



8011-01p
SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-72358; File No. SR-ICC-2014-09)

June 10, 2014

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Update the ICC Risk Management Framework

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 May 30, 2014, 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. ICC filed the proposal pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(1)⁴ thereunder, so that the proposal was effective upon filing with the Commission. 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 this proposed rule change is to revise the ICC Risk Management Framework to clarify language related to ICC’s forced allocation procedures. This revision does not require any changes to the ICC Rules.

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)(1).

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 regarding 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

The proposed revision to ICC's Risk Management Framework is intended to clarify language related to ICC's forced allocation procedures and to promote consistency between ICC's forced allocation procedures as set forth in the ICC Rules and the ICC Risk Management Framework.

ICC believes such revision will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. The proposed revision is described in detail as follows.

Currently, the ICC Risk Management Framework states that, in the event of a forced allocation, positions will be allocated to Clearing Participants ("CPs") based on each CP's overall risk profile. Under ICC Rule 20-605(c)(vii), ICC, in the event of a failed auction or other inability to close-out or transfer relevant positions, may allocate positions to Non-Defaulting CPs on a pro rata basis in proportion to the size of each CP's required contribution to the Guaranty Fund, as relative to the aggregate of all Non-Defaulting CPs' required contributions to the Guaranty Fund. ICC proposes revising the

ICC Risk Management Framework to more closely reflect the forced allocation language in ICC Rule 20-605(c)(vii). Specifically, ICC proposes adding clarifying language which states that in the event of a forced allocation, positions will be allocated to each Non-Defaulting CP on a pro rata basis in proportion to the size of each CP's required contribution to the Guaranty Fund. ICC believes this update to the ICC Risk Management Framework alleviates potential confusion regarding the allocation process. This is a clarifying revision, and the changes to the ICC Risk Management Framework do not require any operational changes.

Section 17A(b)(3)(F) of the Act⁵ 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 comply with the provisions of the Act and the rules and regulations thereunder. ICC believes that the proposed revision is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to Section 17A(b)(3)(F)⁶, because ICC believes that the proposed rule changes will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of securities and funds associated with swap transactions which are in the custody or control of ICC or for which it is responsible. The revision to the ICC Risk Management Framework alleviates potential confusion regarding the allocation process. As such, the proposed rule changes will facilitate the prompt and accurate settlement of

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ Id.

swaps and contribute to the safeguarding of customer funds and securities within the control of ICC within the meaning of Section 17A(b)(3)(F)⁷ of the Act.

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

ICC does not believe the proposed revision would have any impact, or impose any burden, on competition. The revision to ICC's Risk Management Framework regarding forced allocation procedures applies uniformly across all CPs. Therefore, ICC does not believe the proposed revision imposes any burden on competition that is inappropriate 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

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)⁸ of the Act and Rule 19b-4(f)(1)⁹ thereunder because the update constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. Specifically, ICC is updating language in the ICC Risk Management Framework to more closely reflect the forced allocation procedures set forth in ICC Rule 20-605(c)(vii). 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

⁷ Id.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(1).

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 e-mail to rule-comments@sec.gov. Please include File Number SR-ICC-2014-09 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICC-2014-09. 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 Room, 100 F Street, N.E., Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of ICE Clear Credit and on ICE Clear Credit's website at <https://www.theice.com/notices/Notices.shtml?regulatoryFilings>.

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-2014-09 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.¹⁰

Kevin M. O'Neill
Deputy Secretary

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¹⁰ 17 CFR 200.30-3(a)(12).