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SECURITIES AND EXCHANGE COMMISSION

17 CFR Parts 240 and 249

[Release No. 34-71194A; File No. S7-15-11]

RIN 3235-AL14

Removal of Certain References to Credit Ratings Under the Securities Exchange Act of 1934

AGENCY: Securities and Exchange Commission.

ACTION: Final rule; correction.

SUMMARY: The Securities and Exchange Commission published a document in the **Federal Register** of January 8, 2014 that contained an incorrect instruction. This correction is being published to correct instruction 5.b in that document.

DATES: Effective July 7, 2014.

FOR FURTHER INFORMATION CONTACT: Carrie A. O'Brien, Special Counsel, at (202) 551-5640; Office of Financial Responsibility (Net Capital, Customer Protection, and Books and Records Requirements).

SUPPLEMENTARY INFORMATION:

§ 240.15c3-1a [Corrected]

In the **Federal Register** of January 8, 2014, in FR Doc. 2013-31426, on page 1549, in the 14th line of the third column, Instruction 5.b. is corrected to read as follows:

■ b. Removing paragraphs (c)(4)(vi)(A) through (c)(4)(vi)(D);

Dated: July 2, 2014.

Lynn M. Powalski,
Deputy Secretary.

[FR Doc. 2014-15841 Filed 7-7-14; 8:45 am]

BILLING CODE 8011-01-P

DEPARTMENT OF THE TREASURY

17 CFR Parts 400, 401, 402, 403, 405, 420, 449, and 450

[Docket No. BPD GSRS 11-01]

RIN 1535-AA02

Government Securities Act Regulations; Replacement of References to Credit Ratings and Technical Amendments

AGENCY: Office of the Assistant Secretary for Financial Markets, Treasury.

ACTION: Final rule.

SUMMARY: The Department of the Treasury (Treasury) is issuing in final form an amendment to the regulations issued under the Government Securities Act of 1986, as amended (GSA), to replace references to credit ratings in the regulations with alternative requirements. Section 939A of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) requires Federal agencies to remove from their applicable regulations any reference to or requirement of reliance on credit ratings and to substitute a standard of creditworthiness as the agency determines appropriate for such regulations. This final rule amendment provides a substitute standard of creditworthiness for use in the liquid capital rule required by GSA regulations. It also contains several non-substantive, technical amendments to Treasury's GSA regulations to update certain information or to delete certain requirements that are no longer applicable.

DATES: The amendments will become effective August 7, 2014.

ADDRESSES: This final rule is available on the Bureau of the Fiscal Service's Web site at <http://www.treasurydirect.gov>. It is also available for public inspection and copying at the Treasury Department Library, 1500 Pennsylvania Avenue NW., Annex, Room 1020, Washington, DC, 20220. To visit the library, call (202) 622-0990 for an appointment.

FOR FURTHER INFORMATION CONTACT: Lori Santamorena, Executive Director, Chuck Andreatta, Associate Director, or Kevin Hawkins, Government Securities Advisor, Department of the Treasury, Bureau of the Fiscal Service,

Government Securities Regulations Staff, (202) 504-3632 or email us at govsecreg@fiscal.treasury.gov.

SUPPLEMENTARY INFORMATION: We are amending Treasury's liquid capital rule for registered government securities brokers and dealers under the GSA regulations at 17 CFR part 402 to remove references to credit ratings and substitute a standard of creditworthiness. We are issuing this amendment in order to comply with the requirements of the Dodd-Frank Act.¹ We are not narrowing or broadening the scope of financial instruments that would qualify for beneficial treatment under the existing liquid capital rule. Section 939A(a) of the Dodd-Frank Act requires that Federal agencies, to the extent applicable, "review (1) any regulation issued by such agency that requires the use of an assessment of the credit-worthiness of a security or money market instrument; and (2) any references to or requirements in such regulations regarding credit ratings." Section 939A(b) requires the agency to modify any regulations identified to "remove any reference to or requirement of reliance on credit ratings and to substitute in such regulations such standard of credit-worthiness" as the agency determines to be appropriate for such regulations.²

I. Current Liquid Capital Rule

Treasury's liquid capital rule (17 CFR 402.2) prescribes minimum regulatory capital requirements for registered government securities brokers and dealers. In general, the liquid capital rule is a minimum ratio requirement of liquid capital to risk, as measured using various "haircuts,"³ which are designed to account for the market risk inherent in a government securities broker's or dealer's securities positions and create a buffer of liquidity to protect against other risks associated with its securities business. Specifically, a government securities broker or dealer may not permit its liquid capital to be below an amount equal to 120 percent of "total haircuts," which is the sum of "credit risk haircuts" and "market risk

¹ Public Law 111-203, 124 Stat. 1376 (2010).

² See Section 939A of the Dodd-Frank Act.

³ A "haircut" in the context of Treasury's liquid capital rule refers to a deduction in the market value of securities or other instruments held by a government securities broker or dealer as part of net worth for calculating its liquid capital.