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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-72762; File No. SR-ICC-2014-12)

August 5, 2014

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Revise the ICC Treasury Policies and Procedures

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 July 21, 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. The Commission is publishing this notice 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 the Terms of Substance of the Proposed Rule Change

The purpose of the proposed rule change is to revise the ICC Treasury Policies and Procedures to correct an error in order to properly describe ICC’s policy regarding permitted counterparties to ICC’s repurchase agreement transactions (“Repo Transactions”).<sup>3</sup> This revision does not require any changes to the ICC Clearing Rules.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Generally, Repo Transactions are the purchase or sale of U.S. Treasury securities with the simultaneous agreement to sell or buy back the securities with the same counterparty on the next business day.

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 III 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 Treasury Policies and Procedures is intended to correct an error in order to properly describe ICC's policy regarding permitted counterparties to ICC's Repo Transactions.

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 Treasury Policies and Procedures state that ICC may not enter in Repo Transactions with counterparties that are affiliates of ICC Clearing Participants. This statement contains an error, and does not accurately reflect ICC's policy in regards to prohibited repo counterparties. Such provision in the ICC Treasury Policies and Procedures was intended to prohibit the use of affiliates of ICC as repo counterparties, consistent with the prohibition contained in CFTC Regulation 1.25(d)(3), which states, in relevant part, "A...derivatives clearing organization shall not enter into an agreement to repurchase or resell with a counterparty that is an affiliate of the...derivatives clearing organization." However, ICC's policy language inadvertently included the phrase "affiliates of ICE Clear Credit Clearing Participants" rather

than the proper language “affiliates of ICE Clear Credit.” ICC proposes revising the ICC Treasury Policies and Procedures to accurately reflect ICC’s policy in regards to prohibited repo counterparties. ICC proposes amending the policy to clarify that ICC prohibits the use of repo counterparties that are affiliates of ICC, rather than affiliates of ICC Clearing Participants. This revision to the Treasury Policies and Procedures does not require any operational changes.

Section 17A(b)(3)(F) of the Act<sup>4</sup> 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),<sup>5</sup> 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 Treasury Policies and Procedures corrects an error in order to properly describe ICC’s policy regarding permitted counterparties to ICC’s Repo Transactions. As such, the proposed rule changes will facilitate the prompt and accurate settlement of 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)<sup>6</sup> of the Act.

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<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>5</sup> Id.

<sup>6</sup> Id.

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 Treasury Policies and Procedures to correct an error in order to properly describe ICC's policy regarding permitted counterparties to ICC's Repo Transactions 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. 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](mailto:rule-comments@sec.gov). Please include File Number SR-ICC- 2014-12 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-2014-12. 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, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of ICC and on ICC's website at <https://www.theice.com/clear-credit/regulation>.

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-2014-12 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Section 19(b)(2)(C) of the Act<sup>7</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

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

organization. Section 17A(b)(3)(F) of the Act<sup>8</sup> requires, among other things, that the rules of a registered 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, 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, and, in general, to protect investors and the public interest.

The Commission finds that the proposed revision to ICC's Treasury Policies and Procedures is consistent with the requirements of the Act, in particular the requirements of Section 17A(b)(3)(F) of the Act,<sup>9</sup> and the rules and regulations thereunder applicable to ICC. As currently written, ICC's Treasury Policies and Procedures prohibit ICC from engaging in Repo Transactions, including reverse Repo Transactions, with affiliates of ICC Clearing Participants. The proposed rule change would allow ICC to engage additional repo counterparties and, therefore, expand its capacity to manage its cash deposits pursuant to its cash management program. The Commission finds that the proposed rule change promotes the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, and is consistent with the requirement of safeguarding securities and funds in the custody or control of the clearing agency or for which it is responsible in Section 17A(b)(3)(F) of the Act.

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<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>9</sup> Id. 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).

ICC has requested that the Commission approve the proposed rule change on an accelerated basis for good cause shown. ICC states that, as a result of recent contractions in the repo marketplace that have decreased its capacity to engage in reverse Repo Transactions, it has a pressing need to timely engage additional reverse repo counterparties so it has sufficient repo counterparty relationships and transaction capacity to collateralize its cash deposits pursuant to its cash management program. ICC further represented that maintaining sufficient repo counterparty relationships and transaction capacity is critical for risk mitigation purposes, and delaying the effectiveness of this proposed rule change may result in ICC being unable to timely secure additional repo counterparties. The Commission finds good cause, pursuant to Section 19(b)(2)(C)(iii) of the Act,<sup>10</sup> for approving the proposed rule change on an accelerated basis.

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<sup>10</sup> 15 U.S.C. 78s(b)(2)(C)(iii).

V. Conclusion

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-ICC-2014-12) be, and hereby is, approved on an accelerated basis.

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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<sup>11</sup> 17 CFR 200.30-3(a)(12).