

of the Pilot Program and will allow the Exchange and the Commission additional time to analyze the impact of the Pilot Program.¹³ Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.¹⁴

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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. Please include File Number SR-Phlx-2013-123 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-Phlx-2013-123. 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 the filing also will be available for inspection and copying at the principal office of Phlx. 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-Phlx-2013-123 and should be submitted on or before January 13, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71091; File No. SR-FICC-2013-09]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Make the U.S. Department of the Treasury's Floating Rate Notes Eligible for Netting Service and GCF Repo® at FICC's Government Securities Division

December 17, 2013.

I. Introduction

On October 28, 2013, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-FICC-2013-09 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 November 14, 2013.³ The Commission received no comment letters. For the reasons

discussed below, the Commission is approving the proposed rule change.

II. Description

The purpose of this proposed rule change is to make the U.S. Department of the Treasury ("Treasury Department") floating rate notes eligible for the netting service and GCF Repo® service at the GSD. Last year, the Treasury Department announced its plan to issue Treasury notes with a floating rate coupon ("Floating Rate Notes"). The Floating Rate Notes will be the first new product issued by the U.S. Treasury since the Treasury Inflation-Protected Securities ("TIPS") were introduced in 1997. The Treasury Department anticipates that the first auction of Floating Rate Notes will occur in January 2014.⁴ FICC's Government Securities Division ("GSD") is planning to make Floating Rate Notes eligible for its netting service starting with the January 2014 auction of the two-year Floating Rate Notes (other maturities will be issued later).

With respect to the GCF Repo® service, Floating Rate Notes will be included in GSD's existing Treasury Generic CUSIP Numbers.⁵ However, because of their adjustable coupon, Floating Rate Notes will not be eligible for collateral allocation obligations or substitutions with respect to the GCF Repo® Generic CUSIPs representing TIPS, separate trading of registered interest and principal securities ("STRIPS"), or fixed-rate mortgage-backed securities issued by Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and Government National Mortgage Association ("Ginnie Mae"). As a result, GSD Rule 20, Section 3, has been revised to reflect this change.

In order for GSD to process Floating Rate Notes, various enhancements to FICC's systems and member output have been made in the following areas:

- Creation and maintenance of a historical database of reference indices. This data is necessary for determining coupon, which is used in valuing positions for settlement purposes and

⁴ See Press Release, U.S. Department of the Treasury *August 2013 Quarterly Refunding Statement of Assistant Secretary Rutherford* (Jul. 31, 2013), available at www.treasury.gov.

⁵ Pursuant to Rule 1 of the GSD Rulebook, ("Definitions"), the term "Generic CUSIP Number" means a Committee on Uniform Securities Identification Procedures identifying number established for a category of securities, as opposed to a specific security. Rule 1 also requires GSD to use separate Generic CUSIP Numbers for General Collateral Repo Transactions and GCF Repo Transactions.

¹³ See Securities Exchange Act Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR-NYSEArca-2009-44).

¹⁴ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 70831 (Nov. 7, 2013), 78 FR 68496 (Nov. 14, 2013) (SR-FICC-2013-09).

for forward margin and clearing fund calculations.

- Modification of the security database in order for it to work in conjunction with the floating rate, reset date, reset rate basis, and spread.
- Modifications to member output formats for both messaging and end of day machine readable output in order to accommodate the additional fields.

GSD will test FICC's enhanced systems with its membership before the launch of the Floating Rate Notes. This will ensure that members can properly submit and receive transaction data in connection with the Floating Rate Notes. GSD has issued several Important Notices to members about GSD's proposed processing of the Floating Rate Notes and will continue to do so prior to making Floating Rate Notes eligible for processing.⁶

III. Discussion

Section 19(b)(2)(C) of the Act⁷ directs the Commission to approve a self-regulatory organization's proposed rule change if the Commission 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 Act⁸ requires, among other things, that the rules of a clearing agency registered with the Commission be designed to promote the prompt and accurate clearance and settlement of securities transactions and protect investors and the public interest.

The Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁹ because it allows FICC to provide clearance and settlement services for Floating Rate Notes, as newly issued government securities, which should in turn reduce the risks associated with the trading, clearing, and settling of such securities by FICC members. In so doing, FICC should facilitate the prompt and accurate clearance and settlement of securities transactions in Floating Rate Notes. Moreover, FICC's rule change should help protect investors and the public interest by allowing the market to benefit from the risk reducing measures provided by clearing and settling Floating Rate Notes at FICC.

⁶ GSD issued Important Notice GOV012.13 on February 23, 2013 and Important Notice GOV056.13 on August 19, 2013. Both Important Notices provide members with data output guidelines and trade messaging changes. The notices are available at www.dtcc.com.

⁷ 15 U.S.C. 78s(b)(2)(C).

⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁹ *Id.*

IV. Conclusion

On the basis of the foregoing, the Commission concludes that the proposal is consistent with the requirements of the Act, particularly the requirements of Section 17A of the Act,¹⁰ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the proposed rule change (File No. SR-FICC-2013-09) be and hereby is approved.¹²

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

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71088; File No. SR-CME-2013-32]

Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Modifications to the OTC IRS Fee Schedule and Changes to the IRS Manual of Operations

December 17, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 5, 2013, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by CME. CME filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rules 19b-4(f)(2) and 19b-4(f)(4)(ii)⁴ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹⁰ 15 U.S.C. 78q-1.

¹¹ 15 U.S.C. 78s(b)(2).

¹² 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).

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(2) and 17 CFR 240.19b-4(f)(4)(ii).

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

CME is filing a proposed rule change that is limited to its business as a derivatives clearing organization. More specifically, the proposed rule change would modify the fee schedule applicable to its over-the-counter ("OTC") interest rate swap ("IRS") clearing offering and also make separate changes to the Manual of Operations for CME Cleared Interest Rate Swaps ("IRS Manual").

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

In its filing with the Commission, CME 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. CME 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 the Purpose of, and Statutory Basis for, the Proposed Rule Change

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission and currently offers clearing services for many different futures and swaps products. With this filing, CME proposes to modify the fee schedule (the "Fee Schedule") that applies to over-the-counter ("OTC") Interest Rate Swaps ("IRS") cleared at CME. The fees for clearing members clearing IRS are being modified to a \$250 per ticket fee. In addition, the volume discounts and alternative fee schedules that are included in the current OTC IRS fee schedule are being deleted. CME will also waive the clearing member fee for back-loaded trades and trades associated with customer terminations as defined in the fee schedule. Finally, the alternate customer fee schedule is being revised to remove maintenance fees and a non-substantive change is being made to simplify the fee table from a matrix specifying each currency to a single table referring to the transaction currency.

Separately, CME is also proposing certain conforming changes to its IRS Manual. The IRS Manual changes can be summarized as follows: