

**Florence E. Harmon,**

*Deputy Secretary.*

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<sup>3</sup> These reports will not replace MBSD's Purchase and Sale Report or Open Commitment Report, which will continue to reflect specified pool trades as TBA trades.

<sup>4</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>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>6</sup> 15 U.S.C. 78q-1.

<sup>7</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

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