

Further, in limiting the allocation of Investment Losses in the Client Origin Account to those Clearing Participants that have instructed, or are deemed to have instructed, ICC to invest cash Initial Margin in the Client Origin Account, the Commission believes that the proposed rule change would help to minimize risk of loss and of delay in access to cash Initial Margin by providing a means for Clearing Participants to opt out responsibility for Investment Losses with respect to the Client Origin Account.

Accordingly, the Commission finds that the proposed rule change is consistent with the requirements of Rule 17Ad-22(d)(3).⁶¹

D. Consistency With Rule 17Ad-22(d)(8)

Rule 17Ad-22(d)(8) requires that ICC establish, implement, maintain and enforce written policies and procedures reasonably designed to have governance arrangements that are clear and transparent to fulfill the public interest requirements in Section 17A of the Act applicable to clearing agencies, to support the objectives of owners and participants, and to promote the effectiveness of ICC's risk management procedures.⁶²

The Commission believes that the proposed rule change, in providing that the ICC Board could modify the amount of Investment Loss Resources and Custodial Loss Resources from time to time, and specifying that such determination would be risk-based in light of ICC's potential exposure to such losses, would establish clear and transparent governance arrangements for determining the amount of such resources.

Accordingly, the Commission finds that the proposed rule change is consistent with the requirements of Rule 17Ad-22(d)(8).⁶³

V. Accelerated Approval of the Proposed Rule Change, as Modified by Partial Amendment No. 1 and Partial Amendment No. 2

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,⁶⁴ to approve the proposed rule change prior to the 30th day after the date of publication of Partial

Amendment No. 2 in the **Federal Register**. As discussed above, Partial Amendment No. 2 modifies the initial proposed rule change to (1) differentiate the treatment of Investment Losses in the Client Origin Account from the treatment of Investment Losses in the House Origin Account and (2) limit the allocation of Investment Losses to those Clearing Participants that have instructed, or are deemed to have instructed, ICC to invest cash Initial Margin in the Client Origin Account. In so doing, Partial Amendment No. 2 provides for a more clear and comprehensive understanding of the treatment of Investment Losses and the impact of the proposed rule change on Clearing Participants, which helps to improve the Commission's review of the proposed rule change for consistency with the Act.

For similar reasons as discussed above, the Commission finds that Partial Amendment No. 2 is designed to help assure the prompt and accurate clearance and settlement of securities transactions and the safeguarding of securities and funds which are in the custody or control of ICC, consistent with Section 17A(b)(3)(F) of the Act,⁶⁵ and the equitable allocation of reasonable dues, fees, and other charges among ICC's Clearing Participants, consistent with the Section 17A(b)(3)(D) of the Act.⁶⁶ Accordingly, the Commission finds good cause for approving the proposed rule change, as modified by Partial Amendment No. 2, on an accelerated basis, pursuant to Section 19(b)(2) of the Exchange Act.⁶⁷

VI. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2, is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) and (D) of the Act⁶⁸ and Rules 17Ad-22(d)(3) and (d)(8) thereunder.⁶⁹

It is therefore ordered pursuant to Section 19(b)(2) of the Act⁷⁰ that the proposed rule change, as modified by Partial Amendment No. 1 and Partial

Amendment No. 2 (SR-ICC-2019-010), be, and hereby is, approved on an accelerated basis.⁷¹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷²

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: 7:20 p.m. on Thursday, February 20, 2020.

PLACE: The meeting was held at the Commission's headquarters, 100 F Street NE, Washington, DC 20549.

STATUS: This meeting was closed to the public.

MATTERS TO BE CONSIDERED:

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries attended the closed meeting. Certain staff members who have an interest in the matter were also present.

The General Counsel of the Commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (6), (7), (8), 9(B) and (10) and 17 CFR 200.402(a)(3), (a)(5), (a)(6), (a)(7), (a)(8), (a)(9)(ii) and (a)(10), permit consideration of the scheduled matter at the closed meeting. This notice is being made publicly available at the earliest practicable time.

The subject matter of the closed meeting consisted of the following topic: Other matter relating to enforcement proceedings.

CONTACT PERSON FOR MORE INFORMATION:

For further information; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551-5400.

Dated: February 21, 2020.

Vanessa A. Countryman,
Secretary.

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⁷¹ 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).

⁷² 17 CFR 200.30-3(a)(12).

⁶¹ 15 U.S.C. 17Ad-22(d)(3).

⁶² 15 U.S.C. 17Ad-22(d)(8).

⁶³ 15 U.S.C. 17Ad-22(d)(8).

⁶⁴ 15 U.S.C. 78s(b)(2).

⁶⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶⁶ 15 U.S.C. 78q-1(b)(3)(D).

⁶⁷ 15 U.S.C. 78s(b)(2).

⁶⁸ 15 U.S.C. 78q-1(b)(3)(F), (D).

⁶⁹ 17 CFR 240.17Ad-22(d)(3) and (d)(8).

⁷⁰ 15 U.S.C. 78s(b)(2).