

action on the proposed rule change to June 26, 2014. On June 20, 2014, FINRA withdrew the proposed rule change (SR-FINRA-2014-010).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72457; File No. SR-FICC-2014-02]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposal To Extend the Pilot Program for Certain Government Securities Division Rules Relating to the GCF Repo[®] Service

June 24, 2014.

On May 5, 2014, the Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) proposed rule change SR-FICC-2014-02 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the **Federal Register** on May 23, 2014.³ The Commission received no comments on the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description of the Proposed Rule Change

FICC seeks the Commission’s approval to extend the pilot program that is currently in effect for the GCF Repo[®] service (“2013 Pilot Program”).⁴ FICC requests that the 2013 Pilot Program be extended for one year following the Commission’s approval of this filing. FICC represents that, during this extension period, the final phase of tri-party reform will be implemented.⁵

⁵ 17 CFR 200.30-3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 72184 (May 19, 2014), 79 FR 29828 (May 23, 2014) (SR-FICC-2014-02).

⁴ See Securities Exchange Act Release No. 70068 (July 30, 2013), 78 FR 47453 (August 5, 2013) (SR-FICC-2013-06) (order approving the 2013 Pilot Program).

⁵ The final phase of tri-party reform includes the development of an interactive messaging system to facilitate the substitution of collateral between settlement banks. FICC has represented that, if it determines to change the parameters of the GCF Repo[®] service during the one-year extension period,

A. The GCF Repo[®] Service

The GCF Repo[®] service allows dealer members of FICC’s Government Services Division to trade general collateral finance repos (“GCF Repos”)⁶ throughout the day without requiring intraday, trade-for-trade settlement on a delivery-versus-payment (“DVP”)⁷ basis. The service allows dealers to trade GCF Repos, based on rate and term, with inter-dealer broker netting members on a blind basis. Standardized, generic CUSIP numbers have been established exclusively for GCF Repo processing, and are used to specify the type of underlying security that is eligible to serve as collateral for GCF Repos. Only Fedwire eligible, book-entry securities may serve as collateral for GCF Repos. Acceptable collateral for GCF Repos include most U.S. Treasury securities, non-mortgage-backed federal agency securities, fixed and adjustable rate mortgage-backed securities, Treasury Inflation-Protected Securities (“TIPS”)⁸ and separate trading of registered interest and principal securities (“STRIPS”).⁸

B. Background of the Pilot Program

Because FICC’s GCF Repo[®] service operates as a tri-party mechanism, FICC was asked to alter the service to align it with the recommendations of the Tri-Party Repo Infrastructure Reform Task Force (“TPR”).⁹ FICC consequently developed a pilot program (“2013 Pilot Program”) to address the TPR’s recommendations,¹⁰ and sought

it will file a proposed rule change with the Commission. FICC has further warranted that, if it seeks to extend the 2013 Pilot Program beyond the one-year extension period or proposes to make the program permanent, it will also file a proposed rule change with the Commission.

⁶ A GCF Repo is one in which the lender of funds is willing to accept any of a class of U.S. Treasuries, U.S. government agency securities, and certain mortgage-backed securities as collateral for the repurchase obligation. This is in contrast to a specific collateral repo.

⁷ Delivery-versus-payment is a settlement procedure in which the buyer’s cash payment for the securities it has purchased is due at the time the securities are delivered.

⁸ See Securities Exchange Act Release No. 58696 (September 30, 2008), 73 FR 58698, 58699 (October 7, 2008) (SR-FICC-2008-04).

⁹ The TPR was an industry group formed and sponsored in 2009 by the Federal Reserve Bank of New York to address weaknesses that emerged in the tri-party repo market during the financial crisis. The TPR’s chief goal was to develop recommendations to address the risks presented by the reversal of tri-party repo transactions, and to develop procedures to ensure that tri-party repos would be collateralized throughout the day, rather than at the end of the day.

¹⁰ The TPR issued preliminary and final reports setting forth its recommendations for the reform of the tri-party repo market. See Tri-Party Repo Infrastructure Reform Task Force Report of May 17, 2000, available at http://www.newyorkfed.org/prcl/files/report_100517.pdf; see also Tri-Party Repo

Commission approval to institute that program.¹¹ The Commission approved the 2011 Pilot Program on August 29, 2011 for a period of one year.¹² When the expiration date for the 2011 Pilot Program approached, FICC sought Commission approval to implement the 2012 Pilot Program, which continued the 2011 Pilot Program in some aspects, and modified it in others.¹³ On August 8, 2012, the Commission approved the 2012 Pilot Program for a period of one year.¹⁴

C. The 2013 Pilot Program

The 2013 Pilot Program and its predecessor, the 2012 Pilot Program, have been the subject of a number of notices and approval orders published by the Commission.¹⁵ These notices and orders provide extensive detail on both the GCF Repo[®] service and the pilot program itself. Under this proposed rule change, FICC is not proposing to alter the current pilot program in any way; rather, it proposes only to extend that program, as approved in 2012 and in 2013, for one additional year.¹⁶

II. Discussion

Section 19(b)(2)(C) of the Act ¹⁷ directs the Commission to approve a proposed rule change of a self-

Infrastructure Reform Task Force Final Report (February 15, 2012), available at http://www.newyorkfed.org/tripartyrepo/pdf/report_120215.pdf.

¹¹ Securities Exchange Act Release No. 64955 (July 25, 2011), 76 FR 45638 (July 29, 2011) (SR-FICC-2011-05).

¹² Securities Exchange Act Release No. 65213 (August 29, 2011), 76 FR 54824 (September 2, 2011) (SR-FICC-2011-05).

¹³ The 2012 Pilot Program implemented several changes which, although described in the rule filing that accompanied the 2011 Pilot Program, were not implemented during the 2011 Pilot Program’s period of effectiveness. They include: (i) Moving the time for unwinding repos from 7:30 a.m. to 3:30 p.m.; (ii) moving the net-free-equity process from morning to the evening; and (iii) establishing rules for intraday GCF Repo collateral substitutions. See Securities Exchange Act Release No. 67227 (June 20, 2012), 77 FR 38108, 38111-12 (June 26, 2012) (SR-FICC-2012-05).

¹⁴ Securities Exchange Release No. 67621 (August 8, 2012), 77 FR 48572 (August 14, 2012) (SR-FICC-2012-05).

¹⁵ See Securities Exchange Act Release Nos. 67227 (June 20, 2012), 77 FR 38108, 38109-12 (June 26, 2012) (SR-FICC-2012-05); 67621 (August 8, 2012), 77 FR 48572, 48572-76 (August 14, 2012) (SR-FICC-2012-05); 69774 (June 17, 2013), 78 FR 37631, 37632-35 (June 21, 2013) (SR-FICC-2013-06); and 70068 (July 30, 2013), 78 FR 47453, 47453-54 (August 5, 2013) (SR-FICC-2013-06).

¹⁶ FICC would be required to file a proposed rule change with the Commission pursuant to Section 19(b) of the Act if were to do any of the following: (i) Change the parameters of the GCF Repo[®] service during the one-year extension period, (ii) extend the Pilot Program beyond the one-year period extension period, or (iii) establish the 2013 Pilot Program as a permanent program.

¹⁷ 15 U.S.C. 78s(b)(2)(C).

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 Act¹⁸ requires, among other things, that the rules of a clearing agency be designed to achieve several goals, including (i) promoting the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, (ii) assuring the safeguarding of securities and funds that are in the custody or control of the clearing agency or for which it is responsible, and (iii) protecting investors and the public interest.

The Commission concludes that extending the 2013 Pilot Program for one additional year is consistent with the requirements of the Act and the rules and regulations thereunder. The 2013 Pilot Program furthers the Act's goals because it helps attenuate the substantial risks confronting the tri-party repo market, particularly those risks associated with the provision of intraday credit to market participants.¹⁹ The Commission believes that extending the 2013 Pilot Program will ensure that these risks remain subject to more stringent controls and that this, in turn, will help promote the prompt and accurate clearance and settlement of securities transactions. The Commission further believes that, by requiring tri-party repos to remain collateralized for a longer period each day, the 2013 Pilot Program helps to assure the safety of the securities and funds within FICC's control, or for which it is responsible.²⁰

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, particularly those set forth in Section 17A,²¹ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²² that the proposed rule change (SR-FICC-2014-02) be, and hereby is, approved.²³

¹⁸ 15 U.S.C. 78q-1(b)(3)(F).

¹⁹ The TPR characterized the "practical elimination" of this intraday credit as its "first and most significant . . . recommendation." Tri-Party Repo Infrastructure Reform Task Force Final Report, 4 (February 15, 2012), available at http://www.newyorkfed.org/tripartyrepo/pdf/report_120215.pdf.

²⁰ See 15 U.S.C. 78q-1(b)(3)(F).

²¹ 15 U.S.C. 78q-1.

²² 15 U.S.C. 78s(b)(2).

²³ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Kevin M. O'Neill,

Deputy Secretary.

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DEPARTMENT OF TRANSPORTATION

[Docket No. DOT-OST-2014-0102]

Office of Inspector General; Proposed Agency Information Collection Activities; Comment Request

AGENCY: Office of the Inspector General (OIG), Department of Transportation.

ACTION: Notice and request for comments.

SUMMARY: The Department of Transportation (DOT) invites public comments about our intention to request the Office of Management and Budget (OMB) approval for a new information collection. The collection involves the nation's large and medium hub airports and their participation in hiring Disadvantaged Business Enterprises (DBEs), and what has led to airports' successes and failures in achieving their goals in regards to the DBE program. The information to be collected will be used to inform the Office of Inspector General and the Department of Transportation on factors that led to the successful hiring of DBE's at airports around the nation. We are required to publish this notice in the **Federal Register** by the Paperwork Reduction act of 1995, Public Law 104-13.

DATES: Comments must be submitted on or before August 29, 2014.

ADDRESSES: You may submit comments by Federal Docket Management System (FDMS) Docket Number DOT-OST-2014-0102 using any of the following methods:

- *Federal eRulemaking Portal:* <http://www.regulations.gov>. Follow the online instructions for submitting comments.
- *Fax:* 1 (202) 493-2251
- *Mail:* Docket Management System, U.S. Department of Transportation, 1200 New Jersey Avenue, SE., West Building, Room W12-140, Washington, DC 20590
- *Hand Deliver:* West building, Ground Floor, Room 12-140, 1200 New Jersey Avenue SE., Washington, DC, between 9:00 a.m. and 5:00 p.m., ET, Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Amy Berks, Office of Legal Counsel, Office of Inspector General, Department

of Transportation, 202-366-7165, 1200 New Jersey Ave. SE., Washington, DC 20590.

SUPPLEMENTARY INFORMATION: *Title:* OIG Data Collection for DBE Participation at Large and Medium Hub Airports.

Form Numbers: N/A.

Type of Review: New Information Collection.

Background: Under section 140(c) of the FAA Modernization and Reform Act of 2012, the Office of Inspector General, Department of Transportation has been directed to report on the nation's large and medium hub airports regarding their ability to hire new DBEs, assess the reasons why the most successful airports have been able to provide such opportunities, and to give recommendations to the FAA and Congress on methods for other airports to achieve results similar to those of the top airports. The information to be collected will help OIG establish which airports have been successful in the DBE hiring process and factors that led to their success.

OIG plans to collect information from large and medium hub airports on DBE programs and DBE participation. The respondents consist of the approximately 65 large and medium hub airports that receive funding from the FAA and are required to have a DBE program. Large hub airports are defined as commercial airports that have at least 1.0 percent of passenger boardings. Medium hub airports are defined as commercial airports that have at least .25 percent but less than 1.0 percent of passenger boardings. OIG plans to collect the information primarily by conducting interviews. OIG will send out a questionnaire in advance to the airports, to allow the airports to collect responsive information and documents and prepare for the interview.

Respondents: Large and medium hub airports.

Number of Respondents: Approximately 65.

Frequency: Annually.

Number of Responses: One per annum.

Estimated Time per Response: Total information collection: 8 hours per respondent; subsequent interview process: 4 hours per respondent.

Total Annual Burden: Approximately 780 hours. Approximately 65 respondents with 12 total burden hours per respondent.

Public Comments are Invited: You are asked to comment on any aspect of this information collection, including: (1) Whether the proposed collection of information is necessary for the proper performance of the OIG's functions,

²⁴ 17 CFR 200.30-3(a)(12).