

Office Building, Washington, DC 20503, or by sending an email to: *Shagufta Ahmed@omb.eop.gov*; and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or by sending an email to: *PRA\_Mailbox@sec.gov*. Comments must be submitted to OMB within 30 days of this notice.

Dated: June 30, 2016.

**Robert W. Errett,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78205; File No. SR-ICC-2016-009]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change To Revise the ICC Treasury Operations Policies and Procedures

June 30, 2016.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on June 15, 2016, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by ICC. 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 purpose of proposed rule change is to revise the ICC Treasury Operations Policies and Procedures to provide for the use of a committed foreign exchange (“FX”) facility, to make changes to the investment guidelines as well as additional clean-up changes, and to provide additional clarification regarding the calculation of collateral haircuts. These revisions do not require any changes to the ICC Clearing Rules.

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

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

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

ICC proposes changes to the ICC Treasury Operations Policies and Procedures to provide for the use of a committed FX facility, to make changes to the investment guidelines as well as additional clean-up changes, and to provide additional clarification regarding the calculation of collateral haircuts. ICC believes such revisions will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. The proposed revisions are described in detail as follows.

ICC has revised its Treasury Operations Policies and Procedures to provide for the use of a committed FX facility. ICC has established a committed FX facility which provides for same day settled spot FX transactions. The facility allows ICC to use available United States Dollars (“USD”) to convert into Euro to meet a Euro liquidity need, for example in the unlikely event of a Clearing Participant default when Euro is needed for liquidity but only USD is available. In addition, the policy has been revised to document that the FX facility will be tested twice a year.

Additionally, ICC has revised its Treasury Operations Policies and Procedures to make changes to the ICC Treasury Department investment guidelines for operating capital and guaranty fund and margin cash. ICC has updated the list of permitted investments to add short term US Treasury securities (with a final maturity of no greater than 98 days) and remove Money Market Mutual Funds. ICC has also updated its investment policy for operating capital to include Treasury/agency reverse repurchase (“repo”) agreements. ICC has updated the governance section of the operating capital investment policy to note that the Risk Committee will review any proposed changes to the policy and make recommendations to the Board. Further, ICC has removed reference to an obsolete financial report.

ICC also has made additional clean-up changes throughout the Treasury

Operations Policies and Procedures. Specifically, ICC has removed outdated language stating that ICC treasury services are provided by The Clearing Corporation. Further, throughout the document, ICC changed references to the “Director of Operations” to the “Chief Operating Officer,” to correctly reflect the officer title. ICC removed reference to specific reverse repo counterparties to reflect the addition of multiple reverse repo counterparties. Further, ICC notes that it has arrangements in place to settle tri-party and bilateral reverse repo transactions, both of which settle delivery vs. payment (“DVP”). As a result, ICC has clarified references throughout the policy from “DVP reverse repo” to more specifically refer to “bilateral reverse repo.” ICC removed reference to the titles of specific agreements that it may enter to effect reverse repo transactions and added general language to encompass all agreements that may be required. ICC removed information regarding the monitoring of available liquidity resources and added reference to the ICC Liquidity Risk Management Framework. ICC clarified that its committed repo facility may be used to convert sovereign debt into cash and that the facility will be tested twice per calendar year. ICC removed outdated information under the “ICE Clear Credit Banking Relationships” section of the policy and added language stating that ICC endeavors to maintain banking relationships with highly creditworthy and reliable bank institutions that provide operational and strategic support with respect to holding margin and Guaranty Fund cash and collateral. ICC also removed references to specific banking counterparties, as ICC’s banking relationships have expanded to include multiple counterparties. ICC replaced the specific names with a generic reference, to capture all counterparties utilized by ICC. ICC also updated certain SWIFT banking information throughout the policy. Further, ICC updated the list of applications used by the Treasury Department to perform daily operations.

Finally, ICC revised its Treasury Operations Policies and Procedures to provide additional clarification regarding the calculation of collateral haircuts when yield rates are less than or equal to one basis point. This change documents current ICC practices as related to collateral haircut calculation; there is no change to the collateral haircut methodology.

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

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

Section 17A(b)(3)(F) of the Act<sup>3</sup> 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 and to comply with the provisions of the Act and the rules and regulations thereunder. ICC believes that the proposed revisions to the ICC Treasury Operations Policies and Procedures are consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to section 17A(b)(3)(F),<sup>4</sup> because ICC believes that the proposed rule changes will facilitate the prompt and accurate settlement of swaps and security-based swaps, and contribute to the safeguarding of securities and funds associated with swap and security-based swap transactions which are in the custody or control of ICC or for which it is responsible.<sup>5</sup> The changes to provide for the use of a committed FX facility will enhance ICC's liquidity resources, and the changes to the investment guidelines ensure the reliable investment of assets in ICC's control with minimal risk. The additional clean-up changes ensure that the documentation of ICC's treasury arrangements remains up-to-date, clear, and transparent. Similarly, the additional clarification regarding the calculation of collateral haircuts promotes transparency of ICC's risk management practices as related to collateral haircuts. As such, the proposed rule changes will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of customer funds and securities within the control of ICC within the meaning of section 17A(b)(3)(F)<sup>6</sup> of the Act.

In addition, the proposed revisions to the ICC Treasury Operations Policies and Procedures are consistent with the relevant requirements of Rule 17Ad-22.<sup>7</sup> In particular, the use of a committed FX facility further ensures that ICC maintains sufficient financial resources at all times to meet the requirements set forth in Rule 17Ad-22(b)(3).<sup>8</sup> Additionally, the changes to the investment guidelines result in investment arrangements with minimal credit, market and liquidity risks. Such

changes are therefore reasonably designed to meet the requirements of Rule 17Ad-22(d)(3).<sup>9</sup> Finally, the additional clean-up changes and clarification regarding the calculation of collateral haircuts ensure ICC's governance arrangements remain clear and transparent, consistent with the requirements of Rule 17Ad-22(d)(8).<sup>10</sup>

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

ICC does not believe the proposed revisions would have any impact, or impose any burden, on competition. The revisions to ICC's Treasury Operations Policies and Procedures to provide for the use of a committed FX facility, to make changes to the investment guidelines as well as additional clean-up changes, and to provide additional clarification regarding the calculation of collateral haircuts apply uniformly across all CPs. Therefore, ICC does not believe the proposed revisions impose any burden on competition that is inappropriate in furtherance of the purposes of the Act.

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

Written comments relating to the proposed rule changes 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 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 (i) as the Commission may designate up to 90 days of such date 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 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-ICC-2016-009 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-ICC-2016-009. 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 Web site (<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 Web site 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 Web site at <https://www.theice.com/clear-credit/regulation>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ICC-2016-009 and should be submitted on or before July 28, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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

<sup>4</sup> *Id.*

<sup>5</sup> The Commission has modified the text prepared by ICC as agreed upon by ICC.

<sup>6</sup> *Id.*

<sup>7</sup> 17 CFR 240.17Ad-22.

<sup>8</sup> 17 CFR 240.17Ad-22(b)(3).

<sup>9</sup> 17 CFR 240.17Ad-22(d)(3).

<sup>10</sup> 17 CFR 240.17Ad-22(d)(8).

<sup>11</sup> 17 CFR 200.30-3(a)(12).