ETP Holders to modify their order entry and/or cancellation practices so that fewer orders or shares are cancelled without resulting in an execution, thereby promoting price discovery and transparency and enhancing order execution opportunities on the Exchange.

Intramarket Competition. The Exchange believes the proposed Ratio Threshold Fees would not place any undue burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fees are designed to encourage ETP Holders to submit orders or shares into the market that are actionable. Further, the proposal would apply to all ETP Holders on an equal basis, and, as such, the proposed change would not impose a disparate burden on competition among market participants on the Exchange. To the extent that these purposes are achieved, the Exchange believes that the proposal would serve as an incentive for ETP Holders to modify their order entry practices, thus enhancing the quality of the market and increase the volume of orders or shares directed to, and executed on, the Exchange. In turn, all the Exchange's market participants would benefit from the improved market liquidity.

Intermarket Competition. The Exchange operates in a highly competitive market in which market participants can readily favor other exchange and off-exchange venues. In such an environment, the Exchange must continually review, and consider adjusting its services along with its fees and rebates, to remain competitive with other exchanges and with off-exchange venues. Because competitors are free to modify their own services, and their fees and credits in response, the Exchange does not believe the proposed fee change can impose any burden on intermarket competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A) [28] of the Act and subparagraph (f)(2) of Rule 19b–4 [29] thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) [30] of the Act to determine whether the proposed rule change should be approved or disapproved.

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 email to *rule-comments@sec.gov.* Please include File Number SR–NYSEArca–2020–45 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–NYSEArca–2020–45. This file number should be included on the subject line if email 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 the Exchange. 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–NYSEArca–2020–45, and should be submitted on or before June 18, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[31]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–11405 Filed 5–27–20; 8:45 am]

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[28] 15 U.S.C. 78s(b)(3)(A).

[29] 17 CFR 240.19b–4(f)(2).

[30] 15 U.S.C. 78s(b)(2)(B).

[31] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[[Release No. 34–88925; File No. SR–ICC–2020–004]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC CDS Instrument On-Boarding Policies and Procedures

May 21, 2020.

I. Introduction

On March 30, 2020, ICE Clear Credit LLC (''ICC'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4,[2] a proposed rule change to update and formalize the ICC CDS Instrument On-boarding Policies and Procedures (''Instrument On-boarding Policy''). The proposed rule change was published for comment in the **Federal Register** on April 8, 2020.[3] The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice Relating to the ICC CDS Instrument On-boarding Policies and Procedures; Exchange Act Release No. 88545 (Apr. 2, 2020); 85 FR 19785 (Apr. 8, 2020) (SR–ICC–2020–004) (''Notice'').

II. Description of the Proposed Rule Change

The proposed rule change would update and formalize the Instrument On-boarding Policy.[4] The Instrument On-boarding Policy would describe ICC's procedures for selecting new products for clearing, and would organize those procedures into the following components: Instrument selection, on-boarding governance, operational setup, risk evaluation, pricing evaluation, and dress rehearsal.

With respect to instrument selection, ICC would, as described in the Instrument On-boarding Policy, establish an initial universe of new products that it potentially could clear. ICC would establish this initial universe based on (1) its current business strategy, (2) products that are actively traded bilaterally between ICC Clearing Participants but not cleared at ICC, and (3) feedback from Clearing Participants and the Trading Advisory Group regarding the products they would like ICC to clear. From there, ICC would analyze the initial universe of new products that it potentially could clear to see which of those products met ICC's guiding principles. As described in the On-boarding Policy, these guiding principles would require that ICC consider products that meet certain standards for open interest and volume, be capable of being cleared through ICC's existing systems and processes, and support industry wide initiatives and protocols.

Once ICC has determined that a product meets its guiding principles, it would next proceed with the appropriate governance actions for clearing the proposed new product. As described in the Instrument On-boarding Policy, the specific governance actions required before clearing the product would depend on which of four categories the product falls into: (1) A new product that falls under a previously approved product category and type, such as a previously approved CDS corporate single name (*e.g.,* North American Corporate Single Names) or a previously approved CDS sovereign single name type (*e.g.,* Emerging Market Sovereign Single Names), (2) a new product that falls under an approved product category but is a new type that is not considered in the ICC Rules (*e.g.,* a new type of single name CDS not already considered in the ICC Rules), (3) a new product that falls under a new product category that is not considered in the ICC Rules (*e.g.,* a product in a category other than CDS on indices and CDS on single names), and (4) a new product that falls out of scope of the standard on-boarding process, such as a new CDS index issued after a credit event affecting one of the companies in the index. For each category, the Instrument On-boarding Policy would explain the governance process, including notification to and review and approval by relevant stakeholders such as ICC's Board, committees and working groups, and regulators. Moreover, for all of the categories, ICC would review with the Risk Committee a risk impact analysis and pricing analysis with respect to clearing the new product and would also review the risk and pricing parameters and evaluation results with the Trading Advisory Committee and Risk Working Group.

The Instrument On-boarding Policy would also require that ICC complete an operational configuration before clearing a new product. Specifically, ICC would be required to configure its systems to evaluate and accept transactions, process and net transactions, and price the proposed product. Moreover, the On-boarding Policy would describe how ICC defines the reference obligation (meaning the particular bond that is either guaranteed or issued by the reference entity) for a new product and further would describe how ICC defines the legal and economic terms of a new product using the ISDA Credit Derivatives Physical Settlement Matrix.

Regarding risk evaluation, the Instrument On-boarding Policy would describe how ICC would ensure that its risk model adequately captures the risks associated with the new product. As described in the Instrument On-boarding Policy, ICC would do so by performing back-testing and stress-testing on portfolios containing the proposed new product. In doing so, ICC would seek to demonstrate that the risks associated with the proposed product are appropriately accounted for by ICC's risk models and that Initial Margin and Guaranty Fund requirements will provide adequate protection to ICC and its Clearing Participants.

Similarly, for pricing evaluation, the Instrument On-boarding Policy would require that ICC ensure its end-of-day price discovery process operates effectively with the proposed product and adequately captures the price dynamics of the new product. Additional detail with respect to the end-of-day price discovery process would be available in ICC's End-of-Day Price Discovery Policies and Procedures.

Finally, before launching clearing of a new product, the Instrument On-boarding Policy would require that ICC perform a dress rehearsal, lasting at least two weeks, during which the end-of-day price discovery process would be executed for the new product each business day. During the dress rehearsal, ICC would collect price submissions and fine tune pricing parameters, as needed.

Once ICC has successfully completed this dress rehearsal and the other steps in the on-boarding process and received any required regulatory approvals, the Instrument On-boarding Policy would allow ICC to deem a product eligible for clearing and add it to the ICC Cleared Products list.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act 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 organization.[5] For the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act[6] and Rule 17Ad–22(d)(4).[7]

A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of ICC be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, as well as to assure the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible.[8] As discussed above, the proposed rule change would update and formalize the Instrument On-boarding Policy. The Instrument On-boarding Policy would describe ICC's procedures for selecting new products for clearing, including instrument selection, governance, operational setup, risk evaluation, pricing evaluation, and dress rehearsal. In doing so, the Commission believes that the Instrument On-boarding Policy should provide a method for ICC to determine whether to clear new products and prepare for the clearance of such new products, thereby promoting the

[4] Capitalized terms not otherwise defined herein have the meanings assigned to them in the Instrument On-boarding Policy or the ICC Rules, as applicable.

[5] 15 U.S.C. 78s(b)(2)(C).

[6] 15 U.S.C. 78q–1(b)(3)(F).

[7] 17 CFR 240.17Ad–22(d)(4).

[8] 15 U.S.C. 78q–1(b)(3)(F).

accurate clearance and settlement of transactions in such products.

Moreover, the Commission believes the Instrument On-boarding Policy, by setting standards for instrument selection, operational set up, risk and pricing evaluation, and governance for clearing new products would help to mitigate potential risks created by clearing new products, such as the risk that ICC's risk model would not adequately manage the risks associated with a new product. Similarly, the Commission believes that the required dress rehearsal would allow ICC to identify potential issues with the end-of-day pricing process before accepting a new product for clearing. The Commission believes that the risks associated with clearing a new product, including application of ICC's existing risk model and end-of-day pricing process, could, if not adequately managed, disrupt ICC's ability to clear and settle transactions in other products and safeguard securities and funds in its custody and control. Thus the Commission believes that, in providing ICC means for managing the risks associated with clearing a new product, the proposed rule change should help to promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds in ICC's custody and control.

Therefore, the Commission finds that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds in ICC's custody and control, consistent with the Section 17A(b)(3)(F) of the Act.[9]

B. Consistency With Rule 17Ad–22(d)(4)

Rule 17Ad–22(d)(4) requires that ICC establish, implement, maintain and enforce written policies and procedures reasonably designed to identify sources of operational risk and minimize them through the development of appropriate systems, controls, and procedures.[10] As discussed above, the Commission believes that the Instrument On-boarding Policy would help to mitigate potential risks associated with new products. In particular, the Commission believes that in requiring ICC to complete an operational configuration to evaluate and accept transactions, process and net transactions, and price the proposed new product, the Instrument On-boarding Policy should help ICC to identify potential operational risks before clearing the new product. Similarly, the Commission believes that the required dress rehearsal should allow ICC to identify potential operational issues with the end-of-day pricing process and settlement before accepting a new product for clearing. Taken together, the Commission believes the Instrument On-boarding Policy should enable ICC to identify the operational risks associated with a new product and minimize those risks prior to clearing a new product. For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad–22(d)(4).[11]

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act[12] and Rule 17Ad–22(d)(4).[13]

It is therefore ordered pursuant to Section 19(b)(2) of the Act[14] that the proposed rule change (SR–ICC–2020–004), be, and hereby is, approved.[15]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–11401 Filed 5–27–20; 8:45 am]

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[9] 15 U.S.C. 78q–1(b)(3)(F).

[10] 15 U.S.C. 17Ad–22(d)(4).

[11] 15 U.S.C. 17Ad–22(d)(4).

[12] 15 U.S.C. 78q–1(b)(3)(F).

[13] 17 CFR 240.17Ad–22(d)(4).

[14] 15 U.S.C. 78s(b)(2).

[15] 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).

[16] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–88928; File No. SR–ICEEU–2020–007]

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change, as Modified by Partial Amendment No. 1, Relating to the ICE Clear Europe Auction Terms for CDS Default Auctions and CDS Default Management Policy (formerly the CDS Default Management Framework).

May 21, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on May 12, 2020, ICE Clear Europe Limited (''ICE Clear Europe'' or the ''Clearing House'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule changes described in Items I, II and III below, which Items have been prepared by ICE Clear Europe. On May 20, 2020, ICE Clear Europe filed Partial Amendment No. 1 to the proposed rule change.[3] The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Partial Amendment No. 1 (hereinafter the ''proposed rule change''), from interested persons.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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

ICE Clear Europe Limited (''ICE Clear Europe'' or the ''Clearing House'') proposes to amend its Auction Terms for CDS Default Auctions (the ''CDS Auction Terms'') and CDS Default Management Policy (the ''Policy''), formerly the CDS Default Management Framework. The revisions do not involve any changes to the ICE Clear Europe Clearing Rules (the ''Rules'') or other Procedures.[4]

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICE Clear Europe 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 IV below. ICE Clear Europe has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

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

(a) Purpose

ICE Clear Europe is proposing to amend its CDS Auction Terms and the Policy. The proposed amendments to the CDS Auction Terms would (1) add a new ''all or nothing'' bidding type, (2) clarify certain procedures regarding determination of minimum bid requirements, (3) provide for the use of ICEU's default management system, in lieu of email or other manual forms of communication, for submission of bids

[3] Partial Amendment Number 1 amended Exhibit 5A of the filing to correct the paragraph numbering in Part 2 of the CDS Auction Terms.

[4] Capitalized terms used but not defined herein have the meanings specified in the Rules.