7. Other information: The notice we are giving here is in addition to any individual notice. We will file a report with the Committee on Homeland Security and Governmental Affairs of the Senate, the Committee on Oversight and Government Reform of the House of Representatives, and the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB).

Dated: January 13, 2015.

By authority of the Board.

Martha P. Rico,

Secretary to the Board.

[FR Doc. 2015–00663 Filed 1–16–15; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74046; File No. SR–FICC–2014–06]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Amend the Rules of the Government Securities Division and the Mortgage-Backed Securities Division on Insolvency and Ceasing To Act

January 13, 2015.

I. Introduction

On November 25, 2014, the Fixed Income Clearing Corporation (''FICC'') filed with the Securities and Exchange Commission (''Commission'') proposed rule change SR–FICC–2014–06 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder.[2] The proposed change was published for comment in the **Federal Register** on December 12, 2014.[3] The Commission received one comment supporting the proposed rule change.[4] For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description

The rule change, as proposed, amends the rulebooks of FICC's Government Securities Division (''GSD'') and FICC's Mortgage-Backed Securities Division (''MBSD'') to simplify those rules relating to the insolvency of a member and ceasing to act, in order to simplify certain aspects of FICC's process in a cease to act situation and provide greater legal certainty for FICC and its members, particularly in an intra-day cease to act situation.

A. Background

In connection with lessons learned from a recent close-out simulation exercise conducted by FICC's parent company, The Depository Trust & Clearing Corporation, in which FICC participated, and a related review of the GSD and MBSD rules, specific challenges were identified relating to the administration of certain aspects of GSD and MBSD insolvency and ceasing to act rule provisions, particularly in an intra-day cease to act situation.

B. ''Time of Insolvency'' and ''Cut-Off Time''

GSD and MBSD include in their current insolvency rules [5] and cease to act rules [6] the concept of a ''Time of Insolvency,'' which is defined to mean the time at which FICC determines to its reasonable satisfaction that a member is ''insolvent'' within the meaning of GSD Rule 22 or MBSD Rule 16, respectively.

This ''Time of Insolvency'' concept is distinguished from the time at which FICC ceases to act for a member. The GSD and MBSD rules currently use ''Time of Insolvency'' as a line of demarcation when determining FICC's obligations with respect to pending transactions involving the insolvent member. Specifically, transactions with the insolvent member that are not compared or deemed compared in accordance with the GSD or MBSD rules, respectively, prior to the ''Time of Insolvency'' are not eligible to be part of the close-out process, unless otherwise determined by FICC's Board of Directors in order to promote orderly settlement.

For a non-insolvency cease to act situation, the GSD rules and the MBSD rules on ceasing to act [7] currently include the concept of a ''Cut-Off Time,'' which is defined to mean a time specified in advance by FICC in a notice to its members at which it will cease to act for a member. Like the ''Time of Insolvency'' concept, ''Cut-Off Time'' is currently used in the GSD rules and the MBSD rules when determining FICC's obligations with respect to pending transactions involving the defaulted member.

Identifying an exact time at which a member has become ''insolvent'' for purposes of establishing a ''Time of Insolvency'' may pose potential challenges for FICC in circumstances where the member is deemed ''insolvent'' based upon the determination or action of a third party, such as the member's regulator, supervisory authority or a court of competent jurisdiction. In an intra-day cease to act situation where transaction data is being submitted to FICC in real-time, such potential challenges may create a lack of legal certainty for FICC and its members regarding FICC's obligations with respect to pending transactions involving the insolvent member. The rule change removes the ''Time of Insolvency'' concept from the GSD rules and the MBSD rules and instead simply relies on the single time FICC ceases to act for an insolvent member for purposes of determining its obligations with respect to pending transactions involving such insolvent member.

In order to also simplify its process in non-insolvency cease to act situations, the rule change removes the separate ''Cut-Off Time'' concept from the GSD rules and the MBSD rules, and instead relies on the single time FICC ceases to act for a defaulted member for purposes of determining its obligations with respect to pending transactions involving such defaulted member.[8]

C. Transactions Deemed Compared Based Solely on Non-Defaulting Member Data

Currently, the provisions of the GSD's rules and the MBSD's rules on ceasing to act,[9] and the related prongs of the ''Compared Trade'' definition in Rule 1 of the each of GSD's rules and MBSD's rules provide that, in the context of FICC ceasing to act for a member, a transaction involving such member that would not otherwise be compared or deemed compared under the GSD rules or the MBSD rules, respectively, may, in certain circumstances, be deemed a compared trade based solely on data submitted by a non-defaulting member. The determination of whether such a

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 73787 (December 8, 2014), 79 FR 73927 (December 12, 2014) (SR–FICC–2014–06).

[4] Letter from ''Anonymous,'' Office of the Secretary, U.S. Securities and Exchange Commission (Jan. 1, 2015).

[5] FICC, Government Securities Division Rulebook (''GSD Rulebook''), Rule 22; Fixed Income Clearing Corporation, Mortgage-Backed Securities Division Rulebook (''MBSD Rulebook''), Rule 16.

[6] GSD Rulebook, Rule 22A; MBSD Rulebook, Rule 17.

[7] GSD Rulebook, Rule 22A; MBSD Rulebook, Rule 17.

[8] In addition to simplifying FICC's rules relating to the insolvency of a member and ceasing to act, the rule change more closely aligns the GSD rules and the MBSD rules with the rules of FICC's affiliate, National Securities Clearing Corporation (''NSCC''). Under its Rule 18 (Procedures for When the Corporation Declines or Ceases to Act), NSCC relies on the time it declines or ceases to act for a member when determining which transactions involving such member will be excluded from its operations, rather than on a separate ''Time of Insolvency'' or ''Cut-Off Time,'' as applicable.

[9] GSD Rulebook, Rule 22A; MBSD Rulebook, Rule 17.

transaction should be deemed a compared trade is currently based on a multi-pronged facts-and-circumstances-based test, including determinations as to whether the transaction was executed prior to FICC ceasing to act for the defaulted member, whether the transaction was entered into in good faith and not primarily in order to take advantage of the defaulted member's financial condition and whether the transaction is an ''Off-the-Market Transaction'' as defined in Rule 1 of each of GSD's rules and MBSD's rules.

Administering such a multi-pronged facts-and-circumstances-based test for individual transactions in a cease to act situation, particularly an intra-day cease to act situation where transaction data is being submitted to FICC in real-time, may pose potential challenges to FICC and create a lack of legal certainty for FICC and its members regarding FICC's obligations with respect to individual pending transactions involving the insolvent or otherwise defaulted member. In order to simplify FICC's process in a cease to act situation and provide FICC and its members with greater ex ante legal certainty regarding the rules applicable to pending transactions involving an insolvent or otherwise defaulted member, the rule change removes the multi-pronged facts and circumstances-based test and the related provisions of each of GSD's rules and MBSD's rules, and instead simply relies on the compared trade definitions under each of GSD's and MBSD's rules, subject to the discretion of FICC's Board of Directors to determine otherwise in order to promote orderly settlement with respect to transactions the data on which have been submitted only by non-defaulting members.

D. GSD Rule Changes

The rule change, as approved, amends the GSD rules as follows:

In Rule 1—''Definitions,'' the following definitions have been revised:

The term ''Compared Trade'' is revised to remove the prong of the definition which provides that, in the context of FICC ceasing to act for a member under GSD Rule 22A, a transaction involving such member that would not otherwise be a Compared Trade under the GSD rules may, in certain circumstances, be deemed a Compared Trade based solely on data submitted by a non-defaulting member.

The term ''Off-the-Market Transaction'' is revised to conform the text and the numbering of the definition with the text and numbering of the parallel ''Off-the-Market Transaction'' definition in the MBSD rules.

In Rule 3A—''Sponsoring Members and Sponsored Members,'' Sections 15(a) and 16(a) of Rule 3A are revised to remove references to Rule 22, current Section 3 (Notification of Insolvency) and related conforming changes to the text of such sections are made. Section 15(b) of Rule 3A is revised to remove the reference to the ''Time of Insolvency'' concept and to align the text regarding the actions taken by FICC in connection with the insolvency of a Sponsored Member with the parallel text included in Section 16 of Rule 3A relating to the actions taken by FICC in connection with the insolvency of a Sponsoring Member. Consistent with the numbering of Section 15 of Rule 3A, Section 16(a) of Rule 3A is revised to make the second paragraph a new subsection (b). New Section 16(b) is also revised to align the text regarding the actions taken by FICC in connection with the insolvency of a Sponsoring Member with the parallel text included in Section 15(b) relating to the actions taken by FICC in connection with the insolvency of a Sponsored Member.

In Rule 22—''Insolvency of a Member,'' current Section 3, which provides for FICC to notice its membership and the Commission regarding the insolvency of a GSD member, is removed in order to clarify that GSD members and the Commission will only receive one notice from FICC at the time it ceases to act for a GSD member in accordance with the provisions of Section 1 of Rule 22A (Procedures for When the Corporation Ceases to Act), whether FICC ceases to act for the member for insolvency or non-insolvency related reasons. Section 4 of Rule 22 (Ceasing to Act for the Member) is renumbered as new Section 3 and revised to remove the reference to the ''Time of Insolvency'' concept.

In Rule 22A—''Procedures for When the Corporation Ceases to Act,'' Section 1 (Notification) is revised to clarify that FICC will notice the Commission and GSD members of every decision to cease to act for a member. Section 1 is further revised to remove the requirement that FICC establish a separate ''Time of Insolvency,'' in the event it ceases to act because of a member's insolvency, or ''Cut-Off Time,'' in the event it ceases to act for a member for non-insolvency related reasons.

Sections 2, 2(a) and 2(b) of Rule 22A are revised remove the ''Time of Insolvency'' and ''Cut-Off Time'' concepts, and instead rely on the time FICC ceases to act for a member for purposes of determining its obligations with respect to pending transactions involving such member. Section 2(a) is further revised to use the defined term ''Compared Trade'' for purposes of clarifying which transactions are eligible to be part of the close-out process as of the time FICC ceases to act for a member, subject to the discretion of FICC's Board of Directors to determine otherwise in order to promote orderly settlement.

Section 2(c) of Rule 22A, which provides that, in the context of FICC ceasing to act for a member, a transaction involving such member that would not otherwise be compared or deemed compared under the GSD rules may, in certain circumstances, be deemed compared based solely on data submitted by a non-defaulting member, based on a multi-pronged facts and circumstances-based test, is removed. FICC will instead rely on the ''Compared Trade'' definition in GSD Rule 1 when determining its obligations with respect to pending transactions involving an insolvent or otherwise defaulted member, subject to the discretion of FICC's Board of Directors to determine otherwise in order to promote orderly settlement with respect to transactions the data on which have been submitted only by non-defaulting members.

E. MBSD Rule Changes

The rule change, as approved, amends the MBSD rules as follows:

In Rule 1—''Definitions,'' the following definitions have been revised:

The term ''Compared Trade'' is revised to remove the prong of the definition which provides that, in the context of FICC ceasing to act for a member under MBSD Rule 17, a transaction involving such member that would not otherwise be compared or deemed compared under the MBSD rules may, in certain circumstances, be deemed a Compared Trade based solely on data submitted by a non-defaulting member. The ''Compared Trade'' definition is further clarified to reference the specific MBSD rules [10] pursuant to which a transaction would be compared or deemed compared by MBSD.

In Rule 16—''Insolvency of a Member,'' current Section 3 of Rule 16, which provides for FICC to notice its membership and the Commission regarding the insolvency of a member, is removed in order to clarify that MBSD members and the Commission will only receive one notice from FICC at the time FICC ceases to act for a MBSD member in accordance with the provisions of Section 1 of Rule 17 (Procedures for When the Corporation Ceases to Act), whether FICC ceases to act for a MBSD

[10] MBSD Rulebook, Rule 5 and Rule 7.

member for insolvency or non-insolvency related reasons. Section 4 of Rule 16 (Ceasing to Act for the Member) is renumbered as new Section 3 and revised to remove the reference to the ''Time of Insolvency'' concept.

In Rule 17—''Procedures for When the Corporation Ceases to Act,'' Section 1 (Notification) is revised to clarify that FICC will notice the Commission as well as MBSD's members of every decision to cease to act for a MBSD member. Section 1 of Rule 17 is further revised to remove the requirement that FICC establish a separate ''Time of Insolvency,'' in the event it ceases to act because of a member's insolvency, or ''Cut-Off Time,'' in the event it ceases to act for a member for non-insolvency related reasons.

Sections 2, 2(a), 2(d) and 2(e) of Rule 17 are revised to remove the ''Time of Insolvency'' and ''Cut-Off Time'' concepts, and instead rely on the time FICC ceases to act for a member for purposes of determining its obligations with respect to pending transactions involving such member.

Section 2(g) of Rule 17, which provides that, in the context of FICC ceasing to act for a MBSD member, a transaction involving such member that would not otherwise be compared or deemed compared under the MBSD rules may, in certain circumstances, be deemed compared based solely on data submitted by a non-defaulting member, based on a multi-pronged facts and circumstances-based test, is removed. FICC will instead rely on the compared trade definitions in the MBSD rules when determining its obligations with respect to pending transactions involving an insolvent or otherwise defaulted member, subject to the discretion of FICC's Board of Directors to determine otherwise in order to promote orderly settlement with respect to transactions the data on which have been submitted only by non-defaulting members.

III. Discussion

Section 19(b)(2)(C) of the Act [11] directs the Commission to approve a proposed rule change of a self-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 Act [12] requires, among other things, that the rules of a clearing agency be designed to achieve several goals, including promoting the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions.

The Commission concludes that the proposed rule change is consistent with Section 17A(b)(3)(F) [13] of the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder because it will promote the prompt and accurate clearance and settlement of securities transactions and remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. In particular, the rule change simplifies FICC's process in a cease to act situation and provide greater legal certainty for FICC and its members as to FICC's obligations with respect to pending transactions involving an insolvent or otherwise defaulted member, particularly in an intra-day cease to act situation.

IV. 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,[14] and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[15] that the proposed rule change (SR–FICC–2014–06) be, and hereby is, *approved.*[16]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[17]

Brent J. Fields,

Secretary.

[FR Doc. 2015–00704 Filed 1–16–15; 8:45 am]

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[11] 15 U.S.C. 78s(b)(2)(C).

[12] 15 U.S.C. 78q–1(b)(3)(F).

[13] 15 U.S.C. 78q–1(b)(3)(F).

[14] 15 U.S.C. 78q–1.

[15] 15 U.S.C. 78s(b)(2).

[16] 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).

[17] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, that the Securities and Exchange Commission will hold a Closed Meeting on Thursday, January 22, 2015 at 2:00 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), 9(B) and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matter at the Closed Meeting.

Commissioner Stein, as duty officer, voted to consider the items listed for the Closed Meeting in closed session.

The subject matter of the Closed Meeting will be:

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings

Consideration of amicus participation; and

Other matters relating to enforcement proceedings.

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: January 15, 2015.

Brent J. Fields,

Secretary.

[FR Doc. 2015–00926 Filed 1–15–15; 4:15 pm]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74042; File No. SR–OCC–2015–01]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change Concerning the Date of the Annual Meeting of The Options Clearing Corporation's Stockholders

January 13, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that, on January 7, 2015, The Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change described in I Items I, II and III below, which Items have been prepared by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A) [3] of the Act and Rule 19b–4(f)(3) [4]

[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)(3).