

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 the principal office of DTC and on DTC's Web site at <http://www.dtc.org>. 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-DTC-2006-14 and should be submitted on or before December 18, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>9</sup>

**Nancy M. Morris,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54787; File No. SR-FICC-2006-14]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of a Proposed Rule Change Relating To Returning Excess Clearing Fund Collateral

November 20, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on September 22, 2006, 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 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 purpose of this rule filing is to amend FICC's Government Securities

Division's ("GSD") rules to permit GSD members to request the return of their excess clearing fund collateral held on deposit with FICC on a more frequent basis than is currently allowed under GSD's rules.

#### 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

Currently, GSD members generally are permitted to request the return of excess clearing fund collateral once per month.<sup>3</sup> In addition, on any business day, if a GSD member has an excess clearing fund deposit in the amount of \$5 million or more, the member may request the return of the excess deposit provided, among other requirements, that the member retain on deposit with GSD the greater of at least 110 percent of its calculated required clearing fund deposit or \$1 million more than its calculated required clearing fund deposit.

In an effort to harmonize GSD's process with respect to the return of excess collateral with the processes of other Depository Trust & Clearing Corporation ("DTCC") subsidiary clearing agencies, FICC proposes to change GSD's rules to give GSD the discretion to return excess clearing fund more frequently whether or not the excess reaches 110 percent of the required clearing fund deposit or \$5 million.<sup>4</sup> Under the proposal, GSD members would be able to request the

return of excess clearing fund on a daily basis. GSD would retain the right, however, to deny the return of some or all of a member's excess collateral in the following instances: (i) If the member has an outstanding payment obligation to FICC; (ii) if a member's funds-only settlement amounts or net settlement positions over the upcoming 90 days may reasonably be expected to be materially different than those of the preceding 90 days; (iii) if the member is on the watch list; or (iv) when the return of excess clearing fund will cause the member to be in violation of another GSD rule. In addition, excess clearing fund would not be returned to a member if doing so would reduce a member's cross-guaranty repayment deposit or cross-margining repayment deposit to the clearing fund below the required amount.<sup>5</sup>

FICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules thereunder because by enabling FICC members to request and receive an earlier return of excess clearing fund collateral held on deposit at FICC while maintaining the GSD's ability to deny the return of excess collateral in order to protect FICC from undue risk, the proposed rule change should not adversely affect FICC's ability to safeguard securities and funds in its possession or control or for which it is responsible and at the same time should enhance member liquidity.

##### 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 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 35 days of the date of publication of this notice in the **Federal**

<sup>5</sup> Under GSD's rules, a "cross-guaranty repayment deposit" is a deposit to the clearing fund required to be made by a cross-guaranty beneficiary member pursuant to Rule 41, Section 4 of GSD's rules. A "cross-margining repayment deposit" is a deposit to the clearing fund required to be made by a cross-margining beneficiary participant pursuant to Rule 43, Section 6 of GSD's rules.

<sup>9</sup> 17 CFR 200.30-3(a)(12).

<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.

<sup>3</sup> Excess clearing fund is the amount of collateral held on deposit at GSD that is greater than a member's required clearing fund deposit as set forth in GSD Rule 4 (Clearing Fund, Watch List and Loss Allocation).

<sup>4</sup> The rules of the National Securities Clearing Corporation ("NSCC") and FICC's Mortgage Backed Securities Division ("MBSD") permit their respective members to request (under normal circumstances) the return of their excess clearing fund more frequently than once per month. Currently, NSCC's and MBSD's procedures allow members to request the return of excess collateral on a daily basis.

Register or within such longer period (i) as the Commission may designate up to 90 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-2006-14 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-2006-14. 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-2006-14 and should be submitted on or before December 18, 2006.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.<sup>6</sup>

Nancy M. Morris,

Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54773; File No. SR-NASD-2006-120]

### Self-Regulatory Organizations; National Association of Securities Dealers, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment No. 1 Thereto To Extend the Hours of Operation of the NASD/Nasdaq TRF, the OTC Reporting Facility and the Trade Reporting of Non-Nasdaq Exchange-Listed Securities Under the NASD Rule 6400 Series

November 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 27, 2006, the National Association of Securities Dealers, Inc. ("NASD") 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 NASD. On November 3, 2006, NASD filed Amendment No. 1. NASD filed the proposed rule change 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 it effective upon filing with the Commission.<sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

<sup>6</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).

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

<sup>5</sup> For purposes of calculating the 60-day abrogation period, the Commission considers the period to have commenced on November 3, 2006, the date NASD filed Amendment No. 1.

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

NASD proposes to extend the hours of operation of (1) the Trade Reporting Facility established by NASD and the Nasdaq Stock Market, Inc. ("NASD/Nasdaq TRF");<sup>6</sup> (2) the trade reporting of non-Nasdaq exchange-listed securities under the NASD Rule 6400 Series; and (3) the trade reporting of OTC Equity Securities to the OTC Reporting Facility ("ORF")<sup>7</sup> under the NASD Rule 6600 Series, until 8 p.m. Eastern Time ("ET"). The text of the proposed rule change is available at NASD, on the NASD Web site at <http://www.nasd.com>, and at the Commission's Public Reference Room.<sup>8</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, NASD included statements concerning the purpose of, and basis for, the proposed rule change and discussed any

<sup>6</sup> During the initial transitional period, the NASD/Nasdaq TRF is used to report transactions executed otherwise than on an exchange in all Nasdaq Global Market, Nasdaq Capital Market securities and convertible bonds listed on Nasdaq. See NASD Rule 4000 Series and 6100 Series. NASD filed a separate proposed rule change to expand the scope of the NASD/Nasdaq TRF rules to include trade reporting in non-Nasdaq exchange-listed securities. See Securities Exchange Act Release No. 54451 (September 15, 2006), 71 FR 55243 (September 21, 2006) (SR-NASD-2006-104).

<sup>7</sup> For purposes of the NASD Rule 6600 Series, the ORF is the service provided by NASD that accommodates reporting and dissemination of last sale reports in OTC Equity Securities. Regarding those OTC Equity Securities that are not eligible for clearance and settlement through the facilities of the National Securities Clearing Corporation, the ORF comparison function is not available. However, the ORF supports the entry and dissemination of last sale data on such securities. See NASD Rule 6610(k).

<sup>8</sup> NASD has proposed changes to NASD Rule 4623(e), among other NASD rules, in SR-NASD-2006-104, which is currently pending at the Commission. See Securities Exchange Act Release No. 54451 (September 15, 2006), 71 FR 55243 (September 21, 2006). Those proposed changes include the insertion of "NASD/Nasdaq" before each reference to the Trade Reporting Facility in NASD Rule 4632, which also is reflected in the proposed rule text. Further, the Commission has approved changes to NASD Rules 4632(e), 6420(e) and 6620(e) in SR-NASD-2006-055, which becomes effective on December 1, 2006. See Securities Exchange Act Release No. 53977 (June 12, 2006), 71 FR 34976 (June 16, 2006) (SR-NASD-2006-055) (approval order). Lastly, the Commission also has approved changes to NASD Rule 6420, among others, in SR-NASD-2006-091, which is scheduled to become effective on February 5, 2007. See Securities Exchange Act Release No. 54537 (September 28, 2006), 71 FR 59173 (October 6, 2006). Upon the implementation of SR-NASD-2006-091, the requirements in NASD Rule 6420, among others, will no longer be necessary as they will be incorporated directly into NASD's Alternative Display Facility rules.