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 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 filing also will be available for inspection and copying at the principal office of the Exchange. 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–BOX–2022–28, and should be submitted on or before December 1, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2022–24507 Filed 11–9–22; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–96237; File No. SR–ICC–2022–013]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of filing of Proposed Rule Change Relating to the ICC Collateral Risk Management Framework, ICC Treasury Operations Policies and Procedures, and ICC Liquidity Risk Management Framework

November 4, 2022.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934[1] (the "Act") and Rule 19b–4 thereunder,[2] notice is hereby given that on October 24, 2022, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II and III below, which Items have been primarily prepared by ICC. 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

The principal purpose of the proposed rule change is to formalize the Collateral Risk Management Framework ("CRMF") and to amend the Treasury Operations Policies and Procedures ("Treasury Policy") and the Liquidity Risk Management Framework ("LRMF"). These revisions do not require any changes to the ICC Clearing Rules (the "Rules").

II. Clearing Agency'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, 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

(a) Purpose

ICC proposes to formalize the CRMF and to make related changes to the Treasury Policy and the LRMF. The proposed changes formalize a standalone CRMF to centralize relevant information on ICC's collateral assets risk management methodology in one document. The proposed changes further remove duplicative information from the Treasury Policy and update references in the Treasury Policy and the LRMF accordingly. Such changes would not amend ICC's methodology but would instead promote transparency and effective operation of the collateral assets risk management model by unifying key information on ICC's collateral assets risk management approach in one document. ICC believes that 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. ICC proposes to make such changes effective following Commission approval of the proposed rule change. The proposed revisions are discussed in detail as follows.

CRMF

ICC proposes to formalize the CRMF as a standalone document containing its current collateral assets risk management approach. The CRMF begins by introducing ICC's quantitative risk management approach that accounts for the risk associated with fluctuations of collateral asset prices. The document is further divided into six sections that are detailed below.

Section I sets out the computation of the current collateral asset haircut factors. To compute collateral haircut factors, estimations of two risk measures are performed. The more conservative risk measure is chosen to establish the haircut factors that capture potential collateral value losses. The chosen methodology, which consists of quantifying the potential risk exposures by analyzing the distribution of the appropriately identified risk factor describing the collateral asset price changes, is set forth in more detail in this section.

The following subsections are specific to currency and sovereign debt haircut factors. Regarding currency haircut factors in Subsection I.a, a two-stage approach is set out to account for the risk associated with fluctuations of collateral asset prices denominated in foreign currencies and its corresponding time series are used for collateral denominated in foreign currencies. The risk of the underlying collateral asset is estimated in its own currency in the first stage, and the risk exposure to an exchange rate conversion is considered by applying a foreign exchange ("FX") haircut factor in the second stage. With respect to sovereign debt haircut factors, Subsection I.b sets out how the fluctuations of the time to maturity yield rates are considered and its corresponding time series are used for sovereign debt collateral. In each subsection, further detail, such as relevant computations, equations, definitions, and considerations, is included to describe how currency and sovereign debt haircut factors are determined.

The final haircut factor rounding process is set out in Subsection I.c. The estimated haircut factors are rounded up to ensure appropriate stability and some conversative bias. Relevant computations, equations and illustrations demonstrate the haircut factor rounding process.

Section II details the current collateral assets risk management model and contains additional risk management information. This section begins by

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[16] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

introducing the statistical calibration of the model by estimating an appropriate distribution to a time series of past realizations of the driving factor. One of the main components of the collateral assets risk management model is the distribution that describes the realizations of the asset price determining risk factor. Certain assumptions are also introduced to provide more stable and easy-to-reproduce numerical results.

The model framework is described in more detail in the following subsections. Subsection II.a details certain distributional assumptions appropriate for FX and fixed income (''FI'') assets on which the haircut methodology is based. A summary of relevant literature is included; the haircut methodology uses the cited results on distribution families with applications to FX and FI instruments. Subsection II.b and II.c set forth parameter estimations. Subsection II.b expresses how parameter estimates are obtained and used to compute multi-day risk measures. Parameter estimations are performed in stages to facilitate numerical implementation and result replication and to eliminate potential operational risk. The main inputs for the statistical approach are set out and the calibration of the collateral haircut model is discussed. Subsection II.c explains how the variability of a risk factor is described for risk management purposes and sets out the selected measure of variability for all considered time series. Subsection II.d depicts multi-period forecasting, including the analysis that is performed to extend one-day to multi-period forecasts. Subsection II.e discusses how risk measures are obtained which are used for haircut purposes. For each subsection, additional detail, such as relevant parameters, computations, equations, definitions, and figures, is included to describe relevant processes.

Section III contains governance procedures relevant to the CRMF. Collateral haircut factor estimations are executed daily, and the ICC Risk Department reviews the results and determines any updates, at least monthly. Haircut factors can be updated more frequently at the discretion of the ICC Chief Risk Officer (''CRO'') or designee. Additional language explains the implementation of updates by relevant departments and the periodic review of the statistical performance of the collateral haircut model, which consists of back-testing of applicable risk factors at least quarterly. A discussion of the back-testing exercise is included related to exploring poor back-testing results and taking remedial actions. The associated governance process is also summarized, including the ICC officers responsible for determining poor back-testing, the steps required following such determination, the groups consulted regarding poor back-testing or remedial action, and additional statistical analyses to measure and monitor the significance of back-testing results.

Section IV provides applications to FX and FI instruments to demonstrate the viability of the model used in the collateral risk management methodology. Subsection IV.a presents an example of the modeling approach applied to cash collateral denominated in a currency different from the required currency. Subsection IV.b presents an example of the modeling approach applied to US Treasury Bonds denominated in US Dollars (''USD''). Subsection IV.c presents an example of the modeling approach applied to US Treasury Inflation Protected Securities (''TIPS'') denominated in USD. Each subsection sets out a three-stage approach to estimate risk measures and corresponding haircut factors and includes illustrations and back-testing results. Finally, Section V consists of a list of references and Section VI adds a revision history.

Treasury Policy

The proposed changes remove information on ICC's collateral assets risk management approach from the Treasury Policy. Currently, Appendix 6 to the Treasury Policy, titled Collateral Assets Risk Management Framework, (''Appendix 6'') contains this information. ICC proposes to remove Appendix 6 and, accordingly, to replace a reference to Appendix 6 with a reference to the CRMF in Section V.B.3.

In general, information from Appendix 6 is included throughout Sections I and III of the CRMF with minor differences in drafting style and without substantive changes. The below list summarizes where the information in Appendix 6 would reside following removal and differences from the CRMF.

- The approach accounting for the risk associated with fluctuations of collateral assets denominated in foreign currencies in Appendix 6, paragraph 1 is moved to the CRMF, Subsection I.a.
- The estimations of two risk measures in Appendix 6, paragraph 2 are moved to the CRMF, Section I.
- Examples related to currencies and sovereign debt from Appendix 6, paragraphs 3 and 4 are moved to the CRMF, Subsections I.a and I.b, respectively.
- A risk measure definition in Appendix 6, paragraph 5 is moved to the CRMF, Section I. A policy reference from Appendix 6, paragraph 5 is removed, as ICC considers it unnecessary given the additional risk management information in the CRMF.
- Information on FX and sovereign debt haircuts in Appendix 6, paragraphs 6–9 is moved to the CRMF, Subsections I.a and I.b, respectively.
- The rounding of estimated haircuts in Appendix 6, paragraph 10 is moved to the CRMF, Subsection I.c. Information on establishing, reviewing, and updating haircuts in Appendix 6, paragraph 10 is moved to the CRMF, Section III.
- Information on updating haircuts during periods of extreme stress in Appendix 6, paragraph 11 is moved to the CRMF, Subsection I.c.

As described above, the remaining CRMF sections include additional information that is not in Appendix 6. The CRMF would more fully describe ICC's collateral assets risk management approach and would not change the methodology in Appendix 6.

LRMF

ICC proposes minor changes to the LRMF to update references from the Treasury Policy to the CRMF. Currently, Section 2.4 in the LRMF references information in Appendix 6, including details on the collateral haircut methodology and process for reviewing and updating collateral haircuts. The amended LRMF would reference the CRMF instead of the Treasury Policy which would contain the subject information under the proposed updates.

(b) Statutory Basis

ICC believes that the proposed rule change is consistent with the requirements of section 17A of the Act [3] and the regulations thereunder applicable to it, including the applicable standards under Rule 17Ad–22.[4] In particular, section 17A(b)(3)(F) of the Act [5] requires that the rule change be 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.

As discussed herein, the proposed amendments formalize the CRMF to centralize relevant information on ICC's collateral assets risk management

[3] 15 U.S.C. 78q–1.

[4] 17 CFR 240.17Ad–22.

[5] 15 U.S.C. 78q–1(b)(3)(F).

methodology in one standalone document. The CRMF includes information from Appendix 6 as well as information not in Appendix 6, such as additional risk management information, governance procedures, modeling approach examples, and references. The proposed amendments also remove duplicative information from the Treasury Policy and update references in the Treasury Policy and the LRMF to the CRMF as needed. The proposed rule change would not amend ICC's methodology and would promote effective operation of the collateral assets risk management model by unifying key information on ICC's collateral assets risk management approach in one document. The additional information in the CRMF would provide a more detailed explanation of the collateral assets risk management model and methodology that would facilitate replication and validation by third parties. In ICC's view, such changes promote transparency by including additional information on ICC's collateral assets risk management approach in the CRMF, including relevant parameters, computations, equations, definitions, and figures to describe relevant processes, which would also ensure that responsible parties carry out their assigned duties effectively and aid them in doing so. Further, the clarification changes ensure transparency, readability, and clarity by avoiding unnecessary repetition and duplication in the Treasury Policy and maintaining references to the appropriate document in the Treasury Policy and LRMF, which would avoid confusion between policies and promote efficient and effective operation of ICC's collateral assets risk management methodology. Accordingly, ICC believes that the proposed rule change is consistent with the prompt and accurate clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions, 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.[6]

The amendments would also satisfy relevant requirements of Rule 17Ad–22.[7] Rule 17Ad–22(e)(2)(i) and (v)[8] requires ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for governance arrangements that are clear and transparent and specify clear and direct lines of responsibility. The proposed changes strengthen the governance procedures related to ICC's collateral assets risk management approach by memorializing associated governance processes and procedures in the CRMF. The CRMF details governance procedures associated with haircut factor updates, implementation, and review, including the responsible ICC personnel, department, group, or committee. As such, in ICC's view, the proposed rule change continues to ensure that ICC maintains policies and procedures that are reasonably designed to provide for clear and transparent governance arrangements and specify clear and direct lines of responsibility, consistent with Rule 17Ad–22(e)(2)(i) and (v).[9]

Rule 17Ad–22(e)(4)(ii)[10] requires ICC 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 ICC in extreme but plausible market conditions. The proposed amendments enhance ICC's ability to manage its financial resources by providing further clarity and transparency on its collateral assets risk management approach through additional details, examples, and references in the CRMF, which will promote the effective and accurate function of the collateral assets risk management model. The additional information in the CRMF provides a more detailed explanation of the collateral assets risk management model and methodology, which will facilitate replication and validation by third parties. The proposed rule change would also enhance the implementation of various processes and procedures associated with the collateral assets risk management methodology to ensure that responsible parties effectively carry out their associated duties, including by providing relevant parameters, computations, equations, definitions, and figures. Furthermore, the clarification changes serve to avoid confusion between policies and promote efficient and effective operation of ICC's collateral assets risk management methodology by avoiding unnecessary repetition and duplication in the Treasury Policy by removing Appendix 6 and by ensuring references to the appropriate document in the Treasury Policy and LRMF. As such, the proposed amendments would support ICC's ability to maintain its financial resources and withstand the pressures of defaults, consistent with the requirements of Rule 17Ad–22(e)(4)(ii).[11]

Rule 17Ad–22(e)(5)[12] requires ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to limit the assets it accepts as collateral to those with low credit, liquidity, and market risks, and set and enforce appropriately conservative haircuts and concentration limits if the covered clearing agency requires collateral to manage its or its participants' credit exposure; and require a review of the sufficiency of its collateral haircuts and concentration limits to be performed not less than annually. ICC would continue to limit the assets that ICC accepts as collateral to those with low credit, liquidity, and market risks under the proposed rule change. Furthermore, the CRMF would provide a clear framework for ICC to continue to set and enforce appropriately conservative haircuts for acceptable collateral assets and would set out responsible parties. The additional governance procedures in Section III of the CRMF would ensure that ICC establishes, reviews, and updates haircuts within defined intervals, and more frequently if deemed necessary. As described above, collateral haircut factor estimations are executed daily, and the ICC Risk Department reviews the results and determines any updates, at least monthly. Haircut factors can be updated more frequently at the discretion of the CRO or designee. As such, the amendments would satisfy the requirements of Rule 17Ad–22(e)(5).[13]

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

ICC does not believe the proposed rule change would have any impact, or impose any burden, on competition. The proposed changes formalize a standalone CRMF to centralize relevant information on ICC's collateral assets risk management methodology in one document. The proposed changes further remove duplicative information

[6] *Id.*

[7] 17 CFR 240.17Ad–22.

[8] 17 CFR 240.17Ad–22(e)(2)(i) and (v).

[9] *Id.*

[10] 17 CFR 240.17Ad–22(e)(4)(ii).

[11] *Id.*

[12] 17 CFR 240.17Ad–22(e)(5).

[13] *Id.*

from the Treasury Policy and update references in the Treasury Policy and the LRMF accordingly. These changes do not amend ICC's methodology and would apply uniformly across all market participants. ICC does not believe these amendments would affect the costs of clearing or the ability of market participants to access clearing. Therefore, ICC does not believe the proposed rule change imposes any burden on competition that is inappropriate in furtherance of the purposes of the Act.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change 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 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 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–2022–013 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–2022–013. 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 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 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–2022–013 and should be submitted on or before December 1, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2022–24505 Filed 11–9–22; 8:45 am]

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[14] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–96239; File No. SR–CBOE–2022–053]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Operation of Its Flexible Exchange Options ("FLEX Options") Pilot Program Regarding Permissible Exercise Settlement Values for FLEX Index Options

November 4, 2022.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on October 24, 2022, Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(6) thereunder.[4] 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

Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') proposes to extend the operation of its Flexible Exchange Options (''FLEX Options'') pilot program regarding permissible exercise settlement values for FLEX Index Options. The text of the proposed rule change is provided below.

(additions are *italicized*; deletions are [bracketed])

* * * * *

Rules of Cboe Exchange, Inc.

* * * * *

Rule 4.21. Series of FLEX Options

(a) No change.

(b) *Terms.* When submitting a FLEX Order for a FLEX Option series to the System, the submitting FLEX Trader must include one of each of the following terms in the FLEX Order (all other terms of a FLEX Option series are the same as those that apply to non-FLEX Options), provided that a FLEX Index Option with an index multiplier of one may not be the same type (put or call) and may not have the same exercise style, expiration date, settlement type, and exercise price as a non-FLEX Index Option overlying the same index listed for trading (regardless of the index multiplier of the non-FLEX Index Option), which terms constitute the FLEX Option series:

(1)–(4) No change.

(5) settlement type:

(A) No change.

(B) *FLEX Index Options.* FLEX Index Options are settled in U.S. dollars, and may be:

(i) No change.

(ii) p.m.-settled (with exercise settlement value determined by

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(iii).

[4] 17 CFR 240.19b–4(f)(6).