



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66777; File No. SR-ICC-2012-04)

April 10, 2012

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change to Add Rules Related to the Clearing of Emerging Markets Sovereign Index CDS

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on April 3, 2012, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by ICC.³ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The purpose of proposed rule change is to adopt new rules that will provide the basis for ICC to clear additional credit default swap (“CDS”) contracts. Specifically, ICC is proposing to amend Chapter 26 of its rules to add Section 26C to provide for the clearance of the CDX Emerging Markets CDS contracts (“CDX.EM Contracts”), which reference an emerging market sovereign index. Upon Commission approval, ICC will list the five year tenor of the CDX.EM Series 14, 15, 16 and 17 contracts.

As discussed in more detail in Item II(A) below, Section 26C (CDX Untranchured Emerging Markets) provides for the definitions and certain specific contract terms for cleared

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Commission has modified the text of the descriptions prepared by ICC.

CDX.EM Contracts. A conforming change is also made to the definition of “Restructuring CDS Contract” in Section 26E (CDS Restructuring Rules) to encompass components of CDX.EM Contracts that are subject to a restructuring credit event.

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

In its filing with the Commission, ICC included statements concerning the purpose of 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. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

ICC has identified CDX.EM Contracts as a product that has become increasingly important for market participants to manage risk and express views with respect to emerging market sovereign credit. ICC believes clearance of CDX.EM Contracts will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of securities and funds associated with swap transactions.

CDX.EM Contracts have similar terms to the CDX North American Index CDS contracts (“CDX.NA Contracts”) currently cleared by ICC and governed by Section 26A of the ICC rules. Accordingly, the proposed rules found in Section 26C largely mirror the ICC rules for CDX.NA Contracts in Section 26A, with certain modifications that reflect the underlying reference entities (sovereign reference entities instead of corporate) and differences in terms and market conventions between CDX.EM Contracts and CDX.NA Contracts. The CDX.EM Contracts reference the CDX.EM Index, the current series of which consists of 15 emerging market

sovereign entities: Argentina, Venezuela, Brazil, Malaysia, Colombia, Hungary, Indonesia, Panama, Peru, South Africa, the Philippines, Turkey, Russia, Ukraine and Mexico. CDX.EM Contracts, consistent with market convention and widely used standard terms documentation, can be triggered by credit events for failure to pay, restructuring and repudiation/mortatorium (by contrast to the credit events of failure to pay and bankruptcy applicable to the CDX.NA Contracts). CDX.EM Contracts will only be denominated in U.S. dollars.

Rule 26C-102 (Definitions) sets forth the definitions used for the CDX.EM Contract Rules. An “Eligible CDX.EM Untranching Index” is defined as “each particular series and version of a CDX.EM index or sub-index, as published by the CDX.EM Untranching Publisher, included from time to time in the List of Eligible CDX.EM Untranching Indexes,” which is a list maintained, updated and published from time to time by the ICC board of directors or its designee, containing certain specified information with respect to each index. “CDX.EM Untranching Terms Supplement” refers to the market standard form of documentation used for credit default swaps on the CDX.EM index, which is incorporated by reference into the contract specifications in Chapter 26C. The remaining definitions are substantially the same as the definitions found in ICC Section 26A, other than certain conforming changes.

Specifically, Rules 26C-309 (Acceptance of CDX.EM Untranching Contract), 26C-315 (Terms of the Cleared CDX.EM Untranching Contract), and 26C-316 (Updating Index Version of Fungible Contracts After a Credit Event or a Succession Event; Updating Relevant Untranching Standard Terms Supplement) reflect or incorporate the basic contract specifications for CDX.EM Contracts and are substantially the same as under ICC Section 26A for CDX.NA Contracts. In addition to various non-substantive conforming changes, proposed Rule 26C-317 (Terms of CDX.EM Untranching Contracts) differs from the corresponding Rule 26A-317 to reflect the fact

that restructuring and repudiation/moratorium are credit events for the CDX.EM Contract. (CDX.NA Contracts currently cleared by ICC do not use the restructuring and repudiation/moratorium credit event.)

In addition, a conforming change is made to the definition of “Restructuring CDS Contract” in Section 26E (CDS Restructuring Rules) to address components of CDX.EM Contracts that become subject to a restructuring credit event. The treatment of such restructuring credit events for CDX.EM Contracts will thus be as set forth in existing Section 26E of the Rules.

ICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act and the rules and regulations thereunder applicable to it. ICC believes that the clearance of CDX.EM Contracts will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of securities and funds associated with swap transactions.

(B) Self-Regulatory Organization’s Statement on Burden on Competition

ICC does not believe the proposed rule change would 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

Written comments relating to the proposed rule change have not been solicited or received. ICC will notify the Commission of any written comments received by ICC.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change or

(B) institute proceedings to determine whether the proposed rule change should be 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 e-mail to rule-comments@sec.gov. Please include File Number SR-ICC-2012-04 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-ICC-2012-04. This file number should be included on the subject line if e-mail 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 website (<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 website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E.,

Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 pm.

Copies of such filings will also be available for inspection and copying at the principal office of ICC and on ICC's website at

https://www.theice.com/publicdocs/regulatory_filings/040312b_ICEClearCredit.pdf.

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-ICC-2012-04 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴

Kevin O'Neill
Deputy Secretary

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⁴ 17 CFR 200.30-3(a)(12).