

*MSRB Response:* The MSRB has determined not to propose that Rule G-38 be revised or eliminated at this time.

### 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 (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 or disapprove 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 is consistent with the Exchange Act. An investment adviser subject to rule 206(4)-5 under the Investment Advisers Act of 1940 (the "Advisers Act") is prohibited from providing or agreeing to provide, directly or indirectly, payment to any third party to solicit a government entity for investment advisory services on behalf of such investment adviser unless that third party is a "regulated person" under the rule.<sup>34</sup> A regulated person may include a registered municipal advisor subject to pay to play rules that the Commission, by order, finds "impose substantially equivalent or more stringent restrictions on municipal advisors than [the Advisers Act rule] imposes on investment advisers and \* \* \* are consistent with the objectives of [the Advisers Act rule]."<sup>35</sup> We note that proposed rule G-42 differs from the Advisers Act pay to play rule in certain respects, and we request comment on the effect of those differences on the finding the Advisers Act rule requires.<sup>36</sup> Interested persons are also invited to submit views and arguments as to whether they can effectively comment on the proposed rule change prior to the date of final adoption of the Commission's permanent rules for the registration of municipal advisors.

<sup>34</sup> See 17 CFR 275.206(4)-5(a)(2)(i)(A).

<sup>35</sup> This provision will be codified at 17 CFR 275.206(4)-5(f)(9)(iii) (effective September 19, 2011). See Investment Advisers Act Release No. IA-3221 (June 22, 2011), 76 FR 42950 (July 19, 2011).

<sup>36</sup> See, e.g., proposed rule G-42(b), G-42(c)(ii), G-42(g)(iv) and G-42(g)(v).

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 Number SR-MSRB-2011-12 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-MSRB-2011-12. 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 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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the MSRB's offices. 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-MSRB-2011-12 and should be submitted on or before September 30, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>37</sup>

**Elizabeth M. Murphy,**

Secretary.

[FR Doc. 2011-23046 Filed 9-8-11; 8:45 am]

**BILLING CODE 8011-01-P**

<sup>37</sup> 17 CFR 200.30-3(a)(12).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65259; File No. SR-ICC-2011-01]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change To Add Rules Related to the Clearing of Emerging Markets Sovereigns

September 2, 2011.

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 August 30, 2011, ICE Clear Credit LLC ("ICC") 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 ICC. 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 adopt new rules that will provide the basis for ICC to clear additional credit default swap ("CDS") contracts. Specifically, ICC is proposing to amend Chapter 26 of its rules to add Sections 26D and 26E to provide for the clearance of Emerging Markets Standard Sovereign CDS ("Standard Emerging Sovereign Single Names" or "SES Contracts").

As discussed in more detail in Item II(A) below, Section 26D (Standard Emerging Sovereign Single Names) provides for the definitions and certain specific contract terms for cleared SES Contracts. Section 26E (CDS Restructuring Rules) provides the rules applicable to SES Contracts in the event of a restructuring credit event.

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

In its filing with the Commission, ICC 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. ICC has prepared summaries, set forth in sections (A), (B),

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

<sup>2</sup> 17 CFR 240.19b-4.

and (C) below, of the most significant aspects of these statements.<sup>3</sup>

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

ICC has identified SES Contracts as a product that has become increasingly important for market participants to manage risk and express views. ICC believes that clearance of SES Contracts will facilitate the prompt and accurate settlement of security-based swaps and contribute to the safeguarding of securities and funds associated with security-based swap transactions.<sup>4</sup> ICC is requesting approval for SES Contracts on four sovereign reference entities, the Federative Republic of Brazil, the United Mexican States, the Bolivian Republic of Venezuela and the Argentine Republic. If ICC determines to list additional SES Contracts, it will seek approval from the Commission for such contracts (or for a class of product including such contracts) by a subsequent filing.

SES Contracts have similar terms to the North American Corporate CDS ("Corporate Single Name CDS") contracts currently cleared by ICC and governed by Section 26B of the ICC rules. Accordingly, the proposed rules found in Section 26D largely mirror the ICC rules for Corporate Single Name CDS in Section 26B, with certain modifications that reflect differences in terms and market conventions between SES Contracts and Corporate Single Name CDS. In the event that a clearing participant is domiciled in a country that is the reference entity for an SES Contract, ICC will not permit the clearing participant to clear such SES Contract.

Rule 26D-102 (Definitions) sets forth the definitions used for the SES Contracts. An "Eligible SES Reference Entity" is defined as "each particular Reference Entity included from time to time in the List of Eligible Reference Entities," which is a list maintained, updated and published from time to time by ICC containing certain specified information with respect to each

reference entity.<sup>5</sup> The Eligible SES Reference Entities will at present be limited to the four Latin American sovereigns listed above. Certain substantive changes have also been made to the definition of "List of Eligible SES Reference Entities," due to the fact that certain terms and elections for Corporate Single Name CDS are not applicable to SES Contracts. These include (i) the need for an election as to whether "Restructuring" is an eligible "Credit Event" (it is by market convention applicable to all SES Contracts, whereas it is generally not applicable to Corporate Single Name CDS) and (ii) the applicability of certain International Swaps and Derivatives Association's ("ISDA's") supplements that may apply to Corporate Single Name CDS but do not apply to SES Contracts, including the 2005 Monoline Supplement, the ISDA Additional Provisions for a Secured Deliverable Obligation Characteristic and the ISDA Additional Provisions for Reference Entities with Delivery Restrictions. As set forth in the List of Eligible SES Reference Entities, SES Contracts will only be denominated in U.S. Dollars. The remaining definitions are substantially the same as the definitions found in ICC Section 26B, other than certain conforming changes.

Rules 26D-203 (Restriction on Activity), 26D-206 (Notices Required of Participants with respect to SES Contracts), 26D-303 (SES Contract Adjustments), 26D-309 (Acceptance of SES Contracts by ICE Trust), 26D-315 (Terms of the Cleared SES Contract), 26D-316 (Relevant Physical Settlement Matrix Updates), 26D-502 (Specified Actions), and 26D-616 (Contract Modification) reflect or incorporate the basic contract specifications for SES Contracts and are substantially the same as under ICC Section 26B for Corporate Single Name CDS. For the avoidance of doubt, ICC will not accept a trade for clearance and settlement if at the time of submission or acceptance of the trade or at the time of novation the CDS Participant submitting the trade is domiciled in the country of the Eligible SES Reference Entity for such SES Contract.

In addition to various non-substantive conforming changes, the proposed rules differ from the existing Corporate Single Name CDS rules in that the contract terms in Rule 26D-315 incorporate the relevant published ISDA physical settlement matrix terms for Standard

Latin American Sovereign transactions, rather than Standard North American Corporate transactions, and, as noted in the preceding paragraph, certain elections and supplements used for Corporate Single Name CDS that are not applicable to SES Contracts.

New Section 26E (CDS Restructuring Rules) provides rules applicable to cleared Contracts in the event of a restructuring credit event. Corporate Single Name CDS currently cleared by ICC are not subject to these restructuring rules. Unlike other credit events, following a restructuring credit event, parties to a cleared SES Contract must determine whether or not to trigger their credit protection. To facilitate this election while permitting ICC to maintain a matched book of cleared Contracts, Section 26E provides that protection buyers and protection sellers under a Restructuring CDS Contract (defined as a CDS Contract where a restructuring credit event has occurred) will be matched into pairs, called Matched Restructuring Pairs, by ICC for purposes of sending and receiving such triggering notices. Rule 26E-102 sets forth the definitions used throughout Section 26E in connection with a restructuring credit event.

The procedures for creation of Matched Restructuring Pairs are set forth in Rule 26E-103 (Allocation of Matched Restructuring Pairs). Following the announcement that a restructuring credit event has occurred with respect to an SES Contract, ICC will match each protection seller in that contract with one or more protection buyers in that contract, such that the notional amount of the contract of each protection seller is fully allocated to one or more protection buyers. In order to be matched, positions in an SES Contract must be of the same type (*i.e.*, having the same reference entity, tenor, reference obligation, fixed rate, and relevant physical settlement matrix).

The mechanics associated with the delivery and receipt of notices by clearing participants under Matched Restructuring Pairs are set forth in Rule 26E-104 (Matched Restructuring Pairs; Designations and Notices). This rule provides that once ICC has created the Matched Restructuring Pairs, ICC will be deemed to have designated the matched CDS buyer and matched CDS seller as its designee to receive and deliver credit event notices in relation to the Restructuring CDS Contract. The rule also contains a mechanism for notifying ICC of disputes with respect to such notices.

Finally, Rule 26E-105 (Separation of Matched Restructuring Pairs) addresses situations where an announcement of a

<sup>3</sup> The Commission has modified the text of the summaries prepared by ICC.

<sup>4</sup> ICC has performed a variety of empirical analyses related to clearing of SES Contracts on sovereign reference entities, including back tests and stress tests using actual clearing participant portfolios (with respect to the stress tests) combined with hypothetical positions in sovereign CDS contracts based on data retrieved from the Depository Trust Clearing Corporation's Trade Information Warehouse and through interaction with ICC's Trade Advisory Committee.

<sup>5</sup> Similar to the credit index CDS and Corporate Single Name CDS that ICC currently clears, ICC will accept for clearing sovereign CDS denominated in U.S. Dollars only.

restructuring credit event is followed by a determination that such event did not in fact occur.<sup>6</sup> The rule provides that if ICC has not matched buyers with sellers to form a Matched Restructuring Pair, then ICC will not do so. If ICC has matched sellers with buyers to form a Matched Restructuring Pair, but settlement (either auction settlement or fallback physical settlement) has not occurred, then ICC will reverse the matching. If fallback physical settlement is applicable, ICC will not reverse any matching to the extent that the matched CDS buyer or matched CDS seller has given notice to ICC that the parties have settled the relevant matched CDS contract within one Business Day following delivery of the matching reversal notice. If a CDS contract is reversed, ICC will recalculate the margin accordingly.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

ICC does not believe the proposed rule change would 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 change have not been solicited or received. ICC will notify the Commission of any written comments received by ICC.

**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,

<sup>6</sup>Determination of a credit event and a subsequent determination that a credit event did not occur are made by the ISDA relevant credit derivatives determinations committee ("DC"), or, in the event a request has been submitted to the relevant DC and ISDA has publicly announced that the relevant DC has resolved not to determine the answer, by the appropriate ICE Clear Credit Regional CDS Committee.

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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ICC-2011-01 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-ICC-2011-01. 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 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 a.m. and 3 p.m. Copies of such filings will also be available for inspection and copying at the principal office of ICC and on ICC's Web site at [https://www.theice.com/publicdocs/regulatory\\_filings/ICEClearCredit\\_082611.pdf](https://www.theice.com/publicdocs/regulatory_filings/ICEClearCredit_082611.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-ICC-2011-01 and should be submitted on or before September 30, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Elizabeth M. Murphy,**

*Secretary.*

[FR Doc. 2011-23073 Filed 9-8-11; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-65251; File No. SR-BX-2011-060]

**Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding a Clarifying Amendment To Direct Connectivity Services**

September 2, 2011.

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 August 31, 2011, NASDAQ OMX BX, Inc. (the "Exchange") 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 the Exchange. 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 a clarifying amendment to Exchange Rule 7051 regarding the Exchange's direct connectivity services. The text of the proposed rule change is available at <http://nasdaqomxbx.cchwallstreet.com/>, at the Exchange's principal office, 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 Exchange 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 Exchange has prepared summaries, set forth in Sections A, B, and C below, of

<sup>7</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.