

of the Act<sup>28</sup> and Rule 19b-4(f)(6)<sup>29</sup> 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2020-19 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-MIAX-2020-19. 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-MIAX-2020-19 and should be submitted on or before July 29, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

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

[FR Doc. 2020-14629 Filed 7-7-20; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-89211; File No. SR-ICEEU-2020-002]

### Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Partial Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Partial Amendment No. 1, Relating to the ICE Clear Europe Investment Management Procedures and Treasury and Banking Services Policy

July 1, 2020.

#### I. Introduction

On May 13, 2020, ICE Clear Europe Limited ("ICE Clear Europe") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4,<sup>2</sup> a proposed rule change to amend its Investment Management Procedures (the "Procedures") and its Treasury and Banking Services Policy, which would be renamed the Liquidity and Investment Management Policy (the "Policy"). The proposed rule change was published for comment in the **Federal Register** on May 26, 2020.<sup>3</sup> The

Commission did not receive comments regarding the proposed rule change. On June 9, 2020, ICE Clear Europe filed Partial Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission is publishing this notice to solicit comments on Partial Amendment No. 1 from interested persons and, for the reasons discussed below, is approving the proposed rule change, as modified by Partial Amendment No. 1 (hereinafter the "proposed rule change") on an accelerated basis.

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

As discussed below, the proposed rule change would amend the Procedures and the Policy following findings of an annual review conducted by ICE Clear Europe.<sup>5</sup> The Procedures explain ICE Clear Europe's permitted investments and related concentration limits when investing ICE Clear Europe's cash, while the Policy set outs the overall principles that ICE Clear Europe applies to investing its cash. Broadly speaking, the amendments would expand the Procedures and the Policy to: (i) Apply them to investments of ICE Clear Europe's contributions to default resources (referred to below as "skin in the game") and capital that ICE Clear Europe maintains pursuant to applicable regulatory requirements (referred to below as "regulatory capital"); (ii) facilitate ICE Clear Europe's use of central bank deposits; (iii) allow ICE Clear Europe to invest in additional types of instruments and rely on ICE Clear Europe's authorized investments in periods of insufficient market supply; (iv) permit ICE Clear Europe to use additional the types of collateral in reverse repurchase agreements; and (v) revise the process for monitoring, escalating, and remediating breaches, as well as the description of ICE Clear Europe's investment activities and board risk appetites.

In addition, the proposed rule change would make two minor changes to the Policy. As mentioned above, the proposed rule change would rename it the Liquidity and Investment Management Policy. The proposed rule

Investment Management Policy), Exchange Act Release No. 88907 (May 19, 2020); 85 FR 31571 (May 26, 2020) (SR-ICEEU-2020-002).

<sup>4</sup> Partial Amendment No.1 amended the Procedures, which are confidential Exhibit 5A to the filing, to specify that the ICE Clear Europe Treasury and Finance teams would conduct daily monitoring of investments against concentration limits and investment criteria.

<sup>5</sup> Capitalized terms not otherwise defined herein have the meanings assigned to them in the Procedures, the Policy, or the ICE Clear Europe rulebook, as applicable.

<sup>28</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>29</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>30</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change, Security-Based Swap Submission or Advance Notice Relating to the ICE Clear Europe Investment Management Procedures and Treasury and Banking Services Policy (to be renamed Liquidity and

change would also delete the statement that the Policy constitutes ICE Clear Europe's liquidity risk management framework for purposes of EMIR. ICE Clear Europe is making this change because, for purposes of EMIR, its liquidity risk management framework also includes ICE Clear Europe's Liquidity Risk Management Procedures. Thus, this statement is incorrect.

*A. Applying the Procedures and the Policy to Investments of ICE Clear Europe's Skin in the Game and Regulatory Capital*

The proposed rule change would amend the Procedures and the Policy so that both documents cover investment of ICE Clear Europe's skin in the game and regulatory capital. Currently, the Procedures state that their overall purpose is to set out the investments that are permitted when investing or securing cash received from Clearing Members and to set out constraints on those investments such as concentration limits, credit ratings, and maturity limits, as well as any additional considerations in times of insufficient market supply of approved investments. The proposed rule change would amend this slightly to state that the Procedures address permitted investments and related concentration limits when investing or securing cash received from Clearing Members as well as when investing or securing ICE Clear Europe's skin in the game and regulatory capital.

Next, the proposed rule change would rename Subsection 2.1 of the Procedures from Investment Management Objectives to Investment Management Objective and further amend this section to state that ICE Clear Europe's investment management objective is to safeguard the principal of the cash (which would include ICE Clear Europe's skin in the game and regulatory capital) rather than Clearing Members' cash, as currently stated. Consistent with expanding the scope of the Procedures to cover investments of ICE Clear Europe's skin in the game and regulatory capital, ICE Clear Europe is making this change so the Procedures as amended would not be limited to safeguarding Clearing Members' cash.

Next, the proposed rule change would specify in the Procedures the instruments in which ICE Clear Europe would be permitted to invest its skin in the game and regulatory capital. With respect to skin in the game, the proposed rule change would specify that the table of authorized investments applicable to investments of Clearing Member cash would also apply to skin in the game, and thus ICE Clear Europe would be allowed to invest its skin in

the game in the same manner as it invests Clearing Member cash, as discussed further below.

With respect to regulatory capital, the proposed rule change would add a table of authorized investments to the Procedures that would apply to investments of ICE Clear Europe's regulatory capital. This table would list the instruments in which ICE Clear Europe may invest its regulatory capital. For each instrument, the table would further specify: (i) The maximum issuer or counterparty concentration limits; (ii) the maximum portfolio concentration limits; (iii) the maximum maturity; and (iv) the minimum credit ratings of the instrument or allowed issuers of the instrument. Under this proposed new table, ICE Clear Europe would be able to invest its regulatory capital in direct purchases of US, UK, and EU sovereign bonds and US, UK, and EU government agency bonds, each with a maximum maturity of 90 days. The US and UK sovereign and government agency bonds would have no issuer concentration limit and a portfolio concentration limit of 20% (for sovereign bonds) and 25% (for government agency bonds) of the total USD or GBP balance, as applicable, in a single issue. The EU sovereign and government agency bonds would have a maximum counterparty concentration limit of 25% of the Euro balance in a single issuer. The proposed new table would further require that US sovereign bonds issued by the US government, UK sovereign bonds be issued by the UK government, and EU sovereign bonds be issued by the German, French, Belgian or Dutch governments. The minimum credit ratings for all government agency bonds would be AA – from at least two rating organizations.

Finally, the proposed rule change would amend the Policy consistent with these changes to the Procedures. Specifically, in Section 1 of the Policy, the proposed rule change would amend the statement that the Policy sets out the principles applied to the cash and collateral management functions of ICE Clear Europe for Clearing Member assets by deleting the specific reference to Clearing Member assets. As amended, the purpose of the Policy would be to set out the principles applied to the cash and collateral management functions of ICE Clear Europe. The proposed rule change is thus amending the scope of the policy so that it is not limited to Clearing Member assets, which is necessary given that the Procedures, as amended, would apply to ICE Clear Europe's investment of its skin in the game and regulatory capital. Similarly, the proposed rule change would amend Section 2 of the Policy to

clarify that ICE Clear Europe's investment management functions include investing ICE Clear Europe's skin in the game and regulatory capital, consistent with the change to the Procedures described above. Finally, the proposed rule change would amend Section 3.3.1 of the Policy, which currently refers to ICE Clear Europe's investment management objective of safeguarding the principal of Clearing Members' cash, to refer to safeguarding the principal of the cash, because use of the general term "cash" would include ICE Clear Europe's skin in the game and regulatory capital.

*B. Facilitating Use of Central Bank Deposits and Other Amendments to Investment Considerations*

The proposed rule change would amend the list of overall investment considerations found in Section 2 of the Procedures to facilitate ICE Clear Europe's use of central bank deposits and make other updates. The overall investment considerations are a list of criteria that ICE Clear Europe considers when making investments. Currently, the overall investment considerations are that investments may only be made with Approved Financial Institutions (including investment agents and investment counterparties); at least 50% of the investable portfolio in each currency should be invested in overnight reverse repurchase agreements; the portfolio of non-overnight investments should have a variety of maturity dates; funds from customers of Futures Commission Merchant ("FCM") Clearing Members must be segregated from those of other Clearing Members, be held in Permitted Depositories, and only invested in overnight reverse repos and direct purchases of US sovereign obligations; and purchased securities are intended to be held until maturity in order to minimize the impact of market risk. The proposed rule change would amend this list of investment considerations to add a statement that investments must be denominated in Euros, Great British Pounds, or Dollars, which currencies would match the investments permitted under the Procedures. The proposed rule change would also delete the requirement that at least 50% of the investable portfolio in each currency should be invested in overnight reverse repurchase agreements and replace it with a requirement that no more than 5% of the investible funds should be held as unsecured cash each calendar month. ICE Clear Europe is making this change to facilitate its use of central bank accounts to hold cash, which would be considered secured and thus

outside of the 5% limit. Moreover, the proposed rule change would amend the requirement regarding investment of funds from customers of FCM Clearing Members to change the wording slightly by, for example, changing “O/N” to “overnight” and changing “Obligations” to “Bonds.” Finally, the proposed rule change would shorten the wording of the requirement regarding holding purchased securities but would retain the substance that ICE Clear Europe intends to hold purchased securities until maturity.

*C. Allowing ICE Clear Europe to Invest in Additional Types of Instruments and Relying on ICE Clear Europe’s Authorized Investments in Periods of Insufficient Market Supply*

The proposed rule change would amend the Procedures to expand the investments in which ICE Clear Europe may invest Clearing Member cash and would, as discussed above, allow ICE Clear Europe to invest its skin in the game in these same instruments. Currently the Procedures contain a table that lists each instrument in which ICE Clear Europe may invest Clearing Member cash. This table then describes, for each instrument for investment: (i) The maximum issuer or counterparty concentration limits; (ii) the maximum portfolio concentration limits; (iii) the maximum maturity; and (iv) the minimum credit ratings of the instrument or allowed issuers of the instrument. The proposed rule change would retain this table and the permitted investments currently listed there: Reverse repurchase agreements; US, UK, and EU sovereign obligations; central bank obligations; and commercial bank obligations. The proposed rule change would revise the table by expanding it to cover investments of skin in the game and adding US, UK, and EU government agency bonds as instruments for investment. The proposed rule change would specify the maximum issuer or counterparty concentration limits, the maximum portfolio concentration limits, the maximum maturity, and the minimum credit ratings for these government agency bonds. The proposed rule change also would change sovereign “obligations” to sovereign “bonds”; change central bank “obligations” to central bank “deposits”; and specify that the concentration limits for reverse repos apply per counterparty family. Similarly, the proposed rule change would specify for purchases of EU sovereign bonds that the maximum issuer limits apply per EU government issuer and would eliminate the

minimum credit rating and instead require that the German, French, Belgian, or Dutch governments issue the bonds. Similarly, the proposed rule change would eliminate the minimum credit rating for US and UK sovereign bonds and instead only require that the US or UK government issue the bonds. Finally, with respect to commercial bank obligations the proposed rule change would also change “obligations” to “deposits” and would revise the entry for maximum issuer or counterparty concentration limits to note that for commercial banks, these limits are set separately as unsecured cash limits for financial service providers (which are set out in ICE Clear Europe’s Unsecured Credit Limits Procedures).

The proposed rule change also would amend the Glossary section of the Procedures to make changes consistent with those described above. Specifically, the proposed rule change would remove the terms Central Bank Obligations and Commercial Bank Obligations as no longer necessary because the amended Procedures would refer to central bank deposits and commercial bank deposits instead. The proposed rule change would revise the term EU Sovereign Obligations to the more general defined term, Government Agency Bonds, which would be defined as bonds issued by or that have their principal and interest fully guaranteed by their government. The proposed rule change also would clarify the wording of the definition for the term Permitted Investment Counterparties for FCM Customer Funds. Similar to the changes described above, the proposed rule change would revise references to UK Sovereign Obligations and US Sovereign Obligations to UK Sovereign Bonds and US Sovereign Bonds. Finally, the proposed rule change would add a definition for Supranational Obligations, which, as described above, the proposed rule change would add to the list of permitted collateral for repurchase transactions.

Finally, the Procedures currently contain a section that describes the investments that ICE Clear Europe could make in periods where the market supply of authorized investments is not sufficient to meet ICE Clear Europe’s investment needs. The proposed rule change would delete this section from the Procedures. ICE Clear Europe no longer considers this section necessary because it believes that the amended table of authorized investments and associated limits, as described above, would provide sufficient flexibility to permit ICE Clear Europe to manage

changes in supply of particular types of investments.

*D. Permitting ICE Clear Europe To Use Additional Types of Collateral in Reverse Repurchase Agreements*

The Procedures currently set out a table that describes the collateral acceptable for a reverse repurchase agreement, which specifies the currency of the agreement, the currency of the collateral, the credit rating, the securities used as collateral, and the haircut applied by ICE Clear Europe. The proposed rule change would amend this table to allow ICE Clear Europe to use additional collateral in repurchase agreements. Currently, the Procedures permit the use of EU, UK, and US sovereign obligations as collateral. As amended, the Procedures would continue to permit the use of EU, UK, and US sovereign bonds, as well as EU, UK, and US supranational obligations and US government agency bonds. The proposed rule change would keep the current required credit rating of AA – / Aa3 and the current required 2% haircut. The proposed rule change also would expand the scope of permitted collateral to allow cross-currency repo agreements, such as an agreement denominated in Euros with collateral in UK pounds or dollars. For these cross-currency repurchase agreements, and transactions involving supranational obligations and US government agency bonds, the haircut would be 4%.

While expanding the collateral permitted under repurchase agreements, the proposed rule change also would amend the Procedures to specify that ICE Clear Europe’s preferred form of collateral is sovereign bonds in the same currency as the reverse repurchase transaction. The proposed rule change also would amend the Procedures to require that ICE Clear Europe’s Head of Treasury and Chief Risk Officer review the use of non-preferred collateral monthly.

Finally, in the section describing additional considerations for reverse repurchase agreements, the proposed rule change would revise some of the wording by changing the reference to ICE Clear Europe’s Treasury and Banking Services group to Treasury and simplifying the description of maturity definitions.

*E. Monitoring, Escalating, and Remediating Breaches, Investment Activities, and Board Risk Appetites*

Finally, the proposed rule change would revise the process for monitoring, escalating, and remediating breaches of investment criteria and concentration limits, revise the description of ICE

Clear Europe's investment activities, and revise the description of board risk appetites.

Currently, the Procedures require that breaches of the concentration limits be escalated to the Risk Oversight Department and Compliance team and that the investment portfolio be rebalanced to return within the concentration limits. The proposed rule change would amend this slightly to require that both breaches of the concentration limits and investment criteria be escalated and further to require that the investment portfolio be rebalanced to comply with the concentration limits and investment criteria. Moreover, the proposed rule change would add a requirement that ICE Clear Europe's Treasury and Finance teams, on a daily basis, monitor investments against the concentration limits and investment criteria.

Similarly, in both the background section of the Policy and Section 6, the proposed rule change would replace specific references to ICE Clear Europe's Treasury and Banking Services team and their activities to refer generally to ICE Clear Europe and its liquidity and investment management activities. ICE Clear Europe is making this change to reflect the fact that other groups at ICE Clear Europe, such as Finance, perform the liquidity and investment management activities that are within the scope of the Policy.

Finally, the proposed rule change would delete a statement in the background section of the Policy that ICE Clear Europe's Treasury and Banking Services team operates within the risk appetites set by the board and in compliance with applicable regulations. As discussed, the Policy would apply to other groups at ICE Clear Europe and not just the Treasury Banking Services Team. Moreover, ICE Clear Europe believes this specific statement is unnecessary because board-adopted risk appetites apply to all activities of ICE Clear Europe anyway.

### 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.<sup>6</sup> For the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of

the Act<sup>7</sup> and Rule 17Ad-22(e)(1), (e)(2)(v), and (e)(16).<sup>8</sup>

#### 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 ICE Clear Europe 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 ICE Clear Europe or for which it is responsible.<sup>9</sup>

The Commission believes that, by applying the Procedures and the Policy to investments of ICE Clear Europe's skin in the game and regulatory capital, the proposed rule change should help to ensure that such skin in the game and regulatory capital are invested in accordance with the principles and processes specified in the Procedures and the Policy. Because these principles and processes generally should help to ensure that cash is invested reasonably, conservatively, and in a manner that protects against loss, the Commission believes that application of the Procedures and the Policy to ICE Clear Europe's skin in the game and regulatory capital should help to safeguard the skin in the game and regulatory capital against loss. Further, because the loss of ICE Clear Europe's skin in the game and regulatory capital could impair its ability to operate and therefore clear and settle transactions and safeguard securities and funds, the Commission believes that this aspect of the proposed rule change should help to facilitate the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds which are in the custody or control of ICE Clear Europe or for which it is responsible, and, therefore, is consistent with Section 17A(b)(3)(F) of the Act.<sup>10</sup>

Similarly, the Commission believes that by facilitating the use of central bank deposits; the investment in US, UK, and EU government agency bonds, and the use of additional collateral in reverse repurchase agreements and cross-currency transactions, the proposed rule change should expand ICE Clear Europe's permitted investments to include investments that should be generally reasonable and conservative and have minimal credit,

market, and liquidity risks. Moreover, the Commission believes that the other changes to the authorized investments discussed above, *i.e.*, changing the wording from "obligations" to "bonds" and "deposits", specifying for purchases of EU sovereign bonds that the maximum issuer limits apply per EU government issuer, eliminating the minimum credit rating for US, UK, and EU sovereign bonds, and relying on ICE Clear Europe's authorized investments and associated limits in periods of insufficient market supply, should not reduce the reasonableness or conservativeness of ICE Clear Europe's permitted investments. Thus, the Commission believes these aspects of the proposed rule change should provide ICE Clear Europe additional investment options that should help to safeguard skin in the game, regulatory capital, and clearing member cash against loss. Because the loss of skin in the game, regulatory capital, and clearing member cash could impair ICE Clear Europe's ability to operate and therefore clear and settle transactions and safeguard securities and funds, the Commission believes that these aspects of the proposed rule change should be consistent with Section 17A(b)(3)(F) of the Act.<sup>11</sup>

The Commission further believes the changes described above regarding breaches and the personnel involved in ICE Clear Europe's investment activities should help to ensure compliance with the Procedures consistent Section 17A(b)(3)(F) of the Act.<sup>12</sup> Specifically, in requiring that both breaches of concentration limits and investment criteria be escalated and that the investment portfolio be rebalanced in remediation of a breach, the Commission believes that the proposed rule change should help to ensure adherence to the limits and criteria as well as remediation when they are breached. Moreover, in requiring that ICE Clear Europe's Treasury and Finance teams monitor the concentration limits and investment criteria daily, and that ICE Clear Europe's Head of Treasury and Chief Risk Officer review the use of non-preferred collateral monthly, the Commission believes the proposed rule change should help to facilitate adherence to the Procedures, the remediation of breaches, and monitoring to prevent breaches from happening in the first place. Because, as discussed above, the Commission believes that the Procedures should help to ensure that ICE Clear Europe's investments of

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 17 CFR 240.17Ad-22(e)(1), (e)(2)(v), (e)(16).

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>11</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

regulatory capital, skin in the game, and Clearing Member cash are conservative and subject to reasonable protections, and therefore ICE Clear Europe is able to clear and settle transactions and safeguard funds, the Commission believes that these aspects of the proposed rule change, in facilitating compliance with the Procedures, are consistent with Section 17A(b)(3)(F) of the Act.<sup>13</sup>

Finally, the Commission believes the other changes to the Policy described above should help to ensure the accuracy of the Policy consistent Section 17A(b)(3)(F) of the Act.<sup>14</sup> Amending the Policy to replace specific references to ICE Clear Europe's Treasury and Banking Services team and their activities to refer generally to ICE Clear Europe and its liquidity and investment management activities and to delete a statement that ICE Clear Europe's Treasury and Banking Services team operates within the risk appetites set by the board and in compliance with applicable regulations should help to ensure the Policy accurately reflects the operations of ICE Clear Europe. Similarly, by renaming the Policy and deleting an inaccurate statement that the Policy constitutes ICE Clear Europe's liquidity risk management framework for purposes of EMIR, the Commission believes that the proposed rule change should help to ensure that the Policy is accurate and up-to-date. Because, as discussed above, the Policy should help to ensure that ICE Clear Europe's investments of regulatory capital, skin in the game, and Clearing Member cash are subject to reasonable protections, and therefore ICE Clear Europe is able to clear and settle transactions and safeguard funds, the Commission believes that these aspects of the proposed rule change, in ensuring the accuracy of the Policy, are consistent with Section 17A(b)(3)(F) of the Act.<sup>15</sup>

Therefore, for these reasons, the Commission finds that the proposed rule change should promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds in ICE Clear Europe's custody and control, consistent with the Section 17A(b)(3)(F) of the Act.<sup>16</sup>

#### *B. Consistency With Rule 17Ad-22(e)(1)*

Rule 17Ad-22(e)(1) requires that ICE Clear Europe establish, implement, maintain and enforce written policies and procedures reasonably designed to

provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in a relevant jurisdictions.<sup>17</sup> As discussed above, the proposed rule change would delete an inaccurate statement in the Policy that the Policy constitutes ICE Clear Europe's liquidity risk management framework for purposes of EMIR. This statement is inaccurate because, for purposes of EMIR, ICE Clear Europe's liquidity risk management framework is not limited to the Policy. Thus, in making this change, the Commission believes that the proposed rule change should help to ensure that ICE Clear Europe has an enforceable legal basis for its activities under EMIR. For this reason, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(1).<sup>18</sup>

#### *C. Consistency With Rule 17Ad-22(e)(2)(v)*

Rule 17Ad-22(e)(2)(v) requires that ICE Clear Europe establish, implement, maintain and enforce written policies and procedures reasonably designed to provide governance arrangements that, among other things, specify clear and direct lines of responsibility.<sup>19</sup> As discussed above, the proposed rule change would require that ICE Clear Europe's Treasury and Finance teams monitor the concentration limits and investment criteria daily. The Commission believes that this aspect of the proposed rule change should help to establish a clear and direct line of responsibility, in assigning the Treasury and Finance teams the responsibility for daily monitoring. Similarly, the proposed rule change would require that ICE Clear Europe's Head of Treasury and Chief Risk Officer review the use of non-preferred collateral monthly. The Commission believes this proposed change should help to place clear and direct responsibility on ICE Clear Europe's Head of Treasury and Chief Risk Officer. For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(2)(v).<sup>20</sup>

#### *D. Consistency With Rule 17Ad-22(e)(16)*

Rule 17Ad-22(e)(16) requires that ICE Clear Europe establish, implement, maintain and enforce written policies and procedures reasonably designed to, among other things, safeguard its own and its Clearing Members' assets and

invest such assets in instruments with minimal credit, market, and liquidity risks.<sup>21</sup> As discussed above, the proposed rule change, by applying the Procedures and the Policy to investments of ICE Clear Europe's skin in the game and regulatory capital, should help to ensure that such skin in the game and regulatory capital are invested in accordance with the principles and processes specified in the Procedures and the Policy. In addition, the Commission believes that these principles and processes generally should help to ensure that cash is invested reasonably and in a manner that protects against loss. In addition, the proposed rule change would expand the investments permitted to ICE Clear Europe by amending the Procedures to facilitate the use of central bank deposits; US, UK, and EU government agency bonds; and additional collateral in reverse repurchase agreements as well as cross-currency transactions. The Commission believes these investments, as well as the investments currently permitted under the Procedures, constitute instruments with minimal credit, market, and liquidity risks. Therefore, in applying the Procedures and Policy to ICE Clear Europe's regulatory capital and skin in the game and expanding the permitted investments, the Commission believes the proposed rule change should help ICE Clear Europe to safeguard its own and its Clearing Members' assets and invest such assets in instruments with minimal credit, market, and liquidity risks. For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(16).<sup>22</sup>

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as modified by Partial Amendment No. 1, 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](mailto:rule-comments@sec.gov). Please include File Number SR-ICEEU-2020-002 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>14</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>17</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>18</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>19</sup> 17 CFR 240.17Ad-22(e)(2)(v).

<sup>20</sup> 17 CFR 240.17Ad-22(e)(2)(v).

<sup>21</sup> 17 CFR 240.17Ad-22(e)(16).

<sup>22</sup> 17 CFR 240.17Ad-22(e)(16).

Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICEEU-2020-002. 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, as modified by Partial Amendment No. 1, that are filed with the Commission, and all written communications relating to the proposed rule change, as modified by Partial Amendment No. 1, 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 such filings will also be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe's website at <https://www.theice.com/clear-europe/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-ICEEU-2020-002 and should be submitted on or before July 29, 2020.

#### V. Accelerated Approval of the Proposed Rule Change as Modified by Partial Amendment No. 1

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>23</sup> to approve the proposed rule change, as modified by Partial Amendment No. 1, prior to the 30th day after the date of publication of Partial Amendment No. 1 in the **Federal Register**. As discussed above, Partial Amendment No. 1 updates the Procedures to assign ICE Clear Europe's Treasury and Finance teams responsibility for daily monitoring against the concentration limits and investment criteria. By so updating the Procedures, Partial Amendment No. 1 provides for a more clear and

comprehensive understanding of how ICE Clear Europe would monitor its adherence to the concentration limits and investment criteria, which helps to improve the Commission's review of the proposed rule change for consistency with the Act.

For the reasons discussed above, the Commission finds that the proposed rule change, as modified by Partial Amendment No. 1, is consistent with the Act and the applicable rules thereunder. Accordingly, the Commission finds good cause for approving the proposed rule change, as modified by Partial Amendment No. 1, on an accelerated basis, pursuant to Section 19(b)(2) of the Exchange Act.<sup>24</sup>

#### VI. 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<sup>25</sup> and Rules 17Ad-22(e)(1), (e)(2)(v), and (e)(16).<sup>26</sup>

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act<sup>27</sup> that the proposed rule change, as modified by Partial Amendment No. 1 (SR-ICEEU-2020-002), be, and hereby is, approved on an accelerated basis.<sup>28</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

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

[FR Doc. 2020-14627 Filed 7-7-20; 8:45 am]

**BILLING CODE 8011-01-P**

### SECURITIES AND EXCHANGE COMMISSION

**Investment Company Act of 1940  
Release no. 33916/July 1, 2020; In the  
Matter of Allianz Life Insurance Co. of  
North America, et al. File No. 812-  
14722**

#### Order Granting Hearing and Scheduling Filing of Statements

On December 20, 2019, the Securities and Exchange Commission ("Commission") issued a notice of application (the "Notice") for an order approving the substitution of certain securities pursuant to section 26(c) of

the Investment Company Act of 1940, as amended ("Act") and an order of exemption pursuant to section 17(b) of the Act from section 17(a) of the Act, submitted by Allianz Life Insurance Company of North America and other Applicants as defined in the Notice (collectively, "Allianz").<sup>1</sup> On January 14, 2020, Franklin Advisers, Inc., Franklin Mutual Advisers, LLC, and Templeton Global Advisors Limited (collectively, "Franklin") submitted a request for a hearing (the "Hearing Request").<sup>2</sup>

The Commission finds that a hearing is appropriate pursuant to Investment Company Act Rule 0-5.<sup>3</sup> Accordingly, the Commission hereby establishes that Allianz and Franklin may each file an additional written statement regarding the Allianz Application. Any such written statements shall be prepared in a proportionally spaced typeface of 12 points or larger and shall not exceed 10,000 words, exclusive of pages containing the table of contents, table of authorities, and any addendum that consists solely of copies of applicable cases, pertinent legislative provisions or rules, and exhibits. The scope of the written statements shall be limited to those issues that were raised in Franklin's Hearing Request. Incorporation of any document by reference into a written statement is not permitted. Written statements shall be submitted to the Commission by sending an email to the Commission's Secretary at [Secretaries-Office@sec.gov](mailto:Secretaries-Office@sec.gov), and serving the opposing party with a copy of the written statement by email. Written statements should be received by the Commission on or before July 31, 2020, at 5:30 p.m., and should be accompanied by proof of service on the opposing party.

The Commission further establishes that Allianz and Franklin then each may file a responsive written statement, which also shall be prepared in a proportionally spaced typeface of 12 points or larger and shall not exceed 5,000 words, exclusive of the items listed above. The scope of any such responsive statement shall be limited to

<sup>1</sup> Allianz Life Insurance Company of North America, et al., Investment Company Act Release No. 33721 (Dec. 20, 2019), available at <https://www.sec.gov/rules/ic/2019/ic-33721.pdf>.

<sup>2</sup> Letter from Franklin to Vanessa Countryman, dated January 14, 2020, submitted by Morgan, Lewis & Bockius LLP, available at <https://www.sec.gov/comments/812-14722/812-14722-9.pdf>.

<sup>3</sup> 17 CFR 275.0-5(c). Rule 0-5(c) provides that the Commission will order a hearing on a matter, upon the request of an interested person or upon its own motion, if it appears that a hearing is "necessary or appropriate in the public interest or for the protection of investors."

<sup>24</sup> 15 U.S.C. 78s(b)(2).

<sup>25</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>26</sup> 17 CFR 240.17Ad-22(e)(1), (e)(2)(v), (e)(16).

<sup>27</sup> 15 U.S.C. 78s(b)(2).

<sup>28</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>29</sup> 17 CFR 200.30-3(a)(12).

<sup>23</sup> 15 U.S.C. 78s(b)(2).