

should submit only information that you wish to make available publicly. All submissions should refer to File No. SR-DTC-2014-07 and should be submitted on or before July 1, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72306; File No. SR-ICC-2014-07]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change to Revise End-of-Day Price Discovery Policies and Procedures

June 4, 2014.

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 May 22, 2014, 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 revise the ICC End-of-Day Price Discovery Policies and Procedures (“EOD Pricing Policy”) to revise the expectations surrounding the unwind of any Firm Trade transaction. This revision does not require any changes to the ICC 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, 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, and C below, of the most significant aspects of these statements.

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

The proposed revision to ICC’s EOD Pricing Policy is intended to make the policy more readily enforceable, while maintaining the same or similar level of incentive for ICC Clearing Participants to provide quality price submissions.

ICC believes such revision will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. The proposed revision is described in detail as follows.

ICC Clearing Participants (“CPs”) may be required from time to time, under the ICC EOD Pricing Policy, to enter into trades with other CPs as part of the ICC end-of-day price discovery process (“Firm Trade”). ICC does not require CPs to maintain Firm Trades as outstanding positions for any particular length of time. Currently, the ICC EOD Pricing Policy requires CPs that elect to unwind a Firm Trade to do so “at the then-current market price.” There are practical difficulties with objectively determining whether an unwind transaction was executed at the “then-current market price” and therefore such policy is difficult to enforce. ICC proposes revising the ICC EOD Pricing Policy to replace references to the “then-current market price” with the requirement that unwind transactions be executed in a competitive manner. Further, ICC proposes adding the requirement that, upon request, CPs be able to demonstrate to ICC’s satisfaction that such unwind transaction was executed in a competitive manner. Additionally, ICC proposes adding a non-exclusive list of examples of how CPs may be able to demonstrate competitive execution of unwind transactions. Specifically, such examples include: (i) Execution on an available trading venue (e.g., a SEF or DCM); (ii) multiple dealer quotes received and execution of the unwind transaction at the best quoted price; or (iii) placement of the unwind transaction with an interdealer broker with price terms and instructions commensurate with a competitive execution.

Section 17A(b)(3)(F) of the Act<sup>3</sup> requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate

clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions and to comply with the provisions of the Act and the rules and regulations thereunder. ICC believes that the proposed revision to the EOD Pricing Policy is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to Section 17(A)(b)(3)(F),<sup>4</sup> because ICC believes that the proposed rule changes will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of securities and funds associated with swap transactions which are in the custody or control of ICC or for which it is responsible. The update to ICC’s EOD Pricing Policy regarding Firm Trade unwind transactions makes the policy more readily enforceable, while maintaining the same or similar level of incentive for CPs to provide quality price submissions. ICC considers the proposed revision to be an enhancement of its consistent underlying intention to assure that CPs unwind Firm Trades competitively. The inclusion of Firm Trades in ICC’s end-of-day price discovery process provides incentive for CPs to submit quality price submissions. If CPs unwound Firm Trades non-competitively at the original Firm Trade Price, thereby alleviating the Firm Trade’s impact to their portfolio, the incentive to provide quality price submissions would be diminished. Receiving quality prices from its CPs is paramount to the pricing process and ICC believes the proposed revision both clarifies and enhances its EOD Pricing Policy. As such, the proposed revision will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of securities and funds associated with swap transactions which are in the custody or control of ICC or for which it is responsible within the meaning of Section 17A(b)(3)(F)<sup>5</sup> of the Act.

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

ICC does not believe the proposed rule changes would have any impact, or impose any burden, on competition. The revision to ICC’s EOD Pricing Policy regarding the unwinding of Firm Trades apply uniformly across all CPs. Therefore, ICC does not believe the proposed revision imposes any burden on competition that is inappropriate in furtherance of the purposes of the Act.

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>13</sup> 17 CFR 200.30-3(a)(12).

<sup>14</sup> 15 U.S.C. 78s(b)(1).

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

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

*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, 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 Number SR-ICC-2014-07 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICC-2014-07. 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 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 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of ICE Clear Credit and on ICE Clear Credit's Web site at <http://www.theice.com/notices/Notices.shtml?regulatoryFilings>.

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-2014-07 and should be submitted on or before July 1, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72305; File No. SR-FICC-2014-03]

**Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the Government Securities Division Fee Schedule, the Mortgage-Backed Securities Division Fee Schedule for Dealers and the Mortgage-Backed Securities Division EPN Fee Schedule**

June 4, 2014.

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 May 21, 2014, 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 by the clearing agency. FICC filed the proposal pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder<sup>4</sup> so that the proposal

<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)(ii).

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

was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change**

The proposed rule change consists of amendments to the Fee Schedule in the Mortgage-Backed Securities Division ("MBSD") Clearing Rules (the "MBSD Clearing Rules"), the MBSD EPN Rules (the "EPN Rules", together with the MBSD Clearing Rules, the "MBSD Rules") and the Government Securities Division ("GSD") Rulebook (the "GSD Rules"), as applicable.

**II. Clearing Agency'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.

*(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

(i) The purpose of this filing is to modify the GSD Fee Schedule, the MBSD Fee Schedule for dealers, and the MBSD EPN Fee Schedule. The fee changes are effective as of July 1, 2014.

To guard against fluctuations in trading volume and size, FICC is proposing a revised GSD fee structure which reduces its fees associated with comparison and netting and increases the fee for obligation par, a revenue category deemed to be more stable. The proposed changes in their totality are revenue neutral.

With respect to MBSD, over the last 18 months, FICC has experienced a significant decrease in the volume of transactions that MBSD processes. FICC believes that this decrease represents a fundamental shift in the MBS market. FICC's discussions with member firms indicate that the change in the mortgage-backed securities market will be more long term than originally anticipated. As a result, FICC is proposing to increase the MBSD fees.

FICC has discussed the proposed fee changes with the majority of the GSD, MBSD and MBSD EPN members. FICC will discuss the proposed changes with