SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations: Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 404 To Limit Short Term Options Series Intervals Between Strikes

May 5, 2021.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") and Rule 19b–4 thereunder, notice is hereby given that on April 21, 2021, Miami International Securities Exchange, LLC ("MIAX Options’ or the “Exchange”) filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend Exchange Rule 404, Series of Option Contracts Open for Trading.

The text of the proposed rule change is available on the Exchange’s website at http://www.miaxoptions.com/rule-filings/ at MIAX Options’ principal office, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange 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. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 404, Series of Option Contracts Open for Trading. Specifically, this proposal seeks to limit the intervals between strikes for multiply listed equity options classes within the Short Term Options Series program that have an expiration date more than twenty-one days from the listing date.

Background

Today, Exchange Rule 404 permits the Exchange, after a particular class of options (call option contracts or put option contracts relating to a specific underlying stock, Exchange-Traded Fund Share, or ETNs) has been approved for listing and trading on the Exchange, to open for trading series of options therein. The Exchange may list series of options for trading on a weekly, monthly, or quarterly basis. Exchange Rule 404(d) sets forth the intervals between strike prices of series of options on individual stocks. In addition to those intervals, the Exchange may list series of options pursuant to the $1 Strike Price Interval Program, the $0.50 Strike Program, and the $2.50 Strike Program.

The Exchange’s proposal seeks to amend the listing of weekly series of options as proposed within Policy .02(f) of Exchange Rule 404, by limiting the intervals between strikes in multiply listed equity options, excluding Exchange-Traded Fund Shares and ETNs, that have an expiration date more than twenty-one days from the listing date. This proposal does not amend monthly or quarterly listing rules nor does it amend the $1 Strike Price Interval Program, the $0.50 Strike Program, or the $2.50 Strike Price Program.

Short Term Options Series Program

Today, Policy .02 of Exchange Rule 404 permits the Exchange to open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on an option class that expires at the close of business on each of the next five Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire ("Short Term Option Expiration Dates"), provided an option class has been approved for listing and trading on the Exchange. Today, the Exchange may open up to thirty initial series for each option class that participates in the Short Term Options Series Program. Further, if the Exchange opens less than thirty (30) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves...
such additional series may otherwise be circumvented in Policy .02(d) when Exchange despite the noted date to be opened for trading on the Exchange would not permit an additional series of an equity option to have an expiration date more than twenty-one days from the listing date, by adopting proposed Policy .11 to Exchange Rule 404, as well as paragraph (f) of Policy .02 to Exchange Rule 404, with respect to listing Short Term Option Series in equity options, (excluding Exchange-Traded Fund Shares and ETNs) (collectively “Strike Interval Proposal”). The Exchange notes that this proposal is substantively identical to the strike interval proposal recently submitted by the Nasdaq BX exchange (“BX proposal”) and approved by the Commission.18

The Exchange’s Strike Interval Proposal would limit the intervals between strikes by utilizing the table proposed within Policy .11 of Exchange Rule 404. With the Strike Interval Proposal, the Exchange would limit intervals between strikes for expiration dates of option series beyond twenty-one days utilizing the below three-tiered table which considers both the share price and average daily volume for the option series.

<table>
<thead>
<tr>
<th>Tier</th>
<th>Average daily volume</th>
<th>Share price</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than $25</td>
<td>$25 to less than $75</td>
</tr>
<tr>
<td>1</td>
<td>Greater than 5,000</td>
<td>$0.50</td>
</tr>
<tr>
<td>2</td>
<td>Greater than 1,000 to 5,000</td>
<td>1.00</td>
</tr>
<tr>
<td>3</td>
<td>0 to 1,000</td>
<td>2.50</td>
</tr>
</tbody>
</table>

The table indicates the applicable strike intervals and supersedes Policy .02(d) of Rule 404, which currently allows the Exchange to open additional series for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. As a result of the proposal, Policy .02(d) would not permit an additional series of an equity option to have an expiration date more than 21 days from the listing date to be opened for trading on the Exchange despite the noted circumstances in Policy .02(d) when such additional series may otherwise be added.

13 See Policy .02(d) of Exchange Rule 404.
14 See Policy .02(e) of Exchange Rule 404.
15 See Policy .02(e) of Exchange Rule 404.
16 See Policy .02(d) of Exchange Rule 404.
18 See id.
19 The Exchange notes that while the term “greater than” is not present in this cell in the corresponding BX rule, the Exchange has inserted it for clarity, otherwise an Average Daily Volume of 1,000 contracts could be read to fall into two categories.
20 For example, options listed as of January 4, 2021 would be calculated on January 5, 2021 using the Average Daily Volume from July 1, 2020 to September 30, 2020.

The Share Price would be the closing price on the primary market on the last day of the calendar quarter. This value would be used to derive the column from which to apply strike intervals throughout the next calendar quarter. The Average Daily Volume would be the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume shall be calculated by utilizing data from the prior calendar quarter based on Closing-cleared volume at OCC. For options listed on the first trading day of a given calendar quarter, the Average Daily Volume shall be calculated using the calendar quarter prior to the last trading calendar quarter. In the event of a corporate action, the Share Price of the surviving company would be utilized. These metrics are intended to align expectations for determining which strike intervals will be utilized. Finally, notwithstanding the limitation imposed by proposed Policy .11 of Exchange Rule 404, this Strike Interval Proposal does not amend the range of strikes that may be listed pursuant to Policy .02 of Exchange Rule 404, regarding the Short Term Option Series Program.

By way of example, if the Share Price for a symbol was $142 at the end of a calendar quarter, with an Average Daily Volume greater than 5,000, thereby, requiring strike intervals to be listed...
$1.00 apart, that strike interval would apply for the calendar quarter. regardless of whether the Share Price changed to greater than $150 that calendar quarter. The proposed table within Policy .11 of Exchange Rule 404 takes into account the notional value of a security, as well as Average Daily Volume in the underlying stock, in order to limit the intervals between strikes in the Short Term Options listing program. The Exchange will utilize OCC Customer-cleared volume, as customer volume is an appropriate proxy for demand. The OCC Customer-cleared volume represents the majority of options volume executed on the Exchange that, in turn, reflects the demand in the marketplace. The options series listed on the Exchange are intended to meet customer demand by offering an appropriate number of strikes. Non-Customer cleared OCC volume represents the supply side. The strike intervals for listing strikes in certain options are intended to remove repetitive and unnecessary strike listings across the weekly expiries. The Exchange’s Strike Interval Proposal seeks to reduce the number of strikes in the furthest weeklies, where there exist wider markets and therefore lower market quality.

The proposal is intended to remove repetitive and unnecessary strike listings across the weekly expiries. Specifically, the proposal seeks to reduce the number of strikes listed in the furthest weeklies, which generally have wider markets and therefore lower market quality. The proposed strike intervals are intended to widen permissible strike intervals in multiply listed equity options (excluding options on ETFs and ETNs) where there is less volume as measured by the Average Daily Volume tiers. Therefore, the lower the Average Daily Volume, the greater the proposed spread between strike intervals. Options classes with higher volume contain the most liquid symbols and strikes, which the Exchange believes makes the finer proposed spread between strike intervals for those symbols appropriate. Additionally, lower-priced shares have finer strike intervals than higher-priced shares when comparing the proposed spread between strike intervals. Today, weeklies are available on 16% of underlying products. The proposal limits the density of strikes listed in series of options, without reducing the classes of options available for trading on the Exchange. Short Term Option Series with an expiration date greater than 21 days from the listing date currently equate to 7.5% of the total number of Strikes in the options market, which equals 81.00 strikes. The Exchange expects this proposal to result in the limitation of approximately 20,000 strikes within the Short Term Option Series, which is approximately 2% of the total strikes in the options markets. The Exchange understands there has been an inconsistency of demand for series of options beyond 21 calendar days. The proposal takes into account customer demand for certain option classes, by considering both the Share Price and the Average Daily Volume, in order to remove certain strike intervals where there exist clusters of strikes whose characteristics closely resemble one another and, therefore, do not serve different trading needs. The Exchange also notes that the proposal focuses on strikes in multiply listed equity options, and excludes ETFs and ETNs, as the majority of strikes reside within equity options.

Additionally, proposed Policy .11 of Exchange Rule 404 provides that options that are newly eligible for listing pursuant to Exchange Rule 402 and designated to participate in the Short Term Option Series program pursuant to Policy .02 of Rule 404 will not be subject to proposed Policy .11 of Exchange Rule 404 until after the end of the first full calendar quarter following the date the option class was first listed for trading on any options market. As proposed, the Exchange is permitted to list options on newly eligible listing, without having to apply the wider strike intervals, until the end of the first full calendar after such options were listed. The proposal thereby permits the Exchange to add strikes to meet customer demand in a newly listed options class. A newly eligible option class may fluctuate in price after its initial listing; such volatility reflects a natural uncertainty about the security. By deferring the application of the proposed wider strike intervals until after the end of the first full calendar quarter, additional information on the underlying security will be available to market participants and public investors, as the price of the underlying has an opportunity to settle based on the price discovery that has occurred in the primary market during this deferment period. Also, the Exchange has the ability to list as many strikes as permissible for the Short Term Option Series once the expiry is no more than 21 days. Short Term Option Series that have an expiration date no more than 21 days from the listing date are not subject to the proposed strike intervals, which allows the Exchange to list additional, and potentially narrower, strikes in the event of market volatility or other market events. These metrics are intended to align expectations for determining which strike intervals will be utilized. Finally, proposed Policy .11 of Rule 404 provides that the proposal does not amend the range of strikes that may be listed pursuant to Policy .02, regarding the Short Term Option Series Program.

While the current listing rules permit the Exchange to list a number of weekly strikes on its market, in an effort to encourage Market Makers to deploy capital more efficiently, as well as improve displayed market quality, the Exchange’s Strike Interval Proposal reduces the number of listed weekly options. As the Exchange’s Strike Interval Proposal seeks to reduce the number of weekly options that would be listed on its market in later weeks, Market Makers would be required to quote in fewer weekly strikes as a result of the Strike Interval Proposal. Specifically, the Strike Interval Proposal aims to reduce the density of strike intervals that would be listed in later weeks, by creating limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date. The table takes into account customer demand for certain option classes, by considering both the Share Price and the Average Daily Volume, to arrive at the manner which weekly strike intervals may be listed. The intervals for listing strikes in equity options is intended to remove certain strike intervals where there exist clusters of strikes whose characteristics closely resemble one another and, therefore, do not serve different trading

21 The Exchange notes that this proposal is an initial attempt at reducing strikes and anticipates filing additional proposals to continue reducing strikes. The percentage of underlying products and percentage of and total number of strikes, are approximations and may vary at the time of this filing.

22 From information drawn from the time period between January 2020 and May 2020. See BX proposal, supra note 17.

23 See BX proposal, supra note 17.

24 For example, two strikes that are densely clustered may have the same risk properties and may also be the same percentage out-of-the-money.

25 For example, if an options class became newly eligible for listing pursuant to Exchange Rule 402 on March 1, 2021 (and was actually listed for trading that day), the first full quarterly lookback would be available on July 1, 2021. This option would become subject to the proposed strike intervals on July 2, 2021.
information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

TheStrike Proposal seeks to limit the intervals between the strikes listed in the Short Term Options Series program that have an expiration date more than twenty-one days. While the current listing rules permit the Exchange to list a number of weekly strikes on its market, the Exchange’s Strike Interval Proposal removes impediments to and perfects the mechanism of a free and open market and a national market system by encouraging Market Makers to deploy capital more efficiently and improving market quality overall on the Exchange through limiting the intervals between the strikes when applying the strike interval table to multiply listed equity options that have an expiration date more than twenty-one days from the listing date. Also, as the Exchange’s Strike Interval Proposal seeks to reduce the number of weekly options that would be listed on its market in later weeks, Market Makers would be required to quote in fewer weekly strikes as a result of the Strike Interval Proposal. Amending the Exchange’s listing rules to limit the intervals between strikes for multiply listed equity options that have an expiration date more than twenty-one days causes less disruption in the market as the majority of the volume traded in weekly options exists in options series which have an expiration date of twenty-one days or less. The Exchange’s Strike Interval Proposal curtails the number of strike intervals listed in series of options without reducing the number of classes of options available for trading on the Exchange.

The Strike Interval Program takes into account customer demand for certain option classes by considering both the Share Price and the Average Daily Volume in the underlying security to arrive at the manner in which weekly strike intervals would be listed in the later weeks for each multiply listed equity options class. The Exchange utilizes OCC Customer-cleared volume, as customer volume is an appropriate proxy for demand. The OCC Customer-cleared volume represents the majority of options volume executed on the Exchange that, in turn, reflects the demands in the marketplace. The options series listed on the Exchange is intended to meet customer demand by offering an appropriate number of strikes. Non-Customer cleared OCC volume represents the supply side.

The Strike Interval Proposal for listing strikes in certain multiply listed equity options is intended to remove certain strikes where there exist clusters of strikes whose characteristics closely resemble one another and, therefore, do not serve different trading needs that renders the strikes less useful and thereby protects investors and the general public by removing an abundance of unnecessary choices for an options series, while also improving market quality. The Exchange’s Strike Interval Proposal seeks to reduce the number of strikes in the furthest weeklys, where there exist wider markets, and, therefore, lower market quality. The implementation of the proposed table is intended to spread strike intervals in multiply listed equity options, where there is less volume that is measured by the average daily volume tiers. Therefore, the lower the average daily volume, the greater the proposed spread between strike intervals. Options classes with higher volume contain the most liquid symbols and strikes, therefore the finer the proposed spread between strike intervals. Additionally, lower-priced shares have finer strike intervals than higher-priced shares when comparing the proposed spread between strike intervals.

Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume shall be calculated by utilizing data from the prior calendar quarter based on OCC Customer-cleared volume. Utilizing the second trading day allows the Exchange to accumulate data regarding OCC Customer-cleared volume from the entire prior quarter. Beginning on the second trading day would allow trades executed on the last day of the previous calendar quarter to have settled and be accounted for in the calculation of Average Daily Volume. Utilizing the previous three months is appropriate because this time period would help reduce the impact of unusual trading activity as a result of unique market events, such as a corporate action (i.e., it would result in a more reliable measure of average daily trading volume than would a shorter period).

Today, the Exchange requires Market Makers to quote a certain amount of time in the trading day in their assigned due options series to maintain liquidity in the market. With an increasing number of strikes due to tighter intervals being listed across options

27 For example, two strikes that are densely clustered may have the same risk properties and may also be the same percentage out-of-the-money.
28 The term “Member” means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed “members” under the Exchange Act. See Exchange Rule 100.
29 When the Exchange is the first exchange to list an option class under Policy .11 of Exchange Rule 404 the Exchange shall provide a notice to its Members regarding the Short Term Option Series to be listed. Such notice will include for each eligible option class: The closing price of the underlying, the Average Daily Volume of the option class; and the eligible strike category (per the proposed table) in which the eligible option class falls under as a result of the closing price and the Average Daily Volume.
32 Options contracts settle one business day after trade date. Strike listing determinations are made the day prior to the start of trading in each series.
33 See Exchange Rule 604(e)(1); 604(e)(2); and 604(e)(3).
The Exchange notes that its proposal is substantively identical to the strike interval proposal recently submitted by the Nasdaq BX exchange and approved by the Commission. The Exchange notes that it has reviewed the data presented in the BX proposal and agrees with the analysis of the data as presented in the BX proposal. The Exchange believes the varied strike intervals will continue to offer market participants the ability to select the appropriate strike interval to meet that market participant’s investment objective.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Strike Interval Proposal limits the number of Short Term Options Series strike intervals available for quoting and trading on the Exchange for all Exchange participants. While the current listing rules permit the Exchange to list a number of weekly strikes on its market, in an effort to encourage Market Makers to deploy capital more efficiently, as well as improve displayed market quality, the Exchange’s Strike Interval Proposal seeks to reduce the number of weekly options that would be listed on its market in later weeks, without reducing the number of series or classes of options available for trading on the Exchange. As the Exchange’s Strike Interval Proposal seeks to reduce the number of weekly options that would be listed on its market in later weeks, Market Makers would be required to quote in fewer weekly strikes as a result of the Strike Interval Proposal.

The Exchange’s Strike Interval Proposal, which is intended to decrease the overall number of strikes listed on the Exchange, does not impose an undue burden on intra-market competition as all Participants may only transact options in the strike intervals listed for trading on the Exchange. While limiting the intervals of strikes listed on the Exchange is the goal of this Strike Interval Proposal, the goal continues to balance the needs of market participants by continuing to offer a number of strikes to meet a market participant’s investment objective.

The Exchange’s Strike Interval Proposal does not impose an undue burden on inter-market competition as this Strike Interval Proposal does not impact the listings available at another self-regulatory organization. In fact, the Exchange is proposing to list a smaller amount of weekly equity options in an effort to curtail the increasing number of strikes that are required to be quoted by market makers in the options industry. Other options markets may choose to replicate the Exchange’s Strike Interval Proposal and, thereby, further decrease the overall number of strikes within the options industry.

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

Written comments were neither solicited nor received.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act and Rule 19b-4(f)(6) thereunder. Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act and subparagraph (f)(6) of Rule 19b-4 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);
• Send an email to rule-comments@sec.gov. Please include File Number SR-MIAAX-2021–12 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-MIAAX–2021–12. 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

34 See supra note 17.
37 In addition, Rule 19b–4(f)(6)(iii) requires the Exchange 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.
SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations: ICE Clear Europe Limited: Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the ICEEU Transition of the Rates Used for Calculating Price Alignment Amounts

May 5, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (‘‘Act’’), 1 and Rule 19b–4 thereunder, 2 the Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

ICE Clear Europe Limited (‘‘ICEEU’’) proposes to change the interest rates used for computing CDS Price Alignment Amounts. These revisions do not require any changes to the ICEU Clearing Rules (the ‘‘Rules’’) or CDS Procedures (the ‘‘CDS Procedures’’). 3

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

ICEU proposes to change the interest rates used for computing CDS Price Alignment Amounts on CDS Notional Margin Balances under paragraph 3 of the CDS Procedures. The target date of the transition is Monday, June 14, 2021, subject to any regulatory review or approval process. On the transition date, ICEU would begin calculating price alignment amounts for Euro (‘‘EUR’’) denominated instruments using the Euro Short-Term Rate (‘‘ESTR’’) rather than the Euro Overnight Index Average (‘‘EONIA’’) and for U.S. Dollar (‘‘USD’’) denominated instruments using the Secured Overnight Financing Rate (‘‘SOFR’’) rather than the Effective Federal Funds Rate (‘‘EFFR’’). Such changes do not require any revisions to the ICEU Rules or CDS Procedures or other written policies and procedures. In accordance with section 3.1 of the ICEU CDS Procedures, the CDS Price Alignment Amount is based upon the applicable overnight rate notified by the Clearing House from time to time to CDS Clearing Members for each of the currencies in which Mark-to-Market Margin is paid.

The proposed changes are in response to requests by industry participants and follow similar changes for other cleared swap products. The European Central Bank’s (‘‘ECB’’) working group on EUR risk-free rates recommended ESTR as the EUR risk-free rate and the replacement for EONIA in September 2018. 4 The ECB began publishing ESTR in October 2019 and the working group is assisting the market in transitioning to ESTR before EONIA is discontinued on January 3, 2022. 5 The Alternative Reference Rates Committee (‘‘ARRC’’) was convened by the Federal Reserve Board and the Federal Reserve Bank of New York and identified SOFR as the rate representing best practice for use in certain new USD derivatives and other financial contracts in 2017. 6 The ARRC published a transition plan including specific steps and timelines to encourage the adoption of SOFR. 7 Feedback from market participants has indicated a desire for one-time adjustment payments to or from the Clearing Member (‘‘CM’’), as appropriate, to account for the reasonably expected valuation changes for Contracts associated with the use of the new interest rates. ICEU proposes to calculate such one-time adjustment payments to or from the CM, as appropriate, and to make the corresponding payments to and collections from CMs.

Proposed Transition Process

On the transition date, ICEU proposes to begin using the new rates for calculation of price alignment amounts. CDS denominated in EUR will stop using EONIA and will start using ESTR, and CDS denominated in USD will stop using EFFR and will start using SOFR. The target transition date at the time of this filing is Monday, June 14, 2021, but may be delayed by ICEU. Any revised transition date will fall on a Monday to maintain the proposed operational process and will be publicized by ICEU. The ESTR and SOFR rates available on

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4 Capitalized terms used but not defined herein have the meanings specified in the Rules or the CDS Procedures.
5 www.newyorkfed.org/arrc.
7 Id.
8 Additional information on the ARRC and transition to SOFR is available at: https://www.newyorkfed.org/arrc.