

13. In the event the Commission adopts a rule under the Act providing substantially similar relief to that in the order requested in the application, the requested order will expire on the effective date of that rule.

For the Commission, by the Division of Investment Management, under delegated authority.

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-16855 Filed 7-12-13; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting.

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: [78 FR 40780, July 8, 2013].

STATUS: Closed Meeting.

PLACE: 100 F Street NE., Washington, DC

DATE AND TIME OF PREVIOUSLY ANNOUNCED MEETING: July 10, 2013 at 4:00 p.m.

CHANGE IN THE MEETING: Additional Item.

The following matter will also be considered during the 4:00 p.m. Closed Meeting scheduled for Wednesday July 10, 2013:

a personnel matter.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions as set forth in 5 U.S.C. 552b(c)(2) and (6) and 17 CFR 200.402(a)(2) and (6), permit consideration of the scheduled matter at the Closed Meeting.

Commissioner Aguilar, as duty officer, voted to consider the item listed for the Closed Meeting in closed session, and determined that no earlier notice thereof was possible.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

Dated: July 10, 2013.

Elizabeth M. Murphy,
Secretary.

[FR Doc. 2013-16937 Filed 7-11-13; 11:15 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69955; File No. SR-OCC-2013-804]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of an Advance Notice in Connection With a Proposed Change to its Operations in the Form of a Private Offering by OCC of Senior Unsecured Debt Securities

July 10, 2013.

Pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i)² of the Securities Exchange Act of 1934 ("Exchange Act") notice is hereby given that on June 10, 2013, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the advance notice as described in Items I and II below, which Items have been substantially prepared by OCC.³ The Commission is publishing this notice to solicit comments on the advance notice from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

OCC is proposing to change its operations in the form of a private offering of senior unsecured debt securities ("Offering").

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the advance notice and discussed any comments it received on the advance notice. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in section A below, of the most significant aspects of such statements.⁴

(A) Advance Notices Filed Pursuant to Section 806(e) of the Clearing Supervision Act

Description of Change

OCC states that the proposed Offering would provide OCC with access to additional liquidity for working capital

needs and general corporate purposes. The aggregate principal amount of the senior unsecured debt securities placed in the Offering is expected to be up to \$100 million. The proceeds of the Offering would be among the financial resources used to satisfy the requirements applicable to OCC under CFTC regulations.

Among other things, OCC states that CFTC regulation Section 39.11(a)(2)⁵ requires a derivatives clearing organization ("DCO") to hold an amount of financial resources that, at a minimum, exceeds the total amount that would enable the DCO to cover its operating costs for a period of at least one year, calculated on a rolling basis. In turn, CFTC regulation Section 39.11(e)(2)⁶ provides that these financial resources must include unencumbered, liquid financial assets (*i.e.*, cash and/or highly liquid securities), equal to at least six months' operating costs. OCC states that the Offering is intended to contribute to OCC's compliance with the financial resources requirement under CFTC regulation Section 39.11(a)(2)⁷ and the liquidity requirements prescribed by CFTC regulation Section 39.11(e)(2).⁸ OCC states that the proceeds of the offering would be invested in instruments such as reverse repurchase agreements in which working capital may be invested under OCC's By-Laws.

Under the proposal, OCC would issue senior unsecured debt securities through the Offering, which would be structured as a private placement for which a broker-dealer registered with the Securities and Exchange Commission under the Exchange Act would act as the exclusive placement agent. Under the terms of the Offering, OCC would be required to use any capital raised to finance its working capital needs or for general corporate purposes.

According to OCC, one of the conditions of OCC's proposed Offering is the execution of definitive agreements. These agreements are expected to include a number of conditions related to OCC's performance under such agreements including, without limitation, certain covenants and default provisions.

OCC states that the Offering would involve a variety of customary fees and expenses payable by OCC to the placement agent and the noteholders, including but not limited to: (1) A placement agent fee calculated as a

¹ 12 U.S.C. 5465(e)(1).

² 17 CFR 240.19b-4(n)(1)(i).

³ OCC is a designated financial market utility and is required to file advance notices with the Commission. See 12 U.S.C. 5465(e).

⁴ The Commission has modified the text of the summaries prepared by the clearing agency.

⁵ 17 CFR 39.11(a)(2).

⁶ 17 CFR 39.11(e)(2).

⁷ 17 CFR 39.11(a)(2).

⁸ 17 CFR 39.11(e)(2).

percentage of the aggregate principal amount of debt securities sold in the Offering; and (2) other costs and expenses incurred by the placement agent in relation to its activities in connection with the Offering including, but not limited to, travel expenses and reasonable fees of counsel. These fees and expenses may be paid out of the proceeds of the Offering.

Anticipated Effect on and Management of Risk

OCC states that any impact of the Offering on the risks presented by OCC would be to reduce such risks by providing an additional source of liquidity for the protection of OCC, its clearing members, and the options market in general. OCC states that the Offering would provide OCC with additional liquidity for working capital needs and general corporate purposes and thereby assist OCC in satisfying the CFTC's requirements with respect to liquidity under CFTC regulation Section 39.11.⁹

OCC states that, like any debt offering, the Offering would involve risks. According to OCC, one risk associated with the Offering relates to the need for OCC to maintain sufficient cash flow to support ongoing interest payments to the noteholders. OCC states this risk is mitigated by its conservative fiscal practices under which clearing and other fees are assessed at a level designed to ensure that OCC has more than sufficient funds to operate and satisfy liabilities, and refunds are paid to clearing members only when it is clear that excess funds are available. Clearing member refunds would be effectively subordinated to interest payments on the notes sold in the Offering.

OCC states that the Offering involves a risk of OCC's defaulting by failing to make timely payment of principal or interest or to comply with financial covenants, which would allow the noteholders to take legal action against OCC to recover any losses resulting from a default. However, OCC states that the risk of default from a payment failure is mitigated because, as discussed above, OCC does not expect to have difficulty making interest payments. Similarly, OCC states that the tests included in the financial covenants will be established at reasonable levels, making it unlikely that OCC would default by violating these covenants. In addition, because the Offering would involve the issuance of unsecured notes, OCC states that it would not be at risk of the noteholders'

liquidating OCC assets in the event of OCC's default.

The agreement with noteholders also requires OCC to make the noteholders "whole" in the event OCC elects to prepay any outstanding principal. According to OCC, this "make-whole" covenant poses risk to the extent OCC is unable to immediately pay the outstanding interest payments. OCC would mitigate the risk of having to make a large make-whole payment by either electing not to call the notes prior to termination or by waiting to call the notes until the make-whole premium has been reduced by the passage of time to a smaller amount. OCC expects to need the additional liquidity for the term of the notes and to issue the notes at a time of favorable market conditions, and accordingly OCC does not expect to call the notes prior to termination.

According to OCC, one risk of obtaining capital through the Offering as opposed to an unsecured line of credit is that OCC will incur more expense in connection with the Offering given that it must pay interest expense on the entire outstanding note balance as opposed to a comparatively smaller commitment fee on a line of credit. However, OCC states that this risk is justified by the difficulty in obtaining an unsecured line of credit of a size comparable to that of the Offering. Moreover, OCC states the risk is mitigated by OCC's investment of the proceeds, which generates income to offset the interest expense. In addition, by obtaining capital through the Offering OCC avoids the funding risk associated with a line of credit.

III. Date of Effectiveness of the Advance Notice and Timing for Commission Action

OCC may implement the proposed change pursuant to Section 806(e)(1)(G) of the Clearing Supervision Act¹⁰ if it has not received an objection to the proposed change within 60 days of the later of (i) the date that the Commission received the advance notice or (ii) the date the Commission receives any further information it requested for consideration of the notice. The clearing agency shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days

from the date of receipt of the advance notice, or the date the Commission receives any further information it requested, if the Commission notifies the clearing agency in writing that it does not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

The clearing agency shall post notice on its Web site of proposed changes that are implemented.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.¹¹

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. 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. Please include File Number SR-OCC-2013-804 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-OCC-2013-804. 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 advance notice that are filed with the Commission, and all written communications relating to the advance notice 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

¹¹ OCC also filed the proposals contained in this advance notice as a proposed rule change under Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder. See *supra* note 3.

⁹ 17 CFR 39.11.

¹⁰ 12 U.S.C. 5465(e)(1)(G).

10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of OCC and on OCC's Web site (<http://theocc.com/about/publications/bylaws.jsp>). 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-OCC-2013-804 and should be submitted on or before August 5, 2013.

By the Commission.

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-16864 Filed 7-12-13; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69954; File No. SR-NSCC-2013-802]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing Amendment No. 2 to an Advance Notice, as Previously Modified by Amendment No. 1, To Institute Supplemental Liquidity Deposits to Its Clearing Fund Designed To Increase Liquidity Resources To Meet Its Liquidity Needs

July 9, 2013.

On March 21, 2013, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-NSCC-2013-802 ("Advance Notice") pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i)² thereunder.³ On April

19, 2013, NSCC filed with the Commission Amendment No. 1 to the Advance Notice.⁴ The Advance Notice, as modified by Amendment No. 1, was published for comment in the **Federal Register** on May 1, 2013.⁵ On May 20, 2013, the Commission extended the period of review of the Advance Notice, as modified by Amendment No. 1.⁶ As of July 9, 2013, the Commission had received fourteen comment letters on the proposal contained in the Advance Notice and its related Proposed Rule Change,⁷ including NSCC's response to the comment letters received as of June 10, 2013.⁸

Pursuant to Section 806(e)(1) of the Clearing Supervision Act⁹ and Rule 19b-4(n)(1)(i)¹⁰ thereunder, notice is hereby given that on June 11, 2013, NSCC filed with the Commission Amendment No. 2 to the Advance Notice, as previously modified by Amendment No. 1.¹¹ The Commission is publishing this notice to solicit comments on the Advance Notice, as modified by Amendment No. 2, from interested persons.

the Proposed Rule Change, as amended, shall not take effect until all regulatory actions required with respect to the proposal are completed.

⁴ See Release No. 34-69451 (Apr. 25, 2013), 78 FR 25496 (May 1, 2013).

⁵ *Id.*

⁶ Release No. 34-69605 (May 20, 2013), 78 FR 31616 (May 24, 2013). Absent a request by the Commission to NSCC to provide additional information on the Advance Notice pursuant to Section 806(e)(1)(D) of the Clearing Supervision Act, see 12 U.S.C. 5465(e)(1)(D), the Commission shall have until July 19, 2013 to issue an objection or non-objection to the Advance Notice, as amended. See Release No. 34-69605 (May 20, 2013), 78 FR 31616 (May 24, 2013), and see 12 U.S.C. 5465(e)(1)(E) and (G).

⁷ See Comments Received on File Nos. SR-NSCC-2013-02 (<http://sec.gov/comments/sr-nsc-2013-02/nsc201302.shtml>) and SR-NSCC-2013-802 (<http://sec.gov/comments/sr-nsc-2013-802/nsc2013802.shtml>). Since the proposal contained in the Advance Notice was also filed as a Proposed Rule Change, see Release No. 34-69313, *supra* note 3, the Commission is considering all public comments received on the proposal regardless of whether the comments are submitted to the Advance Notice, as amended, or the Proposed Rule Change, as amended.

⁸ NSCC also received a comment letter directly prior to filing the Advance Notice and related Proposed Rule Change with the Commission, which NSCC provided to the Commission in Amendment No. 1 to the filings. See Exhibit 2 to File No. SR-NSCC-2013-802 (<http://sec.gov/rules/sro/nsc/2013/34-69451-ex2.pdf>).

⁹ 12 U.S.C. 5465(e)(1).

¹⁰ 17 CFR 240.19b-4(n)(1)(i).

¹¹ Defined terms that are not defined in this notice are defined in Amended Exhibit 5 to the Advance Notice, available at <http://sec.gov/rules/sro/nsc.shtml>, under File No. SR-NSCC-2013-802, Additional Materials.

I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

The Advance Notice, as modified by Amendment No. 2, is a proposal by NSCC to amend its Rules and Procedures ("Rules") to provide for a supplemental liquidity funding obligation ("SLD Proposal"), as described below. NSCC filed Amendment No. 2 to the Advance Notice, as previously modified by Amendment No. 1, in order to mitigate potential cash outlay burdens, respond to transparency concerns raised by NSCC members ("Members"), clarify the implementation timeframe, and describe the reports that would be provided to Members so that they can anticipate their supplemental liquidity obligations to NSCC under the SLD Proposal ("Supplemental Liquidity Obligations").

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, NSCC included statements concerning the purpose of and basis for the Advance Notice, as modified by Amendment No. 2, and discussed any comments it received on the Advance Notice, as amended. The text of these statements may be examined at the places specified in Item IV below. NSCC has prepared summaries, set forth in sections (A), (B), and (C) immediately below, of the most significant aspects of these statements.¹²

(A) Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

1. Description of Change

Original SLD Proposal

The original proposal contained in the Advance Notice, as modified by Amendment No. 1 ("Original SLD Proposal"), would change the Rules to add a new Rule 4A, in order to establish a supplemental liquidity funding obligation designed to cover the liquidity exposure attributable to those Members and families of affiliated Members ("Affiliated Families") that regularly incur the largest gross settlement debits over a settlement cycle during both times of normal trading activity ("Regular Activity Periods") and times of increased trading and settlement activity that arise around quarterly triple options expiration dates ("Quarterly Options Expiration Activity Periods").

¹² The Commission has modified the text of the summaries prepared by NSCC to primarily focus on the Advance Notice.

¹ 12 U.S.C. 5465(e)(1).

² 17 CFR 240.19b-4(n)(1)(i).

³ NSCC also filed the proposal contained in the Advance Notice as proposed rule change SR-NSCC-2013-02 ("Proposed Rule Change") under Section 19(b)(1) of the Securities and Exchange Act of 1934 ("Exchange Act") and Rule 19b-4 thereunder. Release No. 34-69313 (Apr. 4, 2013), 78 FR 21487 (Apr. 10, 2013). On April 19, 2013, NSCC filed Amendment No. 1 to the Proposed Rule Change, which, on May 22, 2013, the Commission provided notice of and designated a longer period of review for Commission action on the Proposed Rule Change, as modified by Amendment No. 1. Release No. 34-69620 (May 22, 2013), 78 FR 32292 (May 29, 2013). On June 11, 2013, NSCC filed Amendment No. 2 to the Proposed Rule Change, which the Commission published notice of with an order instituting proceedings to determine whether to approve or disapprove the Proposed Rule Change. Release No. 34-69951 (July 9, 2013). The proposal in the Advance Notice, as amended, and