

Form 19b-4 Information*1. Text of the Proposed Rule Change*

(a) ICE Clear Credit LLC (“ICC”) proposes revisions to its Liquidity Risk Management Framework (“LRMF”). These revisions do not require any changes to the ICC Clearing Rules (“Rules”).

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The proposed changes were recommended by the ICC Risk Committee for approval by the ICC Board of Managers (the “Board”) on June 20, 2024, and were approved by the Board on June 20, 2024.

(b) Please refer questions and comments on the proposed rule change to Olivia Bazor, Staff Attorney at ICC, at 904-371-8568.

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

(a) Purpose

ICC proposes to update the LRMF. The LRMF sets forth its measurement and monitoring practices and the corresponding governance procedures, influencing or determining ICC’s liquidity resources. ICC believes the proposed changes 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 rule change is described in detail as follows.

ICC proposes to remove an outdated cross-reference in Section 2.4. of the LRMF. The cross-reference in Section 2.4. of the LRMF references an obsolete calculation that was recently removed from ICC’s haircut methodology contained in ICC’s Collateral Risk Management

Framework (“CRMF”).¹ The proposed removal of the outdated cross-reference does not revise ICC’s haircut methodology, rather it is intended to correct and provide consistency between the CRMF and the LRMF.

Also, ICC proposes to update the LRMF ‘Revision History’ to include the proposed change.

(b) Statutory Basis

ICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act² and the regulations thereunder applicable to it, including the applicable standards under Rule 17Ad-22.³ In particular, Section 17A(b)(3)(F) of the Act⁴ 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 change removes the outdated cross-reference. Such change strengthens the LRMF by keeping the framework up to date and correct. ICC believes that having policies and procedures that clearly and accurately document its risk management practices, including liquidity stress testing, are an important component to the effectiveness of ICC’s risk management system and support ICC’s ability to maintain adequate financial resources and sufficient liquid resources. Accordingly, in ICC’s view, the proposed rule change is consistent with the prompt and accurate clearance and settlement of securities transactions, derivatives agreements,

¹ See Exchange Act Release No. 100274 (June 5, 2024), 89 FR 49252 (June 11, 2024) (SR-ICC-2024-003).

² 15 U.S.C. 78q-1.

³ 17 CFR 240.17ad-22.

⁴ 15 U.S.C. 78q-1(b)(3)(F).

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.⁵

The change would also satisfy relevant requirements of Rule 17Ad-22.⁶ Rule 17Ad-22(e)(4)(ii)⁷ 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 change ensures consistency across the LRMF and the CRMF by removing an outdated cross-reference. As such, the proposed amendment would strengthen 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).⁸

Rule 17Ad-22(e)(7)(i)⁹ requires ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by it, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree

⁵ *Id.*

⁶ 17 CFR 240.17ad-22.

⁷ 17 CFR 240.17ad-22(e)(4)(ii).

⁸ *Id.*

⁹ 17 CFR 240.17ad-22(e)(7)(i).

of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for ICC in extreme but plausible market conditions. The proposed change to remove an outdated cross-reference provides clarity and transparency in the LRMF ensuring that information and references are current and correct. As such, the proposed change would promote ICC's ability to ensure that it maintains sufficient liquid resources in accordance with the requirements of Rule 17Ad-22(e)(7)(i).¹⁰

4. Self-Regulatory Organization'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 revision removes outdated language, which ICC believes are appropriate in furtherance of the risk management of the clearing house. The change to the LRMF will 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 would impose any burden on competition that is inappropriate in furtherance of the purposes of the Act.

5. 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 change have not been solicited or received. ICC will notify the Commission of any written comments received by ICC.

6. Extension of Time Period for Commission Action

ICC does not consent to an extension of any time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

¹⁰ *Id.*

- (a) ICC is filing the proposed rule change for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(1)¹² thereunder.
- (b) ICC believes that summary effectiveness is warranted with respect to the proposed amendment because the amendment constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. The proposed amendment does not change current haircut methodologies within the LRMF and instead ensures clarity and consistency across related provisions in the LRMF and the CRMF. The proposed changes more clearly and consistently reflect ICC's current practices. The proposed amendment is thus limited to clarification changes, which constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

As a result, in ICC's view, the amendments fall within Rule 19b-4(f)(1)¹³ and do not raise any issues that would require a lengthier review process under Section 19(b)(2).

(c) Not applicable.

(d) Not applicable.

8. *Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission*

Not applicable.

9. *Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act*

Not applicable.

10. *Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act*

Not applicable.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(1).

¹³ *Id.*

11. Exhibits

Exhibit 1 – Not applicable

Exhibit 1A – Notice of proposed rule change for publication in the *Federal Register*

Exhibit 2 – Not applicable

Exhibit 3 – Not applicable

Exhibit 4 – Not applicable

Exhibit 5 – Confidential text of the LRMF omitted and submitted separately to the Commission. Confidential treatment of Exhibit 5 is being requested pursuant to 17 CFR 240.24b-2.