

presented by an entity in crisis that remains a participant of DTC. This is particularly important to preserve orderly settlement in the marketplace and to minimize the risk of loss to DTC and its participants. The rule sets forth in a single rule DTC's rights and the actions it may take in such a situation. Currently, these rights and actions are either permitted elsewhere in DTC's rules or are permitted pursuant to DTC's emergency authority. By placing DTC's rights in a single rule, however, the proposed rule change should provide clarity and a clear legal basis for DTC's rights or actions taken with respect to a wind-down participant. DTC also believes that the rule is designed to minimize the need for rule waivers.

III. Discussion

Section 17A(b)(3)(F) of the Act provides that the rules of a clearing agency should be designed to safeguard securities and funds which are in the custody or control of the clearing agency or for which it is responsible.⁴ The sudden or unanticipated financial or operational difficulties of a participant or the termination of its trading activities may create uncertainty among industry participants about DTC's ability to meet its settlement obligations on time and concern about the risk to the assets of the clearing agency or of its participants. The proposed rule change clarifies that DTC has discretionary power in a wind-down situation to take certain actions to assure the ongoing operations of itself and to protect the securities and funds of DTC and of its participants. By making clear in a single rule the authority DTC has under its rules to facilitate the orderly wind down of a participant's activities, the proposed rule change is designed to assure the safeguarding of securities or funds which are in DTC's control or for which it is responsible.⁵

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.⁶

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-DTC-2006-07), as modified by Amendment No. 1, be, and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Florence E. Harmon,

Deputy Secretary.

[FR Doc. E7-4056 Filed 3-7-07; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55364; File No. SR-FICC-2006-05]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Granting Approval of a Proposed Rule Change Relating to the Wind-Down of a Participant

February 27, 2007.

I. Introduction

On March 28, 2006, Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") and on September 28, 2006 and October 13, 2006, amended proposed rule change SR-FICC-2006-15 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on December 20, 2006.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change as modified by Amendment Nos. 1 and 2.

II. Description

The rule change adds new Rule 21A, Wind-Down of a Netting Member, to the Rules of FICC's Government Securities Division ("GSD") and new Rule 2A, Wind-Down of a Participant, to the Rules of FICC's Mortgage-Backed Securities Division ("MBSD") to address a situation where a member or participant notifies FICC that it intends to wind down its activities, and FICC determines, in its discretion, that it must take special action in order to protect itself and its members and participants.³

The new rules allow FICC to determine that a participant is a wind-down member or wind-down participant and sets forth the conditions FICC using its discretion may place on a wind-down member or participant and

the actions FICC using its discretion may take with respect to a wind-down member or participant to protect itself and its members or participants. Such actions may include restricting or modifying the wind-down member or participant's use of any or all of FICC's services and may include requiring the wind-down member or participant to post increased clearing fund deposits. FICC will retain all of its other rights set forth in its rules and membership and participant agreements, including the right to declare the wind-down member or participant insolvent, if applicable, and to cease to act for it.

The rules are designed to ensure that FICC has the needed flexibility to appropriately manage the risks presented by an entity in crisis that remains a participant of FICC. This is particularly important to preserve orderly settlement in the marketplace and to minimize the risk of loss to FICC and its members and participants. Each rule sets forth in a single rule FICC's rights and the actions it may take in such a situation. Currently, these rights and actions are either permitted elsewhere in FICC's rules or are permitted pursuant to FICC's emergency authority. By placing FICC's rights in a single rule for each division, however, the rule change should provide clarity and a clear legal basis for FICC's rights or actions taken with respect to a wind-down member or participant. FICC also believes that the rules are designed to minimize the need for rule waivers.

III. Discussion

Section 17A(b)(3)(F) of the Act provides that the rules of a clearing agency should be designed to safeguard securities and funds which are in the custody or control of the clearing agency or for which it is responsible.⁴ The sudden or unanticipated financial or operational difficulties of a clearing member or participant or the termination of its trading activities may create uncertainty among industry participants about FICC's ability to meet its settlement obligations on time and concern about the risk to the assets of the clearing agency or of its members or participants. The proposed rule change clarifies that FICC has discretionary power in a wind-down situation to take certain actions to assure the ongoing operations of itself and to protect the securities and funds of FICC and of its members and participants. By making clear in a single rule of each of its divisions the authority FICC has under its rules to facilitate the orderly wind down of a member or participant's

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 54929, (December 13, 2006), 71 FR 76398.

³ Similar proposed rule changes have been filed by The Depository Trust Company [File No. SR-DTC-2006-07] and the National Securities Clearing Corporation [File No. SR-NSCC-2006-05].

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 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).

activities, the proposed rule change is designed to assure the safeguarding of securities or funds which are in FICC's control or for which it is responsible.⁵

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.⁶

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-FICC-2006-05), as modified by Amendment Nos. 1 and 2, be, and hereby is approved.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-55366; File No. SR-NSCC-2006-05]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Granting Approval of a Proposed Rule Change Relating to the Wind-Down of a Member

February 27, 2007.

I. Introduction

On March 28, 2006, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") and on September 28, 2006, amended proposed rule change SR-NSCC-2006-05 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act").¹ Notice of the proposal was published in the **Federal Register** on December 20, 2006.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change as modified by Amendment No. 1.

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 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).

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 54928 (December 13, 2006), 71 FR 76414.

II. Description

The rule change adds a new Rule 42, Wind-Down of a Member, Fund Member, or Insurance Carrier Member, to NSCC's Rules to address a situation where a member notifies NSCC that it intends to wind down its activities, and NSCC determines in its discretion that it must take special action in order to protect itself and its participants.³

The rule allows NSCC to determine that a member is a wind-down member and sets forth the conditions NSCC using its discretion may place on a wind-down member and the actions NSCC using its discretion may take with respect to a wind-down member to protect itself and its members. Such actions may include restricting or modifying the wind-down member's use of any or all of NSCC's services and requiring the wind-down member to post increased clearing fund deposits. NSCC will retain all of its other rights set forth in its rules and membership agreements, including the right to declare the wind-down member insolvent, if applicable, and to cease to act for the member.

The rule is designed to ensure that NSCC has the needed flexibility to appropriately manage the risks presented by an entity in crisis that remains a member of NSCC. This is particularly important to preserve orderly settlement in the marketplace and to minimize the risk of loss to NSCC and its members. The rule sets forth in a single rule NSCC's rights and the actions it may take in such a situation. Currently, these rights and actions are either permitted elsewhere in NSCC's rules or are permitted pursuant to NSCC's emergency authority. By placing NSCC's rights in a single rule, however, the rule change should provide clarity and a clear legal basis for NSCC's rights or actions taken with respect to a wind-down member. NSCC also believes that the proposed rule is designed to minimize the need for rule waivers.

III. Discussion

Section 17A(b)(3)(F) of the Act provides that the rules of a clearing agency should be designed to safeguard securities and funds which are in the custody or control of the clearing agency or for which it is responsible.⁴ The sudden or unanticipated financial or operational difficulties of a clearing member or the termination of its trading activities may create uncertainty among

³ Similar proposed rule changes have been filed by The Depository Trust Company [File No. SR-DTC-2006-07] and the Fixed Income Clearing Corporation [File No. SR-FICC-2006-05].

⁴ 15 U.S.C. 78q-1(b)(3)(F).

industry participants about NSCC's ability to meet its settlement obligations on time and concern about the risk to the assets of the clearing agency or of its members. The proposed rule change clarifies that NSCC has discretionary power in a wind-down situation to take certain actions to assure the ongoing operations of itself and to protect the securities and funds of NSCC and of its members. By making clear in a single rule the authority NSCC has under its rules to facilitate the orderly wind down of a member's activities, the proposed rule change is designed to assure the safeguarding of securities or funds which are in NSCC's control or for which it is responsible.⁵

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and in particular Section 17A of the Act and the rules and regulations thereunder.⁶

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR-NSCC-2006-05), as modified by Amendment No. 1, be, and hereby is approved.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Florence E. Harmon,

Deputy Secretary.

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SMALL BUSINESS ADMINISTRATION

Administrator's Line of Succession Designation, No. 1-A, Revision 28

This document replaces and supersedes "Line of Succession Designation No. 1-A, Revision 27."

Line of Succession Designation, No. 1-A, Revision 28:

Effective immediately, the Administrator's Line of Succession Designation is as follows:

(a) In the event of my inability to perform the functions and duties of my position, or my absence from the office, the Deputy Administrator will assume all functions and duties of the Administrator. In the event the Deputy Administrator and I are both unable to perform the functions and duties of the

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 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).

⁷ 17 CFR 200.30-3(a)(12).