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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-86036; File No. SR-ICC-2019-006]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to ICC's Risk Management Model Description
June 5, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 23, 2019, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange 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.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the ICC Risk Management Model Description. These revisions do not require any changes to the ICC Clearing Rules ("Rules").

II. Clearing Agency'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, security-based swap submission, or advance notice and discussed any comments it received on the proposed rule change, security-based swap submission, or advance notice. The text of these statements may be

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change
(a) Purpose

ICC proposes to revise its Risk Management Model Description. Specifically, ICC proposes minor, clarifying changes to address comments received from an independent validation, as well as additional clean-up changes. The independent validator comments revolve around clarification updates that do not change ICC's current risk methodology. ICC believes that such revisions 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 changes are described in detail as follows.

ICC proposes minor changes to the 'Initial Margin Methodology' section to maintain uniformity and provide additional clarity in the Risk Management Model Description. ICC proposes to update a symbol representing the portfolio level liquidity charge ("LC") in an equation in the 'Portfolio Level LC' sub-section to match the symbol used throughout the document to reference the portfolio level LC. Moreover, the Risk Management Model Description numbers key equations so they can be easily referenced. As such, ICC proposes to include a number corresponding to the equation for the portfolio level LC and to re-number the equations that follow accordingly. In the 'Portfolio Level Concentration Charge' sub-section, ICC proposes to correct a typographical error when referencing the portfolio level concentration charge ("CC"); to update a symbol representing the portfolio level CC in an equation to match the symbol

used throughout the document to reference the portfolio level CC; and to include a number corresponding to the equation for the portfolio level CC, re-numbering the equations that follow accordingly. Additionally, ICC proposes to update a symbol representing the portfolio level interest rate (“IR”) sensitivity requirement in an equation in the ‘IR Sensitivity Risk Analysis’ sub-section to match the symbol used throughout the document to refer to the portfolio level IR sensitivity requirement. ICC further proposes updates to the ‘Portfolio Loss Boundary Condition’ sub-section to replace certain general references to sections with more specific references to equations in those sections to provide for additional clarity.

ICC proposes to make such changes effective shortly after filing with the Commission, on or about May 31, 2019.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Act³ 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; 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 to comply with the provisions of the Act and the rules and regulations thereunder. ICC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to Section 17(A)(b)(3)(F)⁴, because ICC believes that the proposed rule change will promote the prompt and accurate

³ 15 U.S.C. 78q-1(b)(3)(F).

⁴ Id.

clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions, and contribute to the safeguarding of securities and funds associated with security-based swap transactions in ICC's custody or control, or for which ICC is responsible. The proposed changes to the Risk Management Model Description to address independent validator comments provide additional clarity regarding ICC's risk methodology. The clean-up changes that enhance readability further ensure that the documentation of ICC's Risk Management Model Description remains up-to-date, clear, and transparent. ICC believes that having policies and procedures that clearly and accurately document ICC's risk methodology and practices are an important component to the effectiveness of ICC's risk management system, which promotes the prompt and accurate clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions and contributes to the safeguarding of securities and funds associated with security-based swap transactions in ICC's custody or control, or for which ICC is responsible. As such, the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions and to contribute to the safeguarding of securities and funds associated with security-based swap transactions in ICC's custody or control, or for which ICC is responsible within the meaning of Section 17A(b)(3)(F) of the Act.⁵

In addition, the proposed rule change is consistent with the relevant requirements of Rule 17Ad-22.⁶ Rule 17Ad-22(b)(2)⁷ requires ICC to establish, implement, maintain

⁵ Id.

⁶ 17 CFR 240.17Ad-22.

⁷ 17 CFR 240.17Ad-22(b)(2).

and enforce written policies and procedures reasonably designed to use margin requirements to limit its credit exposures to participants under normal market conditions and use risk-based models and parameters to set margin requirements and review such margin requirements and the related risk-based models and parameters at least monthly. The proposed changes provide additional clarity regarding ICC's risk methodology, including the calculation of risk requirements, and maintain uniformity in the document such that ICC's Risk Management Model Description remains up-to-date, clear, and transparent, thereby improving and promoting ICC's use of margin requirements to limit its credit exposures to participants under normal market conditions, consistent with the requirements of Rule 17Ad-22(b)(2).⁸

Rule 17Ad-22(b)(3)⁹ requires ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain sufficient financial resources to withstand, at a minimum, a default by the two Clearing Participant ("CP") families to which it has the largest exposures in extreme but plausible market conditions. The proposed changes to the Risk Management Model Description provide further clarity and transparency regarding ICC's risk methodology and enhance ICC's approach to identifying potential weaknesses in the risk methodology, thereby ensuring that ICC maintains sufficient financial resources to withstand, at a minimum, a default by the two

⁸ Id.

⁹ 17 CFR 240.17Ad-22(b)(3).

CP families to which it has the largest exposures in extreme but plausible market conditions, consistent with the requirements of Rule 17Ad-22(b)(3).¹⁰

Rule 17Ad-22(d)(8)¹¹ requires ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to have governance arrangements that are clear and transparent to fulfill the public interest requirements in Section 17A of the Act.¹² ICC's Risk Management Model Description clearly assigns and documents responsibility and accountability for risk decisions and requires consultation with or approval from the ICC Board, committees, or management. Moreover, the proposed updates ensure that the document remains up-to-date and clear, such that ICC's governance of the document is clear, transparent, and carried out effectively. These governance arrangements thus continue to be clear and transparent so information relating to the assignment of responsibilities for risk decisions and the requisite involvement of the ICC Board, committees, and management is clearly documented, consistent with the requirements of Rule 17Ad-22(d)(8).¹³

(B) Clearing Agency's Statement on Burden on Competition

ICC does not believe the proposed rule changes would have any impact, or impose any burden, on competition. The proposed changes to ICC's Risk Management Model Description will apply uniformly across all market participants. Therefore, ICC

¹⁰ Id.

¹¹ 17 CFR 240.17Ad-22(d)(8).

¹² 15 U.S.C. 78q-1.

¹³ 17 CFR 240.17Ad-22(d)(8).

does not believe the proposed rule changes impose any burden on competition that is inappropriate in furtherance of the purposes of the Act.

(C) Clearing Agency'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 pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 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 e-mail to rule-comments@sec.gov. Please include File Number SR-ICC-2019-006 on the subject line.

Paper Comments:

Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549.

All submissions should refer to File Number SR-ICC-2019-006. 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/clear-credit/regulation>.

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ICC-2019-006 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.¹⁴

Eduardo A. Aleman,
Deputy Secretary.

¹⁴ 17 CFR 200.30-3(a)(12).

