

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67706; File No. SR-OCC-2012-10]

### Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change To Amend OCC's By-Laws and Rules To Terminate OCC's Pledge Program

August 22, 2012.

#### I. Introduction

On June 28, 2012, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-OCC-2012-10 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> The proposed rule change was published for comment in the **Federal Register** on July 16, 2012.<sup>3</sup> The Commission received no comment letters. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

#### II. Description

The proposed rule change would terminate OCC's pledge program (the "Program"). Since implementation of the Program, only a limited number of clearing members participated and those that did participate did so on a sporadic basis. OCC is eliminating the Program in its entirety.

The Program was adopted by OCC in the early 1980s to facilitate the ability of an OCC clearing member to finance positions by permitting the clearing member to pledge unsegregated long positions in cleared securities (other than securities futures) for a loan of cash. The Program was initially designed for, and used by, firms clearing market maker business; however, use of the Program diminished as market making operations were acquired by larger wire houses. While OCC occasionally receives an inquiry regarding the Program, it has been essentially dormant for some time. OCC recently reviewed the Program and determined that any potential benefits that OCC may gain through updating the Program are greatly offset by the resources required for such modernization. Accordingly, OCC is terminating the Program in its entirety.

OCC is eliminating Rule 614 in its entirety as well as references to the

Program and Rule 614 in its Rules and in its By-Laws.

#### III. Discussion

Section 19(b)(2)(C) of the Act<sup>4</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>5</sup> requires, among other things, that the rules of a clearing agency are designed to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.

The changes to OCC's Rules and By-Laws are designed to allow OCC to remove a rarely used operational function and focus its resources on core clearing operations. Moreover, the elimination of the Program will not materially affect clearing members given its limited and infrequent use. The rule change is not inconsistent with any rules of OCC, including any proposed to be amended. As a result, the rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.

#### 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>6</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act<sup>7</sup>, that the proposed rule change (File No. SR-OCC-2012-10) be, and hereby is, approved.<sup>8</sup>

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Kevin M. O'Neill**,  
Deputy Secretary.

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<sup>4</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>6</sup> 15 U.S.C. 78q-1.

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</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).

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

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67707; File No. SR-DTC-2012-06]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Make Updates to Its Custody Service

August 22, 2012.

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 13, 2012, The Depository Trust Company ("DTC") 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 DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(4)(i)<sup>4</sup> thereunder, so that the proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The purpose of the proposed rule change is to update the DTC Custody Guide with respect to which assets are eligible to be held for Custody Safekeeping and to make other administrative changes and clarifications.

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

In its filing with the Commission, DTC included statements concerning the purpose 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. DTC 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 Purpose of, and Statutory Basis for, the Proposed Rule Change

The Custody Service enables Participants that hold securities which are not presently eligible for book-entry

<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)(4)(i).

<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. 34-67392 (July 10, 2012), 77 FR 41835 (July 16, 2012).

services at DTC to deposit those securities with DTC for safe-keeping and certain limited depository services. Certificates deposited through the Custody Service are held by DTC in customer or Participant name and are not transferred into DTC's nominee name. With this rule filing, DTC is making the following updates to the Custody Guide:

- Clarifying which assets are eligible to be held for Custody Safekeeping by noting DTC's Custody Service will hold certain "Non-Standard" type assets, fully disclosed, for safekeeping only. These assets include, but are not limited to, Option Agreements and Warrant to Purchase. DTC does not accept any liability should such assets be lost, stolen or destroyed. Depositing participants assume full liability as well as responsibility for replacement of lost, stolen or destroyed fully disclosed "Non-Standard" assets;

- Modifying the timeframe within which DTC must receive settlement delivery instructions from Participants in order to meet industry cutoff times;

- Removing duplicative language and language regarding the funds only settlement system and the dividend settlement system since such systems were incorporated into the Envelope Settlement Service;<sup>5</sup> and

- Making clarifications regarding the description of custody services, the vault, inputs and methods of notification.

DTC believes that the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934, as amended (the "Act"), and the rules and regulations thereunder, applicable to DTC in that it promotes efficiencies in the prompt and accurate clearance and settlement of securities transactions by enhancing the utilization of DTC's existing services. Moreover, the proposed rule change reduces the costs, inefficiencies and risks associated with the physical safe-keeping of securities by clarifying the procedures associated with the Custody Service.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

DTC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

<sup>5</sup> For more information regarding this changes, see Securities Exchange Act Release No. 34-65032 (August 4, 2011), 76 FR 49511 (August 10, 2011) [File No. SR-NSCC-2011-04].

#### *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 yet been solicited or received. DTC will notify the Commission of any written comments received by DTC.

#### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change was filed pursuant to Section 19(b)(3)(A)<sup>6</sup> of the Act and Rule 19b-4(f)(4)(i)<sup>7</sup> thereunder and thus became effective upon filing because it is effecting a change in an existing service of DTC that does not adversely affect the safeguarding of securities or funds in the custody or control of DTC or for which it is responsible and does not significantly affect the respective rights or obligations of DTC or persons using the service. At any time within sixty days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### **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 No. SR-DTC-2012-06 on the subject line.

##### *Paper Comments*

- Send 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-DTC-2012-06. 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

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-4(f)(4)(i).

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 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 filings will also be available for inspection and copying at the principal office of DTC and on DTC's Web site at [http://dtcc.com/downloads/legal/rule\\_filings/2012/dtc/SR-DTC-2012-06.pdf](http://dtcc.com/downloads/legal/rule_filings/2012/dtc/SR-DTC-2012-06.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-DTC-2012-06 and should be submitted on or before September 18, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Kevin M. O'Neill,**  
Deputy Secretary.

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## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-67715; File No. SR-NYSEArca-2012-88]**

### **Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change To List and Trade Shares of the RiverFront Strategic Income Fund Under NYSE Arca Equities Rule 8.600**

August 22, 2012.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Exchange Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on August 10, 2012, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the

<sup>8</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.