

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69423; File No. SR-ICEEU-2013-05]

### Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Withdrawal of Proposed Rule Change Regarding Central Counterparty Resolution and Recovery Procedures

April 22, 2013.

On March 7, 2013, ICE Clear Europe Limited ("ICE Clear Europe") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt new provisions relating to clearinghouse resolution and recovery following the exhaustion of available resources after a Clearing Member default or a series of Clearing Member defaults. Notice of the proposed rule change was published in the **Federal Register** on March 28, 2013.<sup>3</sup> The Commission did not receive comments on the proposed rule change.

On April 19, 2013, ICE Clear Europe withdrew the proposed rule change (SR-ICEEU-2013-05).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>4</sup>

Elizabeth M. Murphy,  
Secretary.

[FR Doc. 2013-10017 Filed 4-26-13; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69434; File No. SR-FICC-2013-03]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Amend Mortgage-Backed Securities Division Rules Relating to Allocation of an Indemnity Claim Made in Connection With the Use of the Federal Reserve's National Settlement Service

April 23, 2013.

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 April 15, 2013, the Fixed Income Clearing

Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared 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 purpose of the proposed rule change is to correct Rule 11, Section 5(o), of FICC's Mortgage-Backed Securities Division ("MBSD") Clearing Rules in order to accurately reflect the manner in which FICC should allocate an indemnity claim made in connection with the use of the Board of Governors of the Federal Reserve System's ("FRB")<sup>3</sup> National Settlement Service ("NSS").<sup>4</sup>

#### 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 section (A), (B) and (C) below, of the most significant aspects of such statements.<sup>5</sup>

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

FICC's Government Securities Division ("GSD") and MBSD each use the FRB's NSS for Funds-Only Settlement<sup>6</sup> and Cash Settlement<sup>7</sup> purposes, respectively. GSD's Rule 13

<sup>3</sup> The acronym "FRB" is defined in MBSD's Clearing Rule 1 (Definitions) as the Board of Governors of the Federal Reserve System and each Federal Reserve Bank, as appropriate.

<sup>4</sup> The text of the proposed rule change is provided as Exhibit 5 to this filing and is available at [www.dtcc.com/downloads/legal/rule\\_filings/2013/ficc/SR\\_FICC\\_2013\\_03.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2013/ficc/SR_FICC_2013_03.pdf).

<sup>5</sup> The Commission has modified the text of the summaries prepared by FICC.

<sup>6</sup> "Fund-Only Settlement Amount" is defined under Rule 1 of GSD's Rulebook as the net dollar amount of a netting member's obligation, calculated pursuant to GSD's Rule 13, either to make a funds-only payment to GSD or to receive a funds-only payment from GSD. See GSD Rule 13 for the rules related to funds-only settlement.

<sup>7</sup> "Cash Settlement" is defined under Rule 1 of MBSD's Clearing Rules as the payment each business day by MBSD to a member or by a member to MBSD. See MBSD Rule 11 for the rules related to cash settlement.

and MBSD's Rule 11 address the situation where the FRB makes an indemnity claim in connection with the use of the NSS service by FICC. Pursuant to the GSD and MBSD rules, if FICC receives an FRB indemnity claim, FICC will apportion the entire liability to the GSD netting members or MBSD clearing members, as applicable, for whom the settling bank was acting at the time.<sup>8</sup> If such amounts are not sufficient to fully satisfy the FRB indemnity claim, each of the GSD and MBSD rules currently provide different directives as to how FICC should handle the remaining loss. The GSD rules state that FICC will treat the remaining loss as an "Other Loss," as defined in GSD Rule 4, and allocate accordingly.<sup>9</sup> In contrast, MBSD Rule 11, Section 5(o), states that FICC will allocate the remaining loss among all MBSD clearing members in proportion to their relative use of the MBSD services (based on fees).

The purpose of the proposed rule change is to correct MBSD's Rule 11 in order to accurately reflect the correct manner in which FICC should allocate an indemnity claim made in connection with the use of the FRB's NSS. The MBSD provision in Rule 11 was drafted prior to the MBSD becoming a central counterparty and adopting a loss mutualization process similar to the GSD process. When FICC filed its rule change to provide guaranteed settlement and central counterparty services,<sup>10</sup> which among other things established the loss mutualization process, the MBSD NSS indemnity provision requiring the current loss allocation process was inadvertently overlooked and therefore not updated during FICC's efforts to harmonize the GSD and MBSD rules. Accordingly, the rule change proposes to correct this oversight by revising MBSD Rule 11, Section 5(o), to reflect that all remaining losses from a FRB indemnity claim should be treated as an "Other Loss" as defined in MBSD Rule 4 and allocated accordingly.

FICC believes the proposed rule change is consistent with Section 17A of the Act and the rules and regulations thereunder because it would facilitate the prompt and accurate clearance and settlement of securities transactions by correcting MBSD's rules to accurately reflect the loss allocation procedures in

<sup>8</sup> See GSD's Rule 13 Section 5(o) and MBSD Rule 11, Section 5(o).

<sup>9</sup> Rule 4(f) of GSD's Rulebook.

<sup>10</sup> Exchange Act Release No. 66550 (March 9, 2012), 77 FR 15155 (March 14, 2012) [File No. SR-FICC-2008-01] (order approving amended proposed rule change to allow MBSD to provide guaranteed settlement and central counterparty services).

<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. 69209 (Mar. 22, 2013), 78 FR 19057 (Mar. 28, 2013).

<sup>4</sup> 17 CFR 200.30-3(a)(12).

<sup>5</sup> 15 U.S.C. 78s(b)(1).

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

connection with NSS and to ensure that there is consistent treatments of such losses between the MBSD and GSD rules.

*(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*

Written comments relating to the proposed rule changes have not 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**

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate 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 or disapprove the 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 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file Number SR-FICC-2013-03 on the subject line.

*Paper Comments*

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

All submissions should refer to File Number SR-FICC-2013-03. This file number should be included on the subject line if email 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 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 Web site viewing and printing in the Commission's Public Reference Section, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also be available for inspection and copying at the principal office of FICC and on FICC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2013/ficc/SR\\_FICC\\_2013\\_03.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2013/ficc/SR_FICC_2013_03.pdf). 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-2013-03 and should be submitted on or before May 20, 2013.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Elizabeth M. Murphy,  
Secretary.

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-69429; File No. SR-BOX-2013-21]

**Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 7170 To Clarify That the Exchange May Grant Obvious Error Relief in the Event of Unusual Circumstances**

April 23, 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 April 18, 2013, BOX Options Exchange LLC (the "Exchange") 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 the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to amend Rule 7170 (Obvious and Catastrophic Errors) to clarify that the Exchange may grant Obvious Error relief in the event of unusual circumstances, even if the Market Operations Center ("MOC") of BOX Market LLC ("BOX") was not notified within the time periods prescribed in the rule. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's Internet Web site at <http://boxexchange.com>.

**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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

**1. Purpose**

The Exchange proposes to amend Rule 7170 (Obvious and Catastrophic Errors) to clarify that the Exchange has the ability to grant Obvious Error relief in the event of unusual circumstances, even if the MOC was not notified within the time periods prescribed in the rule. This is a competitive filing that is based on the Obvious Error rules of the NASDAQ Stock Market LLC ("NOM"), NASDAQ OMX PHLX LLC ("PHLX"), Chicago Board Options Exchange ("CBOE"), C2 Options Exchange ("C2"), International Securities Exchange ("ISE"), NYSE Arca Options ("Arca"), NYSE MKT, LLC ("MKT"), BATS Exchange, Inc. ("BATS"), Miami International Securities Exchange LLC

<sup>11</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.