SECURITIES AND EXCHANGE
COMMISSION

[Release No. 34–90989; File No. SR–ICC–
2021–002]

Self-Regulatory Organizations; ICE
Clear Credit LLC; Notice of Filing of
Proposed Rule Change, Security-
Based Swap Submission, or Advance
Notice Relating to the Clearance of an
Additional Credit Default Swap
Contract

January 26, 2021.

Pursuant to Section 19(b)(1) of the
Securities Exchange Act of 1934,1 and
Rule 19b–4,2 notice is hereby given that
on January 15, 2021, ICE Clear Credit
LLC (“ICC”) filed with the Securities
and Exchange Commission the proposed
rule change, security-based swap
submission, or advance notice as
described in Items I, II and III below,
which Items have been prepared by ICC.
The Commission is publishing this
notice to solicit comments on the
proposed rule change, security-based
swap submission, or advance notice
from interested persons.

I. Clearing Agency’s Statement of the
Terms of Substance of the Proposed
Rule Change, Security-Based Swap
Submission, or Advance Notice

The principal purpose of the
proposed rule change is to revise the
ICC Rulebook (the “Rules”) to provide
for the clearance of an additional
Standard Emerging Market Sovereign
CDS contract (the “EM Contract”).

II. Clearing Agency’s Statement of the
Purpose of, and Statutory Basis for, the
Proposed Rule Change, Security-Based
Swap Submission, or Advance Notice

In its filing with the Commission, ICC
included statements concerning the
purpose of and basis for the proposed
rule change, security-based swap
submission, or advance notice and
discussed any comments it received on
the proposed rule change, security-
based swap submission, or advance
notice. The text of these statements may
be examined at the places specified in
Item IV below. ICC has prepared
summaries, set forth in sections (A), (B),
and (C) below, of the most significant
aspects of these statements.

(A) Clearing Agency’s Statement of the
Purpose of, and Statutory Basis for, the
Proposed Rule Change, Security-Based
Swap Submission, or Advance Notice

(a) Purpose

The purpose of the proposed rule
change is to adopt rules that will
provide the basis for ICC to clear an
additional credit default swap contract.
ICC proposes to make such change
effective following Commission
approval of the proposed rule change.
ICC believes the addition of this
contract will benefit the market for
credit default swaps by providing
market participants the benefits of
clearing, including reduction in
counterparty risk and safeguarding of
margin assets pursuant to clearing house
rules. Clearing of the additional EM
Contract will not require any changes to
ICC’s Risk Management Framework or
other policies and procedures
constituting rules within the meaning of
the Securities Exchange Act of 1934
(“Act”).

ICC proposes amending Subchapter
26D of its Rules to provide for the
clearance of the additional EM Contract,
namely Ukraine. This additional EM
Contract has terms consistent with the
other EM Contracts approved for
clearing at ICC and governed by
Subchapter 26D of the Rules. A minor
revision to Subchapter 26D (Standard
Emerging Market Sovereign (“SES”)
Single Name) is made to provide for
clearing the additional EM Contract.
Specifically, in Rule 26D–102
(Definitions), “Eligible SES Reference
Entities” is modified to include Ukraine
in the list of specific Eligible SES
Reference Entities to be cleared by ICC.

(b) Statutory Basis

Section 17A(b)(3)(F) of the Act3
requires, among other things, that the
rules of a clearing agency be designed to
promote the prompt and accurate
clearance and settlement of securities
transactions and, to the extent
applicable, derivative agreements,
contracts, and transactions; to assure
the safeguarding of securities and funds
which are in the custody or control of
ICC or for which it is responsible; and
to comply with the provisions of the Act
and the rules and regulations
thereunder. The additional EM Contract
proposed for clearing is similar to the
EM Contracts currently cleared by ICC,
and will be cleared pursuant to ICC’s
existing clearing arrangements and
related financial safeguards, protections
and risk management procedures.

Clearing of the additional EM Contract

will allow market participants an increased ability to manage risk and ensure the safeguarding of margin assets pursuant to clearing house rules. ICC believes that acceptance of the new EM Contract, on the terms and conditions set out in the Rules, is consistent with the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts and transactions cleared by ICC, the safeguarding of securities and funds in the custody or control of ICC or for which it is responsible, and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.4

Clearing of the additional EM Contract will also satisfy the relevant requirements of Rule 17Ad–22,5 as set forth in the following discussion.

Rule 17Ad–22(e)(6)(i)6 requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market. In terms of financial resources, ICC will apply its existing margin methodology to the new EM Contract, which is similar to the EM Contracts currently cleared by ICC. ICC believes that this model will provide sufficient margin requirements to cover its credit exposure to its clearing members from clearing such contract, consistent with the requirements of Rule 17Ad–22(e)(6)(i).7

Rule 17Ad–22(e)(4)(ii)8 requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by maintaining additional financial resources at the minimum to enable it to cover a wide range of foreseeable stress scenarios that include, but are not limited to, the default of the two participant families that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions. ICC believes its Guaranty Fund, under its existing methodology, will, together with the required initial margin, provide sufficient financial resources to support the clearing of the additional EM Contract, consistent with the requirements of Rule 17Ad–22(e)(4)(ii).9

Rule 17Ad–22(e)(17)10 requires, in relevant part, each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to manage its operational risks by (i) identifying the plausible sources of operational risk, both internal and external, and mitigating their impact through the use of appropriate systems, policies, procedures, and controls; and (ii) ensuring that systems have a high degree of security, resiliency, operational reliability, and adequate, scalable capacity. ICC believes that its existing operational and managerial resources will be sufficient for clearing of the additional EM Contract, consistent with the requirements of Rule 17Ad–22(e)(17),11 as the new contract is substantially the same from an operational perspective as existing contracts.

Rule 17Ad–22(e)(8), (9) and (10)12 requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure it has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations by, at a minimum, requiring its participants and, when practicable, other stakeholders to participate in the testing and review of its default procedures, including any close-out procedures, at least annually and following material changes thereto. ICC will apply its existing default management policies and procedures for the additional EM Contract. ICC believes that these procedures allow for it to take timely action to contain losses and liquidity demands and to continue meeting its obligations in the event of clearing member insolvencies or defaults in respect of the additional single name, in accordance with Rule 17Ad–22(e)(13).17

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

The additional EM Contract will be available to all ICC participants for clearing. The clearing of the additional EM Contract by ICC does not preclude the offering of the additional EM Contract for clearing by other market participants. Accordingly, ICC does not believe that clearance of the additional EM Contract will impose any burden on competition not necessary or
appropriate in furtherance of the purposes of the Act.

(C) Clearing Agency’s Statement on Comments on the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. ICC will notify the Commission of any written comments received by ICC.

III. Date of Effectiveness of the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will: (A) By order approve or disapprove such proposed rule change, or (B) institute proceedings to determine whether the proposed rule change should be 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, security-based swap submission, or advance notice 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–ICC–2021–002 on the subject line.

Paper Comments
Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR–ICC–2021–002. 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, security-based swap submission, or advance notice that are filed with the Commission, and all written communications relating to the proposed rule change, security-based swap submission, or advance notice 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 Credit and on ICE Clear Credit’s website at https://www.theice.com/clear-credit/regulation.

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–ICC–2021–002 and should be submitted on or before February 22, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.18
J. Matthew DeLesDernier, Assistant Secretary.

BILLING CODE 8011–01–P

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Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 2, To Introduce Periodic Auctions for the Trading of U.S. Equity Securities

January 26, 2021.

On July 17, 2020, Cboe BYX Exchange, Inc. (“Exchange” or “BYX”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)1 and Rule 19b–4 thereunder,2 a proposed rule change to introduce periodic auctions in U.S. equity securities. The proposed rule change was published for comment in the Federal Register on August 4, 2020.3

On September 10, 2020, pursuant to Section 19(b)(2) of the Exchange Act,4 the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.5

On October 27, 2020, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced in its entirety the proposed rule change as modified by Amendment No. 1.6 On October 30, 2020, the Commission noticed the filing of Amendment No. 2 and instituted proceedings under Section 19(b)(2)(B) of the Exchange Act7 to determine whether to approve or disapprove the proposed rule change.8

The Commission has received comment letters on the proposed rule change.9

Section 19(b)(2) of the Exchange Act10 provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change by not more than 60 days if the Commission determines that a longer period is appropriate and publishes reasons for such determination.

The proposed rule change was published for notice and comment in the Federal Register on January 31, 2021.11

9 Comments on the proposed rule change can be found on the Commission’s website at https://www.sec.gov/comments/sr-cboebyx-2020-021/sr cboebyx2020021.htm.
9 Comments on the proposed rule change can be found on the Commission’s website at https://www.sec.gov/comments/sr-cboebyx-2020-021/sr cboebyx2020021.htm.
85 FR 57891 (September 16, 2020). The Commission designated November 2, 2020 as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

5 See Securities Exchange Act Release No. 89820, 85 FR 57991 (September 16, 2020). The Commission designated November 2, 2020 as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.
8 Comments on the proposed rule change can be found on the Commission’s website at: https://www.sec.gov/comments/sr-cboebyx-2020-021/sr cboebyx2020021.htm.