

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103148; File No. SR-ICC-2025-005]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to ICC's Treasury Operations Policies and Procedures

May 29, 2025.

I. Introduction

On April 2, 2025, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to revise its Treasury Operations Policies & Procedures (the "Treasury Policy") ("Proposed Rule Change"). The Proposed Rule Change was published for comment in the *Federal Register* on April 16, 2025.³ The Commission has not received any comments on the Proposed Rule Change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. Description of the Proposed Rule Change

ICC is registered with the Commission as a clearing agency for the purpose of clearing CDS contracts,⁴ which means that it interposes itself as the buyer to every seller and the seller to every buyer for these types of financial transactions. As a clearing agency, one of ICC's functions is to manage risks inherent to the clearance and settlement of securities transactions.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 102814 (Apr. 10, 2025), 90 FR 16015 (Apr. 16, 2025) (File No. SR-ICC-2025-005) ("Notice").

⁴ Capitalized terms not otherwise defined herein have the meanings assigned to them in ICC's Clearing Rules or the Treasury Policy, as applicable.

Because ICC is obligated to perform on the contracts it clears, even where one of its Clearing Participants defaults, one such risk to which ICC is exposed is credit risk in the form of exposure to a Clearing Participant's trading activities. ICC manages such credit risk, in part, by collecting collateral from its Clearing Participants, both in the form of margin and in the form of a guaranty fund. Among other things, ICC's Treasury Department manages these daily cash and collateral requirements and movements in connection with ICC's daily clearing process.

ICC proposes to amend its Treasury Policy, which includes the policies and procedures that ICC uses to support its Treasury Department. Specifically, ICC proposes to formally describe its existing intraday margin call procedures in the Treasury Policy, which are designed to be consistent with the requirements of Rule 17Ad-22(e)(6)(ii).⁵ ICC's proposed changes to the Treasury Policy would not change its current margin call practices, but rather ensure they are fully documented and described in the Treasury Policy.

A. Description of ICC's Intraday Margin Call Procedures

ICC proposes to add a description of its current intraday margin call procedures in a new appendix to the Treasury Policy, entitled "Appendix 6: Intraday Margin Call Procedures" ("Appendix 6"). Appendix 6 would describe the conditions and procedures for three categories of intraday margin calls that ICC recognizes: Non-routine Intraday Margin Calls, Selective Intraday Margin Calls, and Discretionary Margin Calls.⁶

For Non-routine Intraday Margin Calls, Part B of Appendix 6 would describe the steps that ICC currently follows prior to and during the margin call process. Appendix 6.B states that

⁵ 17 CFR 240.17ad-22(e)(6)(ii).

⁶ Proposed Appendix 6.A notes that ICC also recognizes a fourth category of intraday margin call, the Routine Intraday Margin Call, which is meant to be executed at one or more pre-specified times during the day, assuming that prices and positions are updated. However, ICC does not perform this type of intraday margin call because ICC does not execute the end-of-day price discovery process on an intraday basis. See Notice at 16015.

ICC executes a Non-routine Intraday Margin Call if the market suddenly becomes highly volatile and the observed price/spread level changes increase the risk exposure of ICC to certain Clearing Participants. For example, ICC notes that such a call is triggered if a certain percentage of the value of collateral on deposit has eroded due to the observed intraday unrealized losses.⁷ Appendix 6.B lists the following steps: (1) the ICC Risk Department uses its intraday system to capture intraday prices and revalue Clearing Participant portfolios to estimate unrealized profit/loss; (2) the Risk Department compares the unrealized profit/loss to the collected Initial Margin (“IM”) requirement; (3) an initial warning process is triggered if any Clearing Participant’s IM erodes by a specified early warning percentage; (4) the ICC Risk Department identifies risk factors associated with the affected Clearing Participant’s greatest unrealized losses, and confirms the viability of all adverse price changes in light of the Clearing Participant’s portfolio; (5) the senior Risk Department staff begins a continuous intraday monitoring process, if not already begun; (6) the intraday margin call execution process is triggered if any Clearing Participant’s Initial Margin erodes by a specific percentage threshold and lasts for more than a specified length of time, prior to a specific time of day;⁸ and (7) if the erosion level exceeds a specific threshold after a specific time of day, the ICC Chief Risk Officer (“CRO”) or the CRO’s designee has the discretion to make intraday margin calls based on

⁷ *Id.*

⁸ Appendix 6.B further describes the intraday margin call execution process. The CRO or CRO’s designee informs the Treasury Department by email to execute the call; the email will contain the Clearing Participant name(s) and amount(s) of the increase of the USD IM required amount; and Senior Management, Compliance, and Client Support Services will be copied on the email communication. Furthermore, 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. Finally, 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) in the issuance of a direct debit message instructing the Clearing Participant’s 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. *Id.*

various market condition considerations.⁹

For Selective Intraday Margin Calls, ICC proposes for Part C of Appendix 6 to describe the steps that ICC currently follows prior to and during the call process. ICC considers executing a Selective Intraday Margin Call when intraday changes in Clearing Participant position sizes can lead to an insufficient level of collateralization. Appendix 6.C states that, in such cases, the ICC Risk Department will determine the increased IM amount by estimating the IM requirements for the new positions as they were guaranteed by ICC at the start of the trading day, and by following the first two steps from Appendix 6.B (*i.e.*, revaluing Clearing Participant portfolios to estimate unrealized profit/loss and comparing such unrealized profit/loss to the collected IM requirement, excluding concentration charges). Appendix 6.C further notes that, in connection with Selective Intraday Margin Calls, the Risk Department will follow the same internal notification process as described in Appendix 6.B for Non-routine Intraday Margin Calls.

For Discretionary Margin Calls, ICC proposes for Part D of Appendix 6 to describe the steps that ICC currently follows prior to and during the margin call process. Appendix 6.D states that Discretionary Margin Calls are intraday margin calls to Clearing Participants whose previously posted margin, in the CRO's judgment, does not provide proper risk protection. ICC considers using Discretionary Margin Calls where there is a fast deterioration of the creditworthiness of a Clearing Participant, and/or adverse market conditions that could lead to significant losses that may result in the default of a Clearing Participant. Appendix 6.D further notes that the Risk Department will follow the same internal notification process as described in

⁹ Appendix 6.B further states that in the event the CRO or the CRO's designee foregoes initiating an intraday margin call, the decision will be communicated to Senior Management and a formal document will be created that outlines the reasons for not proceeding with the intraday margin call. *Id.*

Appendix 6.B, for Non-routine Intraday Margin Calls.

B. Additional References and Updates

The Proposed Rule Change would add language to Section IV.A.4 (“Non-Routine Settlement Procedures and Timeline”) of ICC’s Treasury Policy. The new language would generally refer to ICC’s process for monitoring the adequacy of collected IM on an intraday basis and would also note that ICC may issue intraday margin calls to Clearing Participant(s) whose margin on deposit does not provide prior risk protection. The new language would also provide a cross-reference to the intraday margin call procedures in new Appendix 6.

Additionally, the Proposed Rule Change would update Section X (“Revision History”) of the Treasury Policy to include a brief description of the proposed changes to the Treasury Policy.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act requires the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the organization.¹⁰ Under the Commission’s Rules of Practice, the “burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization [‘SRO’] that proposed the rule change.”¹¹

The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,¹² and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an

¹⁰ 15 U.S.C. 78s(b)(2)(C).

¹¹ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

¹² *Id.*

affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations.¹³ Moreover, “unquestioning reliance” on an SRO’s representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.¹⁴

After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act¹⁵ and Rule 17Ad-22(e)(6)(ii)¹⁶ thereunder, as described in detail below.

A. Consistency with Section 17A(b)(3)(F) of the Act

Under Section 17A(b)(3)(F) of the Act, ICC’s rules, among other things, must be “designed to promote the prompt and accurate clearance and settlement of securities transactions”¹⁷ Based on a review of the record, and for the reasons discussed below, the Proposed Rule Change is consistent with Section 17A(b)(3)(F).

ICC proposes to update its Treasury Policy to include a description of its already-existing procedures for intraday margin calls. By formally documenting the procedures in its Treasury Policy, ICC further supports ICC’s ability to, and increases the likelihood that its Risk Department will, apply the correct intraday margin call procedure as appropriate depending on the circumstances and the applicable intraday margin call category. This will support and improve ICC’s overall risk management, which in turn supports the public’s confidence in ICC’s approach to risk management and could encourage more participants to clear transactions at ICC.

¹³ *Id.*

¹⁴ *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

¹⁶ 17 CFR 240.17ad-22(e)(6)(ii).

¹⁷ 15 U.S.C. 78q-1(b)(3)(F).

Therefore, the update to ICC’s Treasury Policy is consistent with promoting the prompt and accurate clearance and settlement of securities transactions.

Accordingly, the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.¹⁸

B. Consistency with Rule 17Ad-22(e)(6)(ii)

Rule 17Ad-22(e)(6)(ii) requires ICC to “establish, implement, maintain and enforce written policies and procedures reasonably designed to . . . [c]over, if the covered clearing agency provides central counterparty services, its credit exposures to its participants by establishing a risk-based margin system that, at a minimum . . . [m]arks participant positions to market and collects margin (including variation margin or equivalent charges if relevant) at least daily; . . . [m]onitors intraday exposures on an ongoing basis; . . . [i]ncludes the authority and operational capacity to make intraday margin calls, as frequently as circumstances warrant, including the following circumstances: . . . [w]hen risk thresholds specified by the covered clearing agency are breached; or . . . [w]hen the products cleared or markets served display elevated volatility; and . . . [d]ocuments when the covered clearing agency determines not to make an intraday call pursuant to its written policies and procedures”¹⁹ Based on a review of the record, and for the reasons discussed below, the Proposed Rule Change is consistent with Rule 17Ad-22(e)(6)(ii).

ICC’s intraday margin call procedures, which the Proposed Rule Change would add to the Treasury Policy, are consistent with the requirements set forth in Rule 17Ad-22(e)(6)(ii). New Appendix 6 includes descriptions of various intraday margin call categories that ICC

¹⁸ *Id.*

¹⁹ 17 CFR 240.17ad-22(e)(6)(ii).

recognizes, and the procedures that ICC follows for each category. Specifically, Appendix 6 notes that ICC recognizes four different categories of intraday margin calls, and the appendix further describes specific procedures for the three categories of intraday margin calls that are pertinent to ICC's operations. For each of these three categories, ICC monitors intraday exposures on an ongoing basis to capture intraday prices and re-value Clearing Participant portfolios to estimate the unrealized profit/loss, and then compares the unrealized profit/loss to the collected IM requirement, excluding funds attributed to the concentration changes. Appendix 6 further describes ICC's authority and operational capacity to make intraday margin calls, including in circumstances when certain risk thresholds such as erosion levels are breached, or when ICC's cleared products or served markets display elevated volatility. Appendix 6 also states that ICC will create a formal document outlining reasons for not proceeding with an intraday margin call in the event the CRO or CRO's designee decides not to do so despite specific risk thresholds being breached.

Accordingly, the Proposed Rule Change is consistent with the requirements of Rule 17Ad-22(e)(6)(ii).²⁰

²⁰ *Id.*

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, Section 17A(b)(3)(F) of the Act²¹ and Rule 17Ad-22(e)(6)(ii).²²

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-ICC-2025-005) be, and hereby is, approved.²³

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.²⁴

J. Matthew DeLesDernier,

Deputy Secretary.

²¹ 15 U.S.C. 78q-1(b)(3)(F).

²² 17 CFR 240.17ad-22(e)(6)(ii).

²³ In approving the proposed rule change, the Commission considered the proposal's impacts on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

²⁴ 17 CFR 200.30-3(a)(12).