

the protection of investors to assure the availability to brokers, dealers, and investors of information with respect to quotations for and transactions in securities.<sup>276</sup>

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 1 to 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-NYSEArca-2012-28 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-NYSEArca-2012-28. 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 submissions, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 10:00 a.m. and 3:00 p.m. Copies of the filings also will be available for inspection and copying at the principal offices of the Exchanges. All comments received will be posted without change;

<sup>276</sup> As noted above (see *supra* Section II.B), quotation and last-sale information for the Shares will be available via the Consolidated Tape Association, and the Exchange will make available via the Consolidated Tape trading volume, closing prices, and NAV for the Shares from the previous day. See *supra* text accompanying note 41.

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-NYSEArca-2012-28 and should be submitted on or before January 10, 2013.

#### V. Accelerated Approval of Proposed Rule Change As Modified by Amendment No. 1

As discussed above, the Exchange submitted Amendment No. 1 to make additional representations regarding trading in the Shares, availability of information, and the Exchange's surveillance program.<sup>277</sup> The Commission believes these additional representations are useful to, among other things, help: (1) Assure adequate liquidity in the Shares; (2) assure adequate availability of information to investors to support the arbitrage mechanism; (3) assure adequate information available to the Exchange to support its monitoring of Exchange trading of the Shares in all trading sessions; and (4) the Exchange deter and detect violations of NYSE Arca rules and applicable federal securities laws. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>278</sup> for approving the proposed rule change, as modified by Amendment No. 1, prior to the 30th day after the date of publication of notice in the **Federal Register**.

#### VI. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>279</sup> that the proposed rule change (SR-NYSEArca-2012-28), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

By the Commission.

**Kevin M. O'Neill**,

*Deputy Secretary*.

[FR Doc. 2012-30647 Filed 12-19-12; 8:45 am]

**BILLING CODE 8011-01-P**

<sup>277</sup> See *supra* note 15.

<sup>278</sup> 15 U.S.C. 78s(b)(2).

<sup>279</sup> 15 U.S.C. 78s(b)(2).

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68438; File No. AN-OCC-2012-04]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of No Objection to Advance Notice Filing To Revise the Method for Determining the Minimum Clearing Fund Size To Include Consideration of the Amount Necessary To Draw on Secured Credit Facilities

December 14, 2012.

#### I. Introduction

On October 18, 2012, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") an advance notice concerning a proposed rule change AN-OCC-2012-04 pursuant to Section 806(e) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"),<sup>1</sup> entitled the Payment, Clearing, and Settlement Supervision Act of 2010 ("Title VIII" or "Clearing Supervision Act") and Rule 19b-4 under the Securities Exchange Act of 1934 ("Exchange Act").<sup>2</sup> The advance notice was published in the **Federal Register** on November 20, 2012.<sup>3</sup> The Commission did not receive comments on the advance notice publication. This publication serves as a notice of no objection to the proposed rule change discussed in the advance notice.

#### II. Description of Proposed Rule Change

##### A. Background

On September 23, 2011, the Commission approved a proposed rule change by OCC to establish the size of OCC's clearing fund as the amount that is required, within a confidence level selected by OCC, to sustain the maximum anticipated loss under a defined set of scenarios as determined by OCC, subject to a minimum clearing fund size of \$1 billion.<sup>4</sup> OCC implemented this change in May 2012. Until that time, the size of OCC's

<sup>1</sup> Dodd-Frank Wall Street Reform and Consumer Protection Act, Public Law 111-203, 124 Stat. 1376 (2010).

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

<sup>3</sup> Securities Exchange Act Release No. 68225 (November 14, 2012), 77 FR 69668 (November 20, 2012). OCC also filed a proposed rule change under Section 19(b)(1) of the Exchange Act relating to these changes. See Securities Exchange Act Release No. 68130 (November 1, 2012), 77 FR 66900 (November 7, 2012) (Proposing Release). The Commission did not receive comments on the proposed rule change.

<sup>4</sup> Securities Exchange Act Release No. 65386 (September 23, 2011), 76 FR 60572 (September 29, 2011) (SR-OCC-2011-10).

clearing fund was calculated each month as a fixed percentage of the average total daily margin requirement for the preceding month, provided that the calculation resulted in a clearing fund of \$1 billion or more.<sup>5</sup>

Under the formula that is implemented for determining the size of the clearing fund as a result of the May 2012 change, OCC's Rule 1001 provides that the amount of the fund is equal to the larger of the amount of the charge to the fund that would result from (i) a default by the single "clearing member group"<sup>6</sup> whose default would be likely to result in the largest draw against the clearing fund or (ii) an event involving the near-simultaneous default of two randomly-selected "clearing member groups" in each case as calculated by OCC with a confidence level selected by OCC.<sup>7</sup> The size of the clearing fund continues to be recalculated monthly, based on a monthly averaging of daily calculations for the previous month, and it is subject to a requirement that its minimum size may not be less than \$1 billion.

### B. Proposed Change

The proposed rule change will implement a minimum clearing fund size equal to 110% of the amount of committed credit facilities secured by the clearing fund so that the amount of the clearing fund likely will exceed the required collateral value that would be necessary for OCC to be able to draw in full on such credit facilities. OCC's clearing fund is primarily intended to provide a high degree of assurance that market integrity will be maintained in the event that one or more clearing members, settlement banks, or banks that issue letters of credit on behalf of clearing members as a form of margin fails to meet its obligations.<sup>8</sup> This

<sup>5</sup> If the calculation did not result in a clearing fund size of \$1 billion or more, then the percentage of the average total daily margin requirement for the preceding month that resulted in a fund level of at least \$1 billion would be applied. However, in no event was the percentage permitted to exceed 7%. With the rule change approved in September 2011, this 7% limiting factor on the minimum clearing fund size was eliminated.

<sup>6</sup> The term "clearing member group" is defined in Article I of OCC's By-Laws to mean a clearing member and any member affiliates of the clearing member.

<sup>7</sup> The confidence levels employed by OCC in calculating the charge likely to result from a default by OCC's largest "clearing member group" and the default of two randomly-selected "clearing member groups" were approved by the Commission at 99% and 99.9%, respectively. However, the Commission approval order notes that OCC retains discretion to employ different confidence levels in these calculations provided that OCC will not employ confidence levels of less than 99% without first filing a proposed rule change.

<sup>8</sup> Under Article VIII, Section 1 of OCC's By-Laws, the clearing fund may be used to pay losses suffered

includes the potential use of the clearing fund as a source of liquidity should it ever be the case that OCC is unable to obtain prompt delivery of, or convert promptly to cash, any asset credited to the account of a suspended clearing member.

OCC's committed credit facilities are secured by assets in the clearing fund and certain margin deposits of the suspended clearing member. In light of the uncertainty regarding the amount of margin assets of a suspended clearing member that might be eligible at any given point to support borrowing under the secured credit facilities, OCC has considered the availability of funds based on a consideration of the amount of the clearing fund deposits available as collateral. As an example, for OCC to draw on the full amount of its current credit facilities secured by the clearing fund, the size of the clearing fund likely would need to be approximately \$2.2 billion. The \$2.2 billion figure reflects a 10% increase above the total size of such credit facilities, which is meant to account for the percentage discount applied to collateral pledged by OCC in determining the amount available for borrowing.

Based on monthly recalculation information, the size of OCC's clearing fund during the period from July 2011 to July 2012 was less than \$2.2 billion on eight occasions. Therefore, to reduce the risk that the assets in the clearing fund might at any time be insufficient to enable OCC to meet potential liquidity needs by accessing the full amount of its committed credit facilities that are secured by the clearing fund, OCC is amending the current minimum clearing fund size requirement of \$1 billion by providing instead that the minimum clearing fund size is the greater of either \$1 billion or 110% of the amount of such committed credit facilities. OCC is denoting the credit facility component of the minimum clearing fund requirement as a percentage of the total amount of the

by OCC: (1) As a result of the failure of a clearing member to perform its obligations with regard to any exchange transaction accepted by OCC; (2) as a result of a clearing member's failure to perform its obligations in respect of an exchange transaction or an exercised/assigned options contract, or any other contract or obligations in respect of which OCC is liable; (3) as a result of the failure of a clearing member to perform its obligations in respect of stock loan or borrow positions; (4) as a result of a liquidation of a suspended clearing member's open positions; (5) in connection with protective transactions of a suspended clearing member; (6) as a result of a failure of any clearing member to make any other required payment or to render any other required performance; or (7) as a result of a failure of any bank or securities or commodities clearing organization to perform its obligations to OCC.

credit facilities that OCC actually secures with clearing fund assets because OCC negotiates these credit facility agreements, including size and other terms, on an annual basis and the total size is therefore subject to change.

### III. Analysis of Advance Notice

#### Standard of Review

A registered clearing agency that has been designated as a systemically important financial market utility ("FMU") by the Financial Stability Oversight Council ("FSOC") must provide advance notice of all proposed changes to its rules, procedures, or operations that could, as defined in the rules of the supervisory agency, materially affect the nature or level of risks presented by the clearing agency.<sup>9</sup> Absent an extension or request for additional information, as discussed in greater detail below, the Commission is required to notify the clearing agency of any objection regarding the proposed change within the 60 day time frame established by Title VIII.<sup>10</sup> A designated clearing agency may not implement a change to which its supervisory agency has objected;<sup>11</sup> however, the clearing agency is explicitly permitted to implement a change if it has not received an objection from its supervisory agency within the same 60 day time period.<sup>12</sup>

Although Title VIII does not specify a standard that the Commission must apply to determine whether to object to an advance notice, the Commission believes that the purpose of Title VIII, as stated under Section 802(b),<sup>13</sup> is relevant to the review of advance notices.

The stated purpose of Title VIII is to mitigate systemic risk in the financial system and promote financial stability, by (among other things) authorizing the Federal Reserve Board to promote uniform risk management standards for systemically important FMUs, and providing an enhanced role for the Federal Reserve Board in the supervising of risk management standards for systemically important FMUs.<sup>14</sup> Therefore, the Commission believes that when reviewing advance

<sup>9</sup> 12 U.S.C. 5465(e). See also Process for Submissions for Review of Security-Based Swaps for Mandatory Clearing and Notice Filing Requirements for Clearing Agencies; Technical Amendments to Rule 19b-4 and Form 19b-4 Applicable to All Self-Regulatory Organizations, Securities Exchange Act Release No. 67286 (June 28, 2012), 77 FR 41602 (July 13, 2012) (Adopting Release).

<sup>10</sup> 12 U.S.C. 5465(e)(1)(E).

<sup>11</sup> 12 U.S.C. 5465(e)(1)(F).

<sup>12</sup> 12 U.S.C. 5465(e)(1)(G).

<sup>13</sup> 12 U.S.C. 5461(b).

<sup>14</sup> 12 U.S.C. 5461(b).

notices for FMUs, the consistency of an advance notice with Title VIII may be judged principally by reference to the consistency of the advance notice with applicable rules of the Federal Reserve Board governing payment, clearing, and settlement activity of the designated FMU.<sup>15</sup>

Section 805(a) requires the Federal Reserve Board and authorizes the Commission to prescribe standards for the payment, clearing, and settlement activities of FMUs designated as systemically important, in consultation with the supervisory agencies. Section 805(b) of the Clearing Supervision Act<sup>16</sup> requires that the objectives and principles for the risk management standards prescribed under Section 805(a) shall be to:

- Promote robust risk management;
- Promote safety and soundness;
- Reduce systemic risks; and
- Support the stability of the broader financial system.

The relevant rules of the Federal Reserve Board prescribing risk management standards for designated FMUs by their terms do not apply to designated FMUs that are clearing agencies registered with the Commission.<sup>17</sup> Therefore, the Commission believes that the objectives and principles by which the Federal Reserve Board is required and the Commission is authorized to promulgate such rules, as expressed in Section 805(b) of Title VIII,<sup>18</sup> are the appropriate standards at this time by which to evaluate advance notices.<sup>19</sup> Accordingly, the analysis set forth below is organized by reference to the stated objectives and principles in Section 805(b).

#### *Discussion of Advance Notice*

The proposed rule change is designed to allow OCC to take full advantage of its liquidity resources that are secured by the clearing fund by collecting an amount that is at least 10% above the

total size of the credit facilities to account for any collateral haircut that may be applied. This should assist OCC in maintaining market integrity in the event that one or more clearing members, settlement banks, or banks that issue letters of credit on behalf of clearing members as a form of margin fails to meet its obligations. By increasing the likelihood that OCC can take full advantage of its liquidity resources that are secured by the clearing fund, the proposed rule change should promote robust risk management and safety and soundness, reduce systemic risks, and support the stability of the broader financial system. For these reasons, the Commission does not object to the advance notice.

#### **IV. Conclusion**

*It is therefore noticed*, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,<sup>20</sup> that, the Commission *does not object* to proposed rule change (File No. AN-OCC-2012-04) and that OCC be and hereby is *authorized* to implement proposed rule change (File No. AN-OCC-2012-04) as of the date of this notice or the date of the “Order Approving Proposed Rule Change to Revise the Method for Determining the Minimum Clearing Fund Size to Include Consideration of the Amount Necessary to Draw on Secured Credit Facilities” (File No. SR-OCC-2012-22), whichever is later.

By the Commission.  
**Kevin M. O'Neill,**  
*Deputy Secretary.*  
 [FR Doc. 2012-30645 Filed 12-19-12; 8:45 am]  
**BILLING CODE 8011-01-P**

#### **SMALL BUSINESS ADMINISTRATION**

##### **Hatteras Venture Partners IV SBIC, L.P.; Application No. 99000769; Notice Seeking Exemption Under Section 312 of the Small Business Investment Act, Conflicts of Interest**

Notice is hereby given that Hatteras Venture Partners IV SBIC, L.P., 280 South Mangum Street, Suite 350, Durham, NC 27001, an applicant for a Federal License under the Small Business Investment Act of 1958, as amended (“the Act”), in connection with the financing of a small concern, has sought an exemption under Section 312 of the Act and Section 107.730, Financings which Constitute Conflicts of Interest of the Small Business Administration (“SBA”) Rules and Regulations (13 CFR 107.730). Hatteras Venture Partners IV SBIC, L.P. proposes

to provide equity financing to Clearside Biomedical, Inc., 1220 Old Alpharetta Road, Suite 300, Alpharetta, GA 30005 (“Clearside”). The financing will be used for working capital and general corporate purposes.

The financing is brought within the purview of § 107.730(a)(1) of the Regulations because Hatteras Venture Partners IV, LP and Hatteras Venture Partners III, LP, Associates of Hatteras Venture Partners IV SBIC, L.P., in the aggregate own more than ten percent of Clearside. Therefore, this transaction is considered a financing of an Associate requiring an exemption.

Notice is hereby given that any interested person may submit written comments on the transaction within fifteen days of the date of this publication to the Associate Administrator for Investment, U.S. Small Business Administration, 409 Third Street SW., Washington, DC 20416.

Dated: December 5, 2012.

**Sean Greene,**

*Associate Administrator for Investment.*

[FR Doc. 2012-30656 Filed 12-19-12; 8:45 am]

**BILLING CODE P**

#### **DEPARTMENT OF STATE**

##### **[Public Notice 8129]**

##### **Culturally Significant Objects Imported for Exhibition Determinations: “Projects 99: Meiro Koizumi”**

**SUMMARY:** Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, and Delegation of Authority No. 236-3 of August 28, 2000 (and, as appropriate, Delegation of Authority No. 257 of April 15, 2003), I hereby determine that the objects to be included in the exhibition “Projects 99: Meiro Koizumi,” imported from abroad for temporary exhibition within the United States, are of cultural significance. The objects are imported pursuant to loan agreements with the foreign owners or custodians. I also determine that the exhibition or display of the exhibit objects at The Museum of Modern Art in New York, New York from on or about January 9, 2013, until on or about May 6, 2013, and at possible additional exhibitions or venues yet to be determined, is in the national interest. I have ordered that Public

<sup>15</sup> See Financial Market Utilities, 77 FR 45907 (Aug. 2, 2012).

<sup>16</sup> 12 U.S.C. 5464(b).

<sup>17</sup> 12 CFR 234.1(b).

<sup>18</sup> 12 U.S.C. 5464(b).

<sup>19</sup> The risk management standards that have been adopted by the Commission in Rule 17Ad-22 are substantially similar to those of the Federal Reserve Board applicable to designated FMUs other than those designated clearing organizations registered with the CFTC or clearing agencies registered with the Commission. See Clearing Agency Standards, Securities Exchange Act Release No. 68080 (Oct. 22, 2012), 77 FR 66219 (Nov. 2, 2012). To the extent such Commission standards are in effect at the time advance notices are reviewed in the future, the standards would be relevant to the analysis. Moreover, the analysis of clearing agency rule filings under the Exchange Act would incorporate such standards directly.

<sup>20</sup> 12 U.S.C. 5465(e)(1)(I).