



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67970; File No. SR-ICC-2012-12)

October 3, 2012

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change to Amend Schedule 502 of the ICE Clear Credit Rules to Provide for Clearing of Additional Single Name Investment Grade CDS Contracts

I. Introduction

On August 9, 2012, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-ICC-2012-12 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”).¹ The proposed rule change was published for comment in the Federal Register on August 24, 2012.² The Commission received no comment letters. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description of the Proposal

The purpose of proposed rule change is to provide for the clearance of the following twenty additional investment grade Standard North American Corporate Single Name CDS contracts: Nucor Corporation; V.F. Corporation; The Procter & Gamble Company; Encana Corporation; Weatherford International Ltd.; Chevron Corporation; Nexen Inc.; Energy Transfer Partners, L.P.; Apache Corporation; Kimco Realty Corporation; Prudential Financial, Inc.; Prologis, L.P.; HCP, Inc.; Lincoln National Corporation; The Travelers Companies, Inc.; Textron Financial Corporation; Textron Inc.; The Williams Companies, Inc.; Pacific Gas and Electric

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 34-67696 (August 20, 2012), 77 FR 51599 (August 24, 2012).

Company; and Starwood Hotels & Resorts Worldwide, Inc. (the “Additional Single Names”).

As with the Standard North American Corporate Single Names currently cleared, ICC plans to provide for the clearance of contracts with a restructuring type of no restructuring, standardized maturity dates up to the 10-year tenor and both standardized coupons. One of the Additional Single Names (Starwood Hotels & Resorts Worldwide, Inc.) was recently added by Markit as one of the one hundred twenty-five single constituents of its Markit CDX North American Investment Grade Series 18 Index, and is not currently being cleared by ICC. Another of the Additional Single Names (Textron Financial Corporation) is a constituent of the Series 8 through 12 of the Markit CDX North American Investment Grade Index, and has not been cleared previously by ICC. All other Additional Single Names are not constituents of Series 8 through 18 of the Markit CDX North American Investment Grade Index. The Additional Single Names do not require any changes to the body of the ICC Rules. ICC will clear the Additional Single Names pursuant to ICC’s existing Rules. The Additional Single Names do not require any changes to the ICC risk management framework including the ICC margin methodology, guaranty fund methodology, pricing parameters, or pricing model. The only change submitted was the inclusion of the Additional Single Names to Schedule 502 of the ICC Rules. The Additional Single Names were reviewed by the ICC Risk Department, the ICC Trading Advisory Committee, and the ICC Risk Committee.

III. Discussion

Section 19(b)(2)(C) of the Act³ 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 Act⁴ 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 the extent applicable, derivative agreements, contracts, and transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

The proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) and other requirements of the Act.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act⁵ and the rules and regulations thereunder.

³ 15 U.S.C. 78s(b)(2)(C).

⁴ 15 U.S.C. 78q-1(b)(3)(F).

⁵ 15 U.S.C. 78q-1.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁶ that the proposed rule change (File No. SR-ICC-2012-12) be, and hereby is, approved.⁷

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.⁸

Kevin M. O'Neill
Deputy Secretary

[FR Doc. 2012-24858 Filed 10/09/2012 at 8:45
am; Publication Date: 10/10/2012]

⁶ 15 U.S.C. 78s(b)(2).

⁷ 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).

⁸ 17 CFR 200.30-3(a)(12).