

**SUMMARY:** The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add Global Expedited Package Services—Non-Published Rates 4 (GEPS—NPR 4) to the Competitive Products List.

**DATES:** *Effective date:* January 8, 2013.

**FOR FURTHER INFORMATION CONTACT:** Patricia A. Fortin, 202–268–8785.

**SUPPLEMENTARY INFORMATION:** The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642, on December 21, 2012, it filed with the Postal Regulatory Commission a Request of the United States Postal Service to add Global Expedited Package Services—Non-Published Rates 4 (GEPS—NPR 4) to the Competitive Products List and Notice of Filing GEPS—NPR 4 Model Contract and Application for Non-public Treatment of Materials Filed Under Seal. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2013–27 and CP2013–35.

**Stanley F. Mires,**

*Attorney, Legal Policy & Legislative Advice.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–68533; File No. SR–NYSE–2012–74]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending the Bond Trading License and the Bond Liquidity Provider Pilot Program

December 21, 2012.

#### *Correction*

In notice document 2012–31260, appearing on pages 77166–77167 in the issue of Monday, December 31, 2012, make the following correction:

On page 77166, in the second column, the Release No. and the File No., are corrected to read as set forth above.

[FR Doc. C1–2012–31260 Filed 1–7–13; 8:45 am]

**BILLING CODE 1505–01–D**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–68555; File No. SR–FICC–2012–07]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change Relating to Enhancements That the Mortgage-Backed Securities Division Intends To Implement to its Services and Certain Other Clarifications and Corrections to Its Rules

January 2, 2013.

#### I. Introduction

On November 6, 2012, the Fixed Income Clearing Corporation (“FICC” or the “Corporation”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR–FICC–2012–07 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19ba–4 thereunder.<sup>2</sup> The proposed rule change was published for comment in the *Federal Register* on November 21, 2012.<sup>3</sup> No comments letters were received on the proposed rule change. This order approves the proposed rule change.

#### II. Description

The proposed rule change relates to certain enhancements that the Mortgage-Backed Securities Division (“MBSD”) of FICC intends to implement to its services. In addition, FICC proposes to make certain corrections and clarifications to the MBSD Rules. As noted below, some of the proposed changes do not require revisions to the MBSD Rules.

##### *1. Expansion of Pool Netting To Include Pool Instructs From the Previous Settlement Months*

MBSD proposed to further extend pool netting benefits to its members by capturing Pool Instructs<sup>4</sup> submitted for allocations made after the traded pool’s settlement month has passed. The proposed changes allow more activity into the pool net which results in fewer settlements.

Currently, MBSD’s pool netting process only nets Pool Instructs for the current delivery date if their

<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. 68245 (November 15, 2012), 77 FR 69913 (November 21, 2012).

<sup>4</sup> A Pool Instruct is an input used by a member to submit pool details directly into the Real-Time Trade Matching (“RTM”) system for bilateral matching and assignment to a corresponding open TBA position as a prerequisite to the pool netting process.

corresponding contractual settlement dates (“CSD”) are also in the current month.<sup>5</sup> For example, with respect to a delivery date of August 14, 2012, MBSD’s pool netting process would only net Pool Instructs having a CSD ranging from August 1, 2012 through August 14, 2012 and having a delivery date of August 14, 2012. As such, only Pool Instructs having a CSD in the current month will be included in pool netting.

The proposed new process will net Pool Instructs from previous settlement months that are submitted for delivery dates in the current month. For example, if we assume that today is August 13, 2012, and a member submits multiple Pool Instructs all having a CSD equal to July 12, 2012 and a delivery date equal to August 14, 2012, on the evening of August 13th, these Pool Instructs would be netted against each other to arrive at a single pool net settlement position for the July 12, 2012 CSD and August 14th delivery date.

The proposed changes do not require revisions to the text of the MBSD Rules.

##### *2. Notification of Settlement for Specified Pool Trades*

A Notification of Settlement (“NOS”) is an instruction submitted to the Corporation by a purchasing or selling clearing member which reflects the settlement of a Settlement Balance Order Trade, Trade-for-Trade Transaction or Specified Pool Trade (“SPT”).<sup>6</sup> MBSD is proposing to change the manner in which NOS processing occurs for SPTs so that it follows similar processing rules as those applied to NOS for Settlement Balance Order Trades and Trade-for-Trade Transactions.

Currently, MBSD Rule 10 Section 2 states that the trade details for a NOS submitted by both parties of a SPT must fully match in order for the clearance of the SPTs to be reflected on the member’s Purchase and Sale Report<sup>7</sup> or both parties must submit a cancellation of the transaction in order for the transaction to be deleted from each party’s respective Open Commitment Report.<sup>8</sup>

MBSD proposed to enhance the NOS for SPTs by no longer requiring the current face value submitted on each

<sup>5</sup> See MBSD Rule 8 Section 3.

<sup>6</sup> See MBSD Rule 1, Definitions.

<sup>7</sup> “Purchase and Sale Report” is defined as the report furnished by the Corporation reflecting a member’s Compared Trades in Eligible Securities.” See MBSD Rule 1, Definitions.

<sup>8</sup> “Open Commitment Report” is defined as the report furnished by the Corporation to members reflecting such member’s open commitments in the Clearing System. See MBSD Rule 1, Definitions.

member's NOS to exactly match the current face value of the SPT. Instead, members will have the ability to submit and match multiple NOS to reduce the SPT current face until it is fully settled. For example, if a SPT has a current face value of \$125MM and the pool number of the trade has a factor of 0.975, FICC will accept either (a) one piece of NOS for \$125,000,000 or (b) three pieces of NOS for \$48,750,000, \$48,750,000 and \$27,500,000. The current face values equal an original face settlement value of \$50,000,000, \$50,000,000 and \$28,205,128.

In addition to the above, MBSD will apply a tolerance of +/- \$1 when matching buy and sell NOS for SPT trades to account for differences in rounding conventions used by members to convert original face to current face on their NOS.

The proposed changes will make NOS for SPTs similar to NOS for Settlement Balance Order Trades and Trade-for-Trade Transactions whereby matching is permitted within a tolerance and multiple NOS may be submitted and matched separately until the trade is fully settled.

The proposed changes require revisions to the text of the MBSD Rules.

### 3. Comparison of Dummy Pool Number to Valid Pool Number

FICC supports the submission of a defined generic or "dummy" pool number on NOS instead of a valid pool number. A dummy pool is a standard convention used by members when the actual pool number is not readily available to some members. Currently, the pool number is a matching criterion on NOS. Consequently, if one member submits a dummy pool number and the other enters a valid pool number the NOS will not compare even though all of the other matching criteria are the same. In an effort to address this, FICC is proposing to change its processing in order to allow matching of NOS when all mandatory terms compare and one member submits a dummy pool number and the other member submits a valid pool.

The proposed changes do not require revisions to the text of the MBSD Rules.

### 4. Automatically Marking Certain Open TBA Trades as Fully Settled

Mortgage-backed securities trades settle with an industry-accepted variance of 0.01% (i.e., \$100 per \$1MM). When FICC applies NOS to open trades, it does so using the upper limit of the variance to ensure that trades are not marked as fully settled until all NOS have been received and processed by FICC. However, because

trades may settle using any value within the variance, FICC's processing may leave residual trade amounts open on its books for trades that have actually been fully settled. To address this, FICC is proposing to automatically generate internal NOS which will mark the residual trade as fully settled. The FICC generated NOS will occur on the last business day of each month, in every instance where a member has a To-Be-Announced ("TBA") trade with an open par that falls below an established threshold. The threshold is initially contemplated to be \$1000 par, however, this may be modified following member feedback. All changes to the threshold will be provided in advance to members via Important Notice.

The proposed changes require revisions to the text of the MBSD Rules.

### 5. Corrections and Clarification to the MBSD Rules

The MBSD Rules define the term "Fully Compared" as "\* \* \* trade input submitted by a Broker matches trade input submitted by each Dealer on whose behalf the Broker is acting the Net Position Match Mode."<sup>9</sup> The phrase "in accordance with" was inadvertently deleted from this definition when it was revised in connection with Amendment No. 1 to SR-FICC-2008-01.<sup>10</sup> FICC proposes to restore this phrase so that the definition states the following: "\* \* \* trade input submitted by a Broker matches trade input submitted by each Dealer on whose behalf the Broker is acting in accordance with the Net Position Match Mode."

In the second to last paragraph of MBSD Rule 2A Section 1, there is a sentence which states that the Corporation will determine whether the applicants in "categories (g and i)" of the referenced Section will be designated as tier one or tier two members. FICC proposes to correct the typographical error in the cross-reference so that it instead references "categories (g) and (i)."

### Implementation

FICC proposes to implement the proposed changes relating to the MBSD enhancements during the second quarter of 2013 pending rule filing approval from the Securities and Exchange Commission. The proposed changes relating to the clarifications and corrections of the referenced rules will be effective immediately upon receipt of rule filing approval.

<sup>9</sup> See MBSD Rule 1, Definitions.

<sup>10</sup> Securities Exchange Act Release No. 66550 (March 9, 2012); 77 FR 15155 (March 14, 2012).

### III. Discussion

Section 19(b)(2)(C) of the Act<sup>11</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act<sup>12</sup> requires, among other things, that the rules of the clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions.

The proposed changes to FICC's Rules are consistent with promoting the prompt and accurate clearance and settlement of securities transactions in the following ways: (1) The expansion of the pool netting system extends the netting benefits to clearing members by capturing allocations made after the traded pools current settlement month, (2) the change in NOS processing for SPTs creates efficiency through the standardization of NOS processing for TBA trades, (3) automatically marking certain TBA trades as fully settled improves the monitoring and reporting of trade settlement status and (4) allowing the comparison of dummy Pool number to valid pool number provides for timelier matching of NOS. Each of these enhancements creates a more efficient netting system which promotes the prompt and accurate clearance and settlement for securities transactions. Furthermore, the clarifications and corrections to the MBSD Rules ensure that the Rules are accurate. As a result, the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.<sup>13</sup>

### IV. 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>14</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>15</sup> that the proposed rule change, as amended, (File No. SR-FICC-2012-07) be, and hereby is, approved.<sup>16</sup>

<sup>11</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>14</sup> 15 U.S.C. 78q-1.

<sup>15</sup> 15 U.S.C. 78s(b)(2).

<sup>16</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).

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013-00122 Filed 1-7-13; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68560; File No. SR-NYSE-2012-76]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending the Operation of its Supplemental Liquidity Providers Pilot (Rule 107B) Until the Earlier of the Securities and Exchange Commission's Approval To Make Such Pilot Permanent or July 31, 2013

January 2, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 18, 2012, New York Stock Exchange LLC (the "Exchange" or "NYSE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 Exchange proposes to extend the operation of its Supplemental Liquidity Providers Pilot ("SLP Pilot" or "Pilot") (See Rule 107B), currently scheduled to expire on January 31, 2013, until the earlier of the Securities and Exchange Commission's ("Commission") approval to make such Pilot permanent or July 31, 2013. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

The Exchange proposes to extend the operation of its SLP Pilot,<sup>5</sup> currently scheduled to expire on January 31, 2013, until the earlier of Commission approval to make such Pilot permanent or July 31, 2013.

###### Background<sup>6</sup>

In October 2008, the NYSE implemented significant changes to its market rules, execution technology and the rights and obligations of its market participants all of which were designed to improve execution quality on the Exchange. These changes are all elements of the Exchange's enhanced market model referred to as the "New

Market Model" ("NMM Pilot").<sup>7</sup> The SLP Pilot was launched in coordination with the NMM Pilot (see Rule 107B).

As part of the NMM Pilot, NYSE eliminated the function of specialists on the Exchange creating a new category of market participant, the Designated Market Maker or DMM.<sup>8</sup> Separately, the NYSE established the SLP Pilot, which established SLPs as a new class of market participants to supplement the liquidity provided by DMMs.<sup>9</sup>

The SLP Pilot is scheduled to end operation on January 31, 2013 or such earlier time as the Commission may determine to make the rules permanent. The Exchange is currently preparing a rule filing seeking permission to make the SLP Pilot permanent, but does not expect that filing to be completed and approved by the Commission before January 31, 2013.<sup>10</sup>

##### Proposal To Extend the Operation of the SLP Pilot

The NYSE established the SLP Pilot to provide incentives for quoting, to enhance competition among the existing group of liquidity providers, including the DMMs, and add new competitive market participants. The Exchange believes that the SLP Pilot, in coordination with the NMM Pilot, allows the Exchange to provide its market participants with a trading venue that utilizes an enhanced market structure to encourage the addition of liquidity, facilitate the trading of larger orders more efficiently and operates to

<sup>7</sup> See Securities Exchange Act Release No. 58877 (October 24, 2008), 73 FR 64379 (October 29, 2008) (SR-NYSE-2008-46).

<sup>8</sup> See NYSE Rule 103.

<sup>9</sup> See NYSE Rule 107B. The Exchange amended the monthly volume requirements to an ADV that is a specified percentage of NYSE CADV. See Securities Exchange Act Release No. 67759 (August 20, 2012), 77 FR 54939 (September 6, 2012) (SR-NYSEMKT-2012-38).

<sup>10</sup> The NMM Pilot was scheduled to expire on January 31, 2013. On December 18, 2012 the Exchange filed to extend the NMM Pilot until July 31, 2013. See (SR-NYSE-2012-75). See also Securities Exchange Act Release Nos. 67494 (July 25, 2012), 77 FR 45408 (July 31, 2012) (SR-NYSE-2012-26) (extending the operation of the NMM Pilot to January 31, 2013); 66046 (December 23, 2011), 76 FR 82340 (December 30, 2011) (SR-NYSE-2011-65) (extending the operation of the NMM Pilot to July 31, 2012); 64761 (June 28, 2011) 76 FR 39147 (July 5, 2011) (SR-NYSE-2011-29) (extending the operation of the NMM Pilot to January 31, 2012); 63618 (December 29, 2010) 76 FR 617 (January 5, 2011) (SR-NYSE-2010-85) (extending the operation of the NMM Pilot to August 1, 2011); 62819 (September 1, 2010), 75 FR 54937 (September 9, 2010) (SR-NYSE-2010-61) (extending the operation of the NMM Pilot to January 31, 2011); 61724 (March 17, 2010), 75 FR 14221 (SR-NYSE-2010-25) (extending the operation of the NMM Pilot to September 30, 2010); and 61031 (November 19, 2009), 74 FR 62368 (SR-NYSE-2009-113) (extending the operation of the NMM Pilot to March 30, 2010).

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

<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)(iii).

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

<sup>6</sup> The information contained herein is a summary of the NMM Pilot and the SLP Pilot. See *supra* note 5 for a fuller description of those pilots.