

should be submitted on or before April 9, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 5463/March 13, 2020]

### Investment Advisers Act of 1940; Order Under Section 206A of the Investment Advisers Act of 1940 Granting Exemptions From Specified Provisions of the Investment Advisers Act and Certain Rules Thereunder

The current outbreak of coronavirus disease 2019 (COVID-19) was first reported on December 31, 2019. The disease has led to disruptions to transportation, including buses, subways, trains and airplanes, and the imposition of quarantines around the world, which may limit investment advisers' access to facilities, personnel, and third party service providers. The Commission recognizes that, in these circumstances, investment advisers may face challenges in timely satisfying provisions of the Investment Advisers Act of 1940 ("Advisers Act") and rules thereunder concerning the filing and delivery of certain reports and disclosures. In light of the current situation, we are issuing this Order providing a temporary exemption from certain requirements of the Advisers Act.

Section 206A of the Advisers Act provides that the Commission may conditionally or unconditionally exempt any person or transaction, or any class or classes of persons or transactions, from any provision or provisions of the Advisers Act, or any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act.

#### I. Time Period for the Relief

The relief specified in this Order is limited to filing or delivery obligations, as applicable, for which the original due date is on or after the date of this Order but on or prior to April 30, 2020. The Commission intends to continue to monitor the current situation. The time

period for any or all of the relief may, if necessary, be extended with any additional conditions that are deemed appropriate, and the Commission may issue other relief as necessary or appropriate.

#### II. Form ADV and Form PF Filing Requirements for Registered Investment Advisers and Exempt Reporting Advisers

The disruptions resulting from COVID-19 that are mentioned above could hamper the efforts of investment advisers to timely meet certain filing and delivery deadlines. At the same time, advisory clients and the Commission have an interest in the timely availability of required information about investment advisers, and we remind investment advisers who rely on this Order to continue to evaluate their obligations, including their fiduciary duty, under the federal securities laws. In light of the current and potential effects of COVID-19, the Commission finds that the exemptions set forth below:

are necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act; and are necessary and appropriate to the exercise of the powers conferred on it by the Advisers Act.

The necessity for prompt action of the Commission does not permit prior notice of the Commission's action.

Accordingly, it is *ordered*, pursuant to Section 206A of the Advisers Act:

For the time period specified in Section I, a registered investment adviser is exempt from the requirements: (a) Under Rule 204-1 of the Advisers Act to file an amendment to Form ADV; and (b) under Rule 204-3(b)(2) and (b)(4) related to the delivery of Form ADV Part 2 (or a summary of material changes) to existing clients, where the conditions below are satisfied;

For the time period specified in Section I, an exempt reporting adviser is exempt from the requirements under Rule 204-4 under the Advisers Act to file reports on Form ADV, where the conditions below are satisfied; and

For the time period specified in Section I, a registered investment adviser that is required by Section 204(b) of and Rule 204(b)-1 under the Advisers Act to file Form PF is exempt from those requirements, where the conditions below are satisfied.

#### Conditions

(a) The registered investment adviser or exempt reporting adviser is unable to

meet a filing deadline or delivery requirement due to circumstances related to current or potential effects of COVID-19;

(b) The investment adviser relying on this Order with respect to the filing of Form ADV or delivery of its brochure, summary of material changes, or brochure supplement required by Rule 204-3(b)(2) or (b)(4), promptly provides the Commission via email at *IARDLive@sec.gov* and discloses on its public website (or if it does not have a public website, promptly notifies its clients and/or private fund investors of) the following information:

- (1) That it is relying on this Order;
- (2) a brief description of the reasons why it could not file or deliver its Form on a timely basis; and
- (3) the estimated date by which it expects to file or deliver the Form.

(c) Any investment adviser relying on this order with respect to filing Form PF required by Rule 204(b)-1 must promptly notify the Commission via email at *FormPF@sec.gov* stating:

- (1) That it is relying on this Order;
- (2) a brief description of the reasons why it could not file its Form on a timely basis; and;
- (3) the estimated date by which it expects to file the Form.

(d) The investment adviser files the Form ADV or Form PF, as applicable, and delivers the brochure (or summary of material changes) and brochure supplement required by Rule 204-3(b)(2) and (b)(4) under the Advisers Act, as soon as practicable, but not later than 45 days after the original due date for filing or delivery, as applicable.

By the Commission.

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88379; File No. SR-ICC-2020-002]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Relating to the ICC Risk Management Model Description, ICC Stress Testing Framework, ICC Liquidity Risk Management Framework, ICC Back-Testing Framework, and ICC Risk Parameter Setting and Review Policy

March 13, 2020.

On January 14, 2020, ICE Clear Credit LLC ("ICC"), filed with the Securities

<sup>24</sup> 17 CFR 200.30-3(a)(12), (59).

and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend its rules to make certain changes to the Risk Management Model Description, Stress Testing Framework, Liquidity Risk Management Framework, Back-Testing Framework, and Risk Parameter Setting and Review Policy in connection with the clearing of credit default index swaptions. The proposed rule change was published for comment in the *Federal Register* on January 31, 2020.<sup>3</sup> To date, the Commission has not received comments on the proposed rule change.

Section 19(b)(2) of the Act<sup>4</sup> provides that within 45 days of the publication of 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 either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day from the publication of notice of filing of this proposed rule change is March 16, 2020.

The Commission is extending the 45-day time period for Commission action on the proposed rule change, in which ICC would make the changes noted above. The Commission finds it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider ICC’s proposed rule change.

Accordingly, pursuant to Section 19(b)(2)<sup>5</sup> of the Act, and for the reasons discussed above, the Commission designates April 30, 2020, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-ICC-2020-002).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88382; File No. SR-FICC-2020-801]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of No Objection To Advance Notice To Amend the Mortgage-Backed Securities Division Stress Testing Methodology

March 13, 2020.

On January 21, 2020, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the advance notice SR-FICC-2020-801 (“Advance Notice”) pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”)<sup>1</sup> and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934 (“Act”).<sup>2</sup> The Advance Notice describes modifications to the Mortgage-Backed Securities Division’s (“MBSD”) stress testing methodology, which is described in the Methodology Document—MBSD Market and Credit Risk Stress Test Models (“Stress Testing Methodology Document”).<sup>3</sup> The Advance Notice was published for public comment in the *Federal Register* on February 27, 2020,<sup>4</sup> and the Commission has received no comments regarding the changes proposed in the Advance Notice. This publication serves as notice of no objection to the Advance Notice.

#### I. The Advance Notice

##### A. Background

MBSD provides trade comparison, netting, risk management, settlement, and central counterparty services for U.S. mortgage-backed securities market. FICC manages its credit exposures to its

members by collecting an appropriate amount of margin from each member.<sup>5</sup> The aggregate of all MBSD members’ margin amounts (together with certain other deposits required under the MBSD Rules) constitutes MBSD’s Clearing Fund, which FICC would access should a member default with insufficient margin to satisfy any FICC losses caused by the liquidation of the defaulting member’s portfolio.<sup>6</sup>

FICC uses stress testing to test the sufficiency of its prefunded financial resources.<sup>7</sup> In contrast to FICC’s margin methodologies, which are designed to limit FICC’s credit exposures under normal market conditions,<sup>8</sup> FICC’s stress testing methodologies are designed to quantify FICC’s potential losses under extreme but plausible market conditions.<sup>9</sup> Therefore, stress testing is designed to help FICC identify credit risks beyond those contemplated by FICC’s margin methodologies, including credit exposures that might result from the realization of potential stress scenarios, such as extreme price changes, multiple defaults, or changes in other valuation inputs and assumptions.<sup>10</sup> As a result, stress testing helps FICC identify the amount of financial resources necessary to cover its credit exposure under stress scenarios in extreme but plausible market conditions.<sup>11</sup>

FICC’s stress testing methodologies have three key components.<sup>12</sup> First, FICC analyzes the securities and risk exposures in its members’ portfolios to identify the principal market risk drivers and capture the risk sensitivity of the portfolios under stressed market conditions.<sup>13</sup>

Second, FICC develops a comprehensive set of scenarios designed

<sup>5</sup> See Rule 4 (Clearing Fund and Loss Allocation) of the FICC MBSD Clearing Rules (“MBSD Rules”), available at [www.dtcc.com/legal/rules-and-procedures.aspx](http://www.dtcc.com/legal/rules-and-procedures.aspx).

<sup>6</sup> See *id.*

<sup>7</sup> On December 19, 2017, the Commission approved FICC’s adoption of the Clearing Agency Stress Testing Framework (Market Risk) (“Stress Testing Framework”), which among other things, sets forth the purpose of FICC’s stress testing and describes certain methodologies FICC uses in its stress testing. Securities Exchange Act Release No. 82368 (December 19, 2017), 82 FR 61082 (December 26, 2017) (SR-DTC-2017-005; SR-FICC-2017-009; SR-NSCC-2017-006) (“Stress Testing Framework Order”).

<sup>8</sup> See *e.g.*, Securities Exchange Act Release No. 80253 (March 15, 2017), 82 FR 14581, 14582 (March 21, 2017) (SR-FICC-2017-004).

<sup>9</sup> See Stress Testing Framework Order, *supra* note 7, 82 FR at 61083; Notice of Filing, *supra* note 4 at 11413.

<sup>10</sup> See *id.*; 17 CFR 240.17Ad-22(a)(17).

<sup>11</sup> See Stress Testing Framework Order, *supra* note 7, 82 FR at 61083; Notice of Filing, *supra* note 4 at 11413.

<sup>12</sup> See *id.*

<sup>13</sup> See *id.*

<sup>6</sup> 17 CFR 200.30-3(a)(31).

<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

<sup>3</sup> As part of the Advance Notice, FICC filed Exhibit 3a—Methodology Document—MBSD Market and Credit Risk Stress Models. Pursuant to 17 CFR 240.24b-2, FICC requested confidential treatment of Exhibit 3a.

<sup>4</sup> Securities Exchange Act Release No. 34-88266 (February 24, 2020), 85 FR 11413 (February 27, 2020) (SR-FICC-2020-801) (“Notice of Filing”).

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

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

<sup>3</sup> Securities Exchange Act Release No. 88047 (Jan. 27, 2020), 85 FR 5756 (Jan. 31, 2020) (SR-ICC-2020-002).

<sup>4</sup> 15 U.S.C. 78s(b)(2).

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