

to the need for knowledge of spread levels across the entire term structure.

Additionally, to facilitate replication of the enhanced liquidity charge calculations, ICC will provide end-of-day data for instruments in which clients have open positions, allowing for additional transparency and easier replication for clients who wish to estimate liquidity charges for hypothetical and current positions.

ICC also proposes updating liquidity scaling factors to reflect the methodology enhancements. There is no price based component under the current methodology. To reflect the introduction of a price based component, the liquidity scaling factors will be decomposed and adjusted in order to maintain the same overall composition with both price and spread based components.

ICC has also proposed minor clarifying edits to the ICC Risk Management Framework and the ICC Risk Management Model Description document. ICC will add language to the Overview section of the Risk Management Framework to identify which ICC documents provide additional details regarding ICC's risk management approach. ICC will add language to the Governance and Organization section of the Risk Management Framework to note that the reporting line of ICC's Chief Risk Officer to the Chairperson of the ICC Risk Committee, who is also a non-executive manager on the Board, allows the Chief Risk Officer to bring any issues or concerns directly to the Board without intermediation by other ICC personnel. ICC will also make edits to the Governance and Organization section of the Risk Management Framework to revise the list of documents reviewed by the Risk Committee on at least an annual basis to include the ICC End-of-Day Price Discovery Policies and Procedures and the ICC Operational Risk Management Framework. Finally, ICC will add minor clarifying details to the technical calculation descriptions set forth in the ICC Risk Management Model Description document, specifically in the Recovery Rate Sensitivity Risk Analysis, Interest Rate Sensitivity Risk Analysis, Spread Risk Analysis, and Guaranty Fund Size Estimation sections.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act⁵ directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds

that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act⁶ requires, among other things, that the rules of a clearing agency are 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.

The Commission finds that the proposed rule change is consistent with the requirements of Section 17A of the Act⁷ and the rules and regulations thereunder applicable to ICC. ICC asserts that the proposed change will simplify its initial margin methodology and lead to more stable initial margin requirements. The Commission believes that ICC's proposed revisions to the ICC Risk Management Framework and the ICC Risk Model Description Document, including the introduction of minimum liquidity requirements for the relevant instruments that do not decay over time and therefore are independent of instrument maturities, are reasonably designed to meet the margin and financial resource requirements of Rule 17Ad-22(b)(2-3).⁸ In addition, the Commission believes that the revised methodology should assist market participants clearing or deciding whether to clear instruments through ICC to estimate liquidity charges for hypothetical and current positions. This enhancement in transparency is consistent with Rule 17Ad-22(d)(9),⁹ which requires clearing agencies to establish, implement, maintain, and enforce policies and procedures reasonably designed to provide market participants with sufficient information for them to identify and evaluate the risks and costs associated with using its service.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act¹⁰ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹¹ that the

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁷ 15 U.S.C. 78q-1.

⁸ 17 CFR 240.17Ad-22(b)(2-3).

⁹ 17 CFR 240.17Ad-22(d)(9).

¹⁰ 15 U.S.C. 78q-1.

¹¹ 15 U.S.C. 78s(b)(2).

proposed rule change (File No. SR-ICC-2016-010) be, and hereby is, approved.¹²

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold a closed meeting on Thursday, November 10, 2016, at 2 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), 9(B) and (10) and 17 CFR 200.402(a)(3), (a)(5), (a)(7), (a)(9)(ii), and (a)(10), permit consideration of the scheduled matter at the closed meeting.

Chair White, as duty officer, voted to consider the items listed for the closed meeting in closed session.

The subject matter of the closed meeting will be:

Institution and settlement of administrative proceedings; and

Other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact Brent J. Fields from the Office of the Secretary at (202) 551-5400.

Dated: November 3, 2016.

Brent J. Fields,
Secretary.

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¹² 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).

¹³ 17 CFR 200.30-3(a)(12).

⁵ 15 U.S.C. 78s(b)(2)(C).