

plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 477 (17 CFR 230.477) under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) sets forth procedures for withdrawing a registration statement, including any amendments or exhibits to the registration statement. The rule provides that if an issuer intends to rely on the safe harbor contained in Securities Act Rule 155 to conduct an unregistered private offering of securities, the issuer must affirmatively state in the withdrawal application that it plans to undertake a subsequent private offering of its securities. Without this statement, the Commission would not be able to monitor a company's reliance on, and compliance with, Securities Act Rule 155(c). We estimate that approximately 327 issuers will file Securities Act Rule 477 submissions annually at an estimated one hour per response for a total annual burden of approximately 327 hours.

Written comments are invited on: (a) Whether this proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Please direct your written comments to Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: June 2, 2016.

**Brent J. Fields,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77982; File No. SR-ICC-2016-005]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Amendment No. 1 and Order Approving Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Update and Formalize the ICC Stress Testing Framework

June 2, 2016.

#### I. Introduction

On March 31, 2016, ICE Clear Credit LLC ("ICC" or "ICE Clear Credit") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to update and formalize ICC's stress testing framework. On April 20, 2016 ICC filed Amendment No. 1 to the proposal.<sup>3</sup> The proposed rule change was published for comment in the *Federal Register* on April 21, 2016.<sup>4</sup> The Commission did not receive comments on the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change, as modified by Amendment No. 1.

#### II. Description of the Proposed Rule Change

The principal purpose of the proposed rule change is to update and formalize ICC's Stress Testing Framework, which sets forth the stress testing practices instituted by ICC. The framework, according to ICC, is designed to: Articulate the types of stress tests executed and the main purpose of each type of test; describe how stress tests are conducted; define the actual test scenarios currently executed; outline the range of remedial actions available (which, depending on the results, may include enhancements to the risk methodology or certain Clearing Participant ("CP") specific

action); and explain how stress test results are used in the governance process.

ICC states that the stress testing framework helps ICC identify potential weaknesses in the risk management methodology currently used and, as a result, allows ICC to identify potential model enhancements to the Initial Margin and Guaranty Fund models, as well as identify the need to exercise short term remedies based upon specific CP positions and risk of exposure prior to introduction of model enhancements.

ICC represents that during the execution of stress testing, the ICC Risk Department ("Risk Department") applies the standard set of pre-defined Stress Test Scenarios against actual portfolios, sample portfolios derived from currently cleared positions, and expected future portfolios, as appropriate, to generate hypothetical profits or losses. According to ICC, the Risk Department compares the hypothetical losses to the available funds from the Initial Margin requirements and Guaranty Fund contribution related to the selected portfolios. A scenario deficiency is identified in the event that the hypothetical loss exceeds the protection provided by the available collateral assets and mutualization funds. ICC states that, depending on the plausibility of the stress scenarios and the frequency and severity of any resulting deficiencies, the Risk Department may recommend enhancements to the risk methodology.

ICC represents that it utilizes certain predefined scenarios for its stress testing, which fall into three standard categories: (i) Historically observed extreme but plausible market scenarios; (ii) historically observed and hypothetically constructed (forward looking) extreme but plausible market scenarios with a baseline credit event; and (iii) extreme model response tests (collectively, "Stress Test Scenarios"). ICC states that discordant scenarios (*i.e.*, scenarios under which selected risk factors move in opposite directions; commonly the behavior deviates from historically observed behavior) are applied to certain instruments to account for discordant price moves.

ICC asserts that it applies the Stress Test Scenarios to a variety of portfolios. Specifically, ICC applies the Stress Test Scenarios to all currently cleared portfolios. ICC states that its Risk Department may also apply the Stress Test Scenarios to sample portfolios obtained from currently cleared portfolios and may also apply the Stress Test Scenarios to staff-constructed, expected future portfolios, as ICC's Risk

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

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

<sup>3</sup> ICE Clear Credit filed Amendment No. 1 to further revise the Stress Testing Framework to incorporate language regarding the treatment of unrated reference entities for the purposes of applying the stress scenarios. Under Amendment No. 1, ICC has clarified that unrated reference entities are treated as non-investment grade entities with respect to the application of stress scenarios. Amendment No. 1 is not subject to comment because it is a technical, clarifying amendment that does not alter the substance of the proposed rule change or raise any novel regulatory issues.

<sup>4</sup> Securities Exchange Act Release No. 34-77633 (April 15, 2016), 81 FR 23531 (April 21, 2016) (SR-ICC-2016-005).

Department deems appropriate, to mimic expected future portfolios upon the launch of new services. In this case, ICC states that the stress test analysis is presented to and reviewed by ICC's Risk Committee prior to the launch of the new clearing services. ICC represents that it may design specific portfolio sets to test the validity of certain model/system assumptions. According to ICC, the stress test results from such expected future portfolio executions are reviewed and analyzed internally, and may be used to support future model initiatives.

ICC states that it also designs stress test analysis directed toward the identification of wrong-way risk in cleared portfolios. For every cleared portfolio, ICC asserts that all positions in index risk factors and single name risk factors that exhibit high degree of association with the considered CP are used to create a sub-portfolio which will be subjected to additional stress test analysis. The constructed sub-portfolio is subjected to the same Stress Test Scenarios utilized by ICC.

The framework also describes ICC's reverse stress testing (Guaranty Fund Adequacy Analysis) practices. According to ICC, the purpose of the adequacy analysis is to provide estimates for the level of protection achieved by the clearinghouse via its Initial Margin and Guaranty Fund models. In performing its analysis, ICC represents that it considers a combination of adverse price realizations and idiosyncratic credit events associated with reference obligations on which the stress tested CP sold protection. ICC's Stress Testing Framework also describes the correlation sensitivity analysis performed by ICC, based on Monte Carlo simulations, as well as the additional recovery rate sensitivity analysis.

ICC's framework also details how stress testing is utilized in ICC's governance process. ICC states that it maintains a framework to ensure that ICC's Risk Committee and Board are provided with transparency into the Risk Department's stress test results and contemplated methodology changes. According to ICC, stress testing results are reviewed, at a minimum, by ICC's Risk Department weekly. Additionally, ICC states that stress testing results are provided to ICC's Risk Committee weekly and a report of such results is presented to the Risk Committee on a monthly basis. Ad hoc reviews of the stress testing results may be undertaken at the discretion of ICC's Chief Risk Officer.

In the event of any deficiencies noted upon stress testing, ICC represents that

its Risk Department must report such deficiencies to ICC senior management and the Risk Committee, and either (a) provide analysis that the results do not highlight a significant weakness in the stress testing or risk methodology; or (b) recommend enhancements to the stress testing or risk methodology. ICC states that ICC senior management and the Risk Committee will review and recommend any stress testing or risk methodology enhancements to the ICC Board, which is responsible for approval. ICC states that the Risk Department may also choose to add new scenarios and portfolios in response to deficiencies noted upon stress testing; in this case, the Risk Department will discuss with the Risk Committee, which will recommend to the Board, which is responsible for approval.

ICC asserts that the Risk Department maintains a standard set of Stress Scenarios and portfolios (namely actual portfolios, sample portfolios derived from currently cleared portfolios, and expected future portfolios) that are executed on a regular basis. In the event that a scenario or portfolio in the standard set is no longer applicable, or has been superseded by new scenarios or portfolios, ICC claims that the Risk Department may wish to retire or modify the outdated scenario or portfolio, in which case, the Risk Department will, with ICC senior management: Conduct analysis to support a recommendation; discuss the analysis and obtain a recommendation from the Risk Committee; and present the final analysis to the Board for approval. ICC states that, in the interest of prudent risk management, the Risk Department may wish to add scenarios and/or portfolios to the standard set and that Risk Committee or Board approval is not required unless such scenarios and/or portfolios are added in response to stress testing deficiencies, as described above.

Previous versions of ICC's framework included the Risk Working Group in the governance structure, as ICC consulted with the Risk Working Group as it worked to develop its initial stress testing approach and appropriate scenarios. ICC states that, as it now has a fully developed approach, stress testing remains focused on data analysis and reporting results, which ICC claims are addressed at the Risk Committee and Board level. Thus, to reflect current governance practices, references to the Risk Working Group have been removed from its framework.

### III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act<sup>5</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act<sup>6</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, 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. In addition, Rule 17Ad-22(b)(3),<sup>7</sup> requires registered clearing agencies to maintain, at a minimum, sufficient financial resources to withstand a default by the participant family to which it has the largest exposure in extreme but plausible market conditions, and for registered clearing agencies acting as a central counterparty for security-based swaps, to maintain additional financial resources sufficient to withstand, at a minimum, a default by the two participant families to which it has the largest exposures in extreme but plausible market conditions.

The Commission finds that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>8</sup> and the rules and regulations thereunder applicable to ICC.

ICC's Stress Testing Framework establishes ICC's stress testing practices. These stress testing practices are designed, among other things, to ensure the adequacy of ICC's financial resources under applicable legal requirements, and set forth the methodology by which ICC evaluates potential portfolio profits and losses, compared to the Initial Margin and Guaranty Fund funds maintained, in order to identify any potential weakness in ICC's risk methodology. Such financial resources will facilitate ICC's continued operations in the event of a participant default. As such, the Commission believes that the proposed rule changes are designed to promote the prompt and accurate clearance and settlement of securities transactions,

<sup>5</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>7</sup> 17 CFR 240.17Ad-22(b)(3).

<sup>8</sup> 15 U.S.C. 78q-1.

derivatives agreements, contracts, and transactions within the meaning of Section 17A(b)(3)(F) <sup>9</sup> of the Act.

The Commission also believes that the proposed changes will satisfy the applicable requirements of Rule 17Ad-22.<sup>10</sup> In particular, the Stress Testing Framework contains stress testing practices designed to ensure that ICE Clear Credit maintains sufficient financial resources to withstand a default by the participant family to which it has the largest exposure in extreme but plausible market conditions, and that as a registered clearing agency acting as a central counterparty for security-based swaps, ICC maintains additional financial resources sufficient to withstand, at a minimum, a default by the two participant families to which it has the largest exposures in extreme but plausible market conditions, consistent with the requirements of Rule 17Ad-22(b)(3).<sup>11</sup>

#### 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 Act<sup>12</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>13</sup> that the proposed rule change (File No. SR-ICC-2016-005) as modified by Amendment No. 1, be, and hereby is, approved.<sup>14</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Brent J. Fields,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77976; File No. SR-NYSE-2016-11]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Designation of Longer Period for Commission Action on a Proposed Rule Change, as Modified by Amendment No. 1, To Establish Certain End User Fees, Amend the Definition of Affiliate, and Amend the Co-Location Section of the Price List To Reflect the Changes

June 2, 2016.

On April 4, 2016, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to establish fees relating to certain end users, amend the definition of Affiliate, and amend the co-location section of the Price List to reflect the changes. The Commission published the proposed rule change for comment in the **Federal Register** on April 22, 2016.<sup>3</sup> On April 29, 2016, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission received two comment letters on the proposed rule change.<sup>5</sup>

Section 19(b)(2) of the Act<sup>6</sup> provides that, within 45 days of the publication of the notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the

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

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

<sup>3</sup> See Securities Exchange Act Release No. 34-77642 (April 18, 2016), 81 FR 23786 (“Notice”).

<sup>4</sup> Amendment No. 1 made technical changes relating to the General Notes numbering and references in the Co-location section of the Price List.

<sup>5</sup> See Letter from Michael J. Friedman, General Counsel and CCO, Trillium to Brent J. Fields, Secretary, Commission, dated May 13, 2016; see also Letter from Eero Pikat to the Commission, dated May 13, 2016.

<sup>6</sup> 15 U.S.C. 78s(b)(2).

proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> designates July 21, 2016, as the date by which the Commission should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change (File No. SR-NYSE-2016-11), as modified by Amendment No. 1.

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

**Brent J. Fields,**  
*Secretary.*

[FR Doc. 2016-13474 Filed 6-7-16; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77974; File No. SR-NYSEArca-2016-77]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Options Fee Schedule and the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services To Eliminate Certain Services That Are No Longer Utilized by Users and To Remove Obsolete Text

June 2, 2016.

Pursuant to section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the “Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on May 23, 2016, NYSE Arca, Inc. (the “Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 the Substance of the Proposed Rule Change

The Exchange proposes amend the NYSE Arca Options Fee Schedule (the “Options Fee Schedule”) and, through its wholly owned subsidiary NYSE Arca Equities, Inc. (“NYSE Arca Equities”), the NYSE Arca Equities Schedule of

<sup>7</sup> *Id.*

<sup>8</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>9</sup> *Id.*

<sup>10</sup> 17 CFR 240.17Ad-22.

<sup>11</sup> 17 CFR 240.17Ad-22(b)(3).

<sup>12</sup> 15 U.S.C. 78q-1.

<sup>13</sup> 15 U.S.C. 78s(b)(2).

<sup>14</sup> 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).

<sup>15</sup> 17 CFR 200.30-3(a)(12).