

Section 6(b) of the Act.<sup>5</sup> Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act<sup>6</sup>, which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. The proposed increases in voluntary professional and professional fees are reasonable because of the growth in professional and voluntary professional trading volume.<sup>7</sup> This growth requires the Exchange to continually invest in software, hardware and personnel, the cost of which can reasonably be expected to be borne by these professional and voluntary professional market participants that cause these investments.

The Exchange believes the proposed increases in voluntary professional and professional fees are equitable and not unfairly discriminatory because the fees as noted are generally tied to an overall increase in activity on the Exchange. This heightened activity results in greater costs to the Exchange, which in turn is being passed back through to those participants who utilize the resources of the Exchange. Further, these increased fees will be applied equally to all market participants to whom they apply, and are in line with similar fees offered on other exchanges.<sup>8</sup> Maintaining \$0.20 per contract voluntary professional and professional fees for contracts executed through QCC transactions or AIM is equitable and not unfairly discriminatory because this is the same amount as is being assessed to broker-dealers for QCC or AIM transactions (broker-dealers being similarly-situated as voluntary professionals and professionals for these purposes).

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others*

The Exchange neither solicited nor received comments on the proposed rule change.

### **III. Date of Effectiveness of the Proposed Rule Change and Timing of Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Act and paragraph (f) of Rule 19b-4<sup>10</sup> thereunder. 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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

### **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-CBOE-2012-035 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-CBOE-2012-035. 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-CBOE-2012-035 and should be submitted on or before May 8, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-66786; File No. SR-CME-2012-10]**

### **Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change Regarding Acceptance of Additional Interest Rate Swaps and Related Interbank Rates for Clearing**

April 11, 2012.

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 March 30, 2012, the Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which items have been prepared primarily by CME. The Commission is publishing this Notice and Order to solicit comments on the proposed rule change from interested persons and to approve the proposed rule change on an accelerated basis.

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

CME proposes to amend its rules related to its business as a derivatives clearing organization offering interest rate swap ("IRS") clearing services. More specifically, the proposed rule changes would facilitate the acceptance of Japanese Yen ("JPY"), Swiss Franc ("ZHF"), and Australian Dollar ("AUD")

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> See Note 3.

<sup>8</sup> See Note 4.

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 C.F.R. 240.19b-4(f).

<sup>11</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.

denominated interest rate swaps and related interbank rates for clearing. The proposed rule change also contains the corresponding fee changes. The text of the proposed rule change is available at CME's Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

## II. Self-Regulatory Organization's Statement of 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 III 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 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 IRS. The changes that are the subject of this filing are proposed rules that would facilitate CME's acceptance of JPY, ZHF, and AUD IRS and related interbank rates for clearing beginning April 16, 2012.

The proposed changes would be made to current CME Rule 90102.E. The proposed changes would simply add the following line items: AUD-BBR-BBSW; AUD-LIBOR-BBA; and AUD-AONIA-OIS-COMP.

In connection with the acceptance of such swaps, CME is also amending its fee schedules for OTC IRS to reflect the fees for JPY, ZHF and AUD denominated IRS. The proposed rule change features a new fee schedule that would be applicable to IRS Clearing Members clearing OTC IRS transactions and, separately, a new fee schedule that would be applicable to customers of IRS Clearing Members clearing OTC IRS transactions.

In addition, CME also proposes to make corresponding changes to its Manual of Operations for CME Cleared Interest Rate Swaps ("IRS Manual"). These changes would update the IRS Manual to reflect the new denominations and rate options and certain other associated operational changes.

CME believes the proposed rule change is consistent with the requirements of the Act and particularly with Section 17A of the Act because it involves clearing of swaps and futures

contracts and thus relate solely to CME's swaps and futures clearing activities pursuant to its registration as a derivatives clearing organization under the Commodity Exchange Act ("CEA") and does not significantly affect any securities clearing operations of the clearing agency or any related rights or obligations of the clearing agency or persons using such service. CME further notes that the policies of the CEA with respect to clearing are comparable to a number of the policies underlying the Act, such as promoting market transparency for over-the-counter derivatives and futures markets, promoting the prompt and accurate clearance of transactions, and protecting investors and the public interest. The proposed rule changes accomplish those objectives by offering investors clearing for an expanded range of IRS products at CME.

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

CME does not believe that the proposed rule change will have any impact or impose any burden on competition.

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

CME has not solicited and does not intend to solicit comments regarding this proposed rule change. CME has not received any unsolicited written comments from interested parties.

## III. 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 may be submitted by using 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 No. SR-CME-2012-10 on the subject line.

- Paper comments should be sent 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-CME-2012-10. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of CME and on CME's Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>. 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-CME-2012-10 and should be submitted on or before May 8, 2012.

## IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

Section 19(b) of the Act<sup>3</sup> 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. The Commission finds that the proposed rule change is consistent with the requirements of the Act, in particular with the requirements of Section 17A of the Act,<sup>4</sup> and the rules and regulations thereunder applicable to CME. Specifically, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act, which requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of derivative agreements, contracts, and transactions because it will allow CME to offer its services in clearing IRS products to a broader category of IRS products and thereby should promote the prompt and

<sup>3</sup> 15 U.S.C. 78s(b).

<sup>4</sup> 15 U.S.C. 78q-1. In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

accurate clearance and settlement of derivative agreements, contracts, and transactions.<sup>5</sup>

In its filing, CME requested that the Commission approve this proposed rule change prior to the thirtieth day after the date of publication of the notice of the filing. CME has articulated three reasons for so granting approval. One, the products covered by this filing and CME's operations as a derivatives clearing organization for such products are regulated by the CFTC under the CEA. Two, the proposed rule change relates solely to IRS products and therefore relate solely to CME's swaps clearing activities and do not significantly relate to CME's functions as a clearing agency for security-based swaps. Three, not approving this request on an accelerated basis will have a significant impact on the swap clearing business of CME as a designated clearing organization.

The Commission finds good cause for granting approval of the proposed rule change prior to the thirtieth day after publication of the notice of its filing because: (i) The proposed rule change does not significantly affect any securities clearing operations of the clearing agency (whether in existence or contemplated by its rules) or any related rights or obligations of the clearing agency or persons using such service; (ii) the clearing agency has indicated that not providing accelerated approval would have a significant impact on its IRS clearing business as a designated clearing organization; and (iii) the activity relating to the non-security clearing operations of the clearing agency for which the clearing agency is seeking approval is subject to regulation by another federal regulator.

## V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR-CME-2012-10) is approved on an accelerated basis.

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

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

[FR Doc. 2012-9143 Filed 4-16-12; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-66785; File No. SR-FICC-2012-01]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Make a Technical Correction to the Rule Relating to the Calculation of Funds-Only Settlement Amounts for Repo Brokers

April 11, 2012.

#### I. Introduction

On February 14, 2012, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-FICC-2012-01 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder. The proposed rule change was published for comment in the **Federal Register** on March 5, 2012.<sup>3</sup> The Commission received no comment letters regarding the proposal. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

#### II. Description

The proposed rule change consists of modifications to Rule 19, Section 4 of the rules of the Government Securities Division ("GSD") of FICC. The purpose of the rule change is to make technical corrections to GSD Rule 19 (Special Provisions For Brokered Repo Transactions), Section 4 (Calculations of Funds-Only Settlement Amounts for Repo Brokers) as described below. GSD Rule 19, Section 4 states that FICC may retain any amount of a Credit Forward Mark Adjustment Payment that is in excess of the Cap<sup>4</sup> and that interest earned on such amount shall be paid to the Repo Broker on the subsequent business day. The second part of this sentence is incorrectly stated because FICC pays interest to those who were debited forward mark adjustment amounts not those who were credited

such amounts. On the following day (i.e., the day after the broker received the Credit Forward Mark Adjustment Payment) when the broker is debited the interest for the use of funds it received as a credit, the broker will be debited the interest on the amount that it actually received as a credit (i.e., it will not be debited interest for the amount of Credit payment withheld above the Cap). The rule is also revised to state that Repo Brokers with more than one Segregated Repo Account must aggregate Debit Forward Mark Adjustments and Credit Forward Mark Adjustment Payments in those accounts for purposes of the Cap. The Repo Brokers currently comply with this correction and the revision reflects current practice.

#### III. Discussion

Section 19(b)(2)(B) of the Act<sup>5</sup> 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. In particular, Section 17A(b)(3)(F)<sup>6</sup> of the Act 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 assure the safeguarding of securities and funds which are in the custody or control of such clearing agency or for which it is responsible. Because the proposed change would align FICC's rulebook with its practices and provide transparency in its processes, the Commission believes that the proposed rule change is consistent with FICC's obligations under the Act.

#### IV. Conclusion

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

*It is therefore ordered*, pursuant to Section 19(b)(2)<sup>7</sup> of the Act, that the proposed rule change (File No. SR-FICC-2012-01) be, and hereby is, approved.<sup>8</sup>

<sup>5</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 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).

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

<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> Securities Exchange Act Release No. 34-66485 (February 28, 2012), 77 FR 13164 (March 5, 2012). In its filing with the Commission, FICC included statements concerning the purpose of and basis for the proposed rule change. The text of these statements is incorporated into the discussion of the proposed rule change in Section II below.

<sup>4</sup> The GSD rules define "Cap" as any Debit Forward Mark Adjustment Payment or Credit Forward Mark Adjustment Payment up to a dollar amount, as determined by FICC from time to time, that is automatically collected from or paid to the Repo Broker, as applicable.