

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102814; File No. SR-ICC-2025-005]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to ICC’s Treasury Operations Policies & Procedures

April 10, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 2, 2025, ICE Clear Credit LLC (“ICC” or “ICE Clear Credit”) 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. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the ICC Treasury Operations Policies & Procedures (the “Treasury Policy”). These revisions do not require any changes to the ICC Clearing Rules (the “Rules”).³

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,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms used but not defined herein have the meanings specified in the Treasury Policy or, if not defined therein, the ICE Clear Credit Rules (the “Rules”).

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

ICE Clear Credit is proposing to amend its Treasury Policy. The purpose of the Treasury Policy is to articulate the policies and procedures used to support the ICC Treasury Department (the "Treasury Department"), which is responsible for daily cash and collateral management of margin and guaranty fund assets. The proposed changes formalize ICC's intraday margin call procedures in the Treasury Policy to formally document ICC's intraday margin call procedures consistent with the requirements of Rule 17Ad-22(e)(6)(ii).⁴ Such changes would not modify ICC's intraday margin call practices but instead promote transparency by formally documenting a description of such intraday margin call practices. 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 described in detail as follows.

ICC proposes to formalize its current intraday margin call procedures by adding a description of such procedures as 'Appendix 6: Intraday Margin Call Procedures' ("Appendix 6") to the Treasury Policy. Appendix 6 contains a description of the three

⁴ 17 CFR 240.17-22ad(e)(6)(ii) [SIC].

types of intraday margins calls recognized by ICC,⁵ specifically Non-routine Intraday Margin Calls, Selective Intraday Margin Call, and Discretionary Margin Calls.

With respect to Non-routine Intraday Margin Calls, proposed Appendix 6 contains a description of this category of intraday margin calls and details procedures followed by the ICC Risk Department in the event of a Non-routine Intraday Margin Call. Non-routine Margin Calls are considered if the market suddenly becomes highly volatile and the observed price/spread level changes increase the risk exposure of ICC to certain Clearing Participants. Non-routine Intraday Margin Calls are triggered if a certain percentage of the value of collateral on deposit has eroded due to the observed intraday unrealized losses. Procedures relevant to Non-routine Margin Calls included in Appendix 6 are summarized below:

- ICC utilizes its intraday system to capture intraday prices and re-value Clearing Participant portfolios to estimate the unrealized profit/loss.
- Compare the unrealized profit/loss to collected Initial Margin (“IM”) requirement, excluding funds attributed to the concentration charges.
- If any Clearing Participant’s IM erodes by a specified early warning percentage, the ICC Risk Department will begin the initial warning process to (i) notify the relevant ICC departments, and (ii) notify the affected Clearing Participant(s) that their unrealized losses are approaching the IM erosion threshold that could trigger an intraday margin call (described below). In such initial warning to affected

⁵ Appendix 6 also includes a description of a fourth category of intraday margin calls - ‘Routine Margin Calls’ which are not utilized by ICC.

Clearing Participant(s), the ICC Risk Department has the option of communicating the current level of IM erosion to such Clearing Participant(s).

- Following such initial warning process, the ICC Risk Department will identify the risk factors associated with the affected Clearing Participant's greatest unrealized losses and will confirm the viability of all adverse price changes in such Clearing Participant portfolios. Following confirmation of price viability, the ICC Risk Department will begin/continue continuous intraday monitoring.
- If any Clearing Participant's IM erodes by a specified IM erosion threshold and such erosion lasts for more than a specified period of time, ICC will initiate the intraday margin call process (subject to the qualification described below) which is described in further detail below.
- Notwithstanding the erosion of a Clearing Participant's IM beyond the IM erosion threshold, should such triggering event occur later in the day, the ICC chief risk officer ("CRO") (or his or her designee) has the discretion on whether or not such intraday margin call will be made, based on various market condition considerations. Should the CRO forgo initiating an intraday margin call in such circumstances, the decision will be communicated to ICC senior management and documented in writing that describes the reasons for not proceeding with the intraday margin call.

With respect to Selective Intraday Margin Calls, proposed Appendix 6 describes this category as intraday margin calls driven by intraday changes in Clearing Participant position sizes that can lead to an insufficient level of collateralization. If such a case is observed, the ICC Risk Department will determine the increased IM amount by

estimating the IM requirements for the new positions using the intraday system to capture intraday prices and re-value Clearing Participant portfolios to estimate unrealized profit/loss and compare such unrealized profit/loss to the collected IM requirements (excluding concentration charges).

With respect to Discretionary Margin Calls, proposed Appendix 6 describes this category as intraday margin calls to Clearing Participants who's [sic] previously posted margin, in the CRO's judgement, does not provide proper risk protection. Such Discretionary Margin Calls are expected to be executed in the event there is a fast deterioration of the credit worthiness of a Clearing Participant and/or by adverse market conditions that could lead to significant losses that may result in the default of a Clearing Participant.

In the event an intraday margin call is made for any of the three categories of intraday margin calls described above, such process will be initiated by the CRO (or his or her designee) who will direct the Treasury Department to execute an intraday margin call.

- Such instruction will include the applicable Clearing Participant names and the amount of the intraday margin call. ICC senior management, as well as the ICC Compliance Department and the ICC Client Services Department will be copied on the instruction.
- With respect to Non-routine Intraday Margin Calls, the amount of the call will be consistent with the level of IM erosion and the remaining time until the end-of-day price discovery process.

- The Treasury Department will enter the amount of the intraday margin call in its system which may result (depending on current funds on deposit for the affected Clearing Participant(s)) in the issuance of a direct debit message instructing the Clearing Participants' designated bank to direct debit any margin payable.

Clearing Participants will have up to one hour to pay the intraday margin call after the issuance of the direct debit message.

In connection with the addition of proposed Appendix 6 to the Treasury Policy, ICC also proposes to add language to Section IV.A.4. of the Treasury Policy to generally reference ICC's process for monitoring the adequacy of collected IM on an intraday basis, and to note that ICC may issue intraday margin calls to Clearing Participant(s) whose margin on deposit does not provide prior risk protection. Such additional language also provides a cross-reference to the intraday margin call procedures set forth in new Appendix 6.

Lastly, ICC proposes to update Section X. 'Revision History' to include the proposed changes.

(b) Statutory Basis

ICE Clear Credit believes that the proposed amendments to the Treasury Policy are consistent with the requirements of Section 17A of the Securities Exchange Act of 1934 (the "Act")⁶ and the regulations thereunder applicable to it. In particular, Section 17A(b)(3)(F) of the Act⁷ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities

⁶ 15 U.S.C. 78q-1.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

transactions and, to the extent applicable, derivative agreements, contracts, and transactions, the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible, and the protection of investors and the public interest.

As discussed herein, the proposed amendments are designed to formalize ICC's intraday margin call procedures. The changes will not modify ICC's current intraday margin call practices but instead promote transparency by formally documenting a description of such intraday margin call practices. In ICC's view, formalization of such intraday margin call procedures, which include details on the categories of intraday margin calls utilized by ICC and describe the procedures following by ICC in the event of intraday margin calls, increase transparency and clarity on important ICC processes. ICC therefore believes the proposed amendments is consistent with the prompt and accurate clearance and settlement of securities transactions and derivatives agreements, contracts and transactions, contribute to the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible, and generally promote the protection of investors and the public interest in the operation of clearing services, within the meaning of Section 17A(b)(3)(F) of the Act.⁸

The amendments also comply with relevant provisions of Rule 17Ad-22.⁹ In particular, Rule 17Ad-22(e)(6)(ii) provides, in part, that "[e]ach covered clearing agency shall establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable [...] [c]over, if the covered clearing agency

⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁹ 17 CFR 240.17ad-22.

provides central counterparty services, its credit exposures to its participants by establishing a risk-based margin system that, at a minimum:[...] (B) Monitors intraday exposures on an ongoing basis; (C) Includes the authority and operational capacity to make intraday margin calls, as frequently as circumstances warrant, including the following circumstances: (1) When risk thresholds specified by the covered clearing agency are breached; or (2) When the products cleared or markets served display elevated volatility; and (D) Documents when the covered clearing agency determines not to make an intraday call pursuant to its written policies and procedures”¹⁰ The proposed amendments formalize ICC’s intraday margin call processes, and details the categories of intraday margin calls recognized by ICC. Such intraday margin categories recognized by ICC include, without limitation, when risk thresholds specified by ICC are breached and when markets cleared by ICC experience elevated volatility. In addition, the amendments describing ICC’s intraday margin call processes include a description of the procedures followed by ICC in the event it determines not to make an intraday margin call when specified risk thresholds are breached. ICC believes that formalizing its intraday margin call processes in its Treasury Policy is consistent with the requirements under Rule 17Ad-22(e)(6)(ii).¹¹

Rule 17Ad-22(e)(4)(i) provides that “[e]ach covered clearing agency shall establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable [...] identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement

¹⁰ 17 CFR 240.17-22ad(e)(6)(ii) [SIC].

¹¹ *Id.*

processes, including by: (i) [m]aintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence . . .”¹². The proposed amendments describe ICC’s intraday margin call processes which will be implemented with respect to Clearing Participants whose margin on deposit does not provide proper risk protection. Therefore, such proposed amendments to ICC’s Treasury Policy help ensure that it maintains sufficient financial resources to cover its credit exposure to its Clearing Participants, consistent with the requirements of Rule 17Ad-22(e)(4)(i).¹³

Rule 17Ad-22(e)(2)(i) and (v)¹⁴ 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 intraday margin call processes by memorializing associated governance procedures in the Treasury Policy. Proposed Appendix 6 to the Treasury Policy details governance procedures associated with monitoring intraday margin call risk triggers, initial warning procedures, and the issuance and collection of intraday margin calls. Furthermore, the proposed amendments document ICC’s governance followed when an intraday margin call is triggered but ICC determines not to issue such intraday margin call. In addition, such proposed amendments specify lines of responsibility within ICC for the decision making for the issuance of intraday margin calls, the communication related to such intraday margin calls, and the execution of such intraday margin calls. As such, in ICC’s view, the proposed rule change continues to ensure that ICC maintains policies and

¹² 17 CFR 240.17ad-22(e)(4)(i).

¹³ 17 CFR 240.17ad-22(e)(4)(i).

¹⁴ 17 CFR 240.17ad-22(e)(2)(i) and (v).

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).¹⁵

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

ICE Clear Credit does not believe the proposed amendments would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed amendments formalize ICC's current intraday margin call practices in the Treasury Policy. These changes do not amend ICC's methodology and would apply uniformly across all Clearing Participants. Accordingly, ICC does not believe the amendments would affect the rights and obligations of Clearing Participants or the costs of clearing, the ability of market participants to access clearing, or the market for clearing services generally. Therefore, ICE Clear Credit 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

¹⁵ *Id.*

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
(<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-ICC-2025-005 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-2025-005. 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 (<https://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 a.m. and 3 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.ice.com/clear-credit/regulation>.

Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted materials that is obscene or subject to copyright protection. All submissions should refer to file number SR-ICC-2025-005 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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

Sherry R. Haywood,
Assistant Secretary.

¹⁶ 17 CFR 200.30-3(a)(12).