

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103161; File No. SR-ICC-2025-006]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to ICC’s Governance Playbook

May 30, 2025.

#### I. Introduction

On April 3, 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”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to revise its Governance Playbook (the “Playbook”). The proposed rule change was published for comment in the Federal Register on April 21, 2025.<sup>3</sup> 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. The proposed rule change would amend the Playbook to (i) establish a Risk Committee of ICC’s Board of Managers (“Board Risk Committee”) and (ii) add fitness standards for serving as a Manager on the Board. The proposed rule change would not amend ICC’s Clearing Rules.<sup>4</sup> The proposed rule change also would

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 102866 (Apr. 15, 2025), 90 FR 16709 (Apr. 21, 2025) (File No. SR-ICC-2025-006).

<sup>4</sup> Capitalized terms not otherwise defined herein have the meanings assigned to them in ICC’s Clearing Rules or the Playbook, as applicable.

update the revision history section of the Playbook to reflect these changes.

A. Establishment of Board Risk Committee

Section IV of the Playbook describes the various committees involved in the governance process at ICC. For example, Section IV describes the Audit Committee and the Nominating Committee, both of which are committees of ICC's Board.

The proposed rule change would add to Section IV of the Playbook a description of the Board Risk Committee. Like the description of the Audit Committee and the Nominating Committee, the new text establishing the Board Risk Committee would describe: (i) the overall purpose of the Board Risk Committee, (ii) its composition, (iii) procedures for appointing new members to the committee, (iv) maintenance of documentation relevant to the Board Risk Committee, (v) frequency of committee meetings, and (vi) the process for review of performance of the Board Risk Committee.

As would be described, the purpose of the Board Risk Committee would be to assist the Board in fulfilling its oversight responsibilities with respect to risk management of ICC. More specifically, the Board Risk Committee would oversee (i) risk management models, systems, and processes used to identify and manage systemic, market, credit, and liquidity risks at ICC and (ii) matters that could materially affect the risk profile of ICC.

The Board Risk Committee would be composed of five Managers from ICC's Board. ICC's Board would appoint the Managers to serve on the Board Risk Committee, subject to the written consent of its parent company, ICE US Holding Company LP ("Parent"). Of those five, a majority would need to be independent, meaning they meet ICC's requirements for independence of Managers. Moreover, the Board Risk Committee would include representatives from the owners and participants of ICC. Finally, the

Board and ICC's Parent would need to ensure that the Board Risk Committee is composed of suitable members to enable the Board Risk Committee to discharge its duties effectively.<sup>5</sup>

In addition to describing its purpose and composition, the Playbook would describe: the procedures for adding new members to the Board Risk Committee, the process by which ICC would maintain relevant documentation relevant to the Board Risk Committee, and the frequency of committee meetings. When the Board appoints a new member to the Board Risk Committee, ICC's legal department would update the email distribution list to include the new member and update the permissions of such individual on the Diligent platform, which is the platform ICC uses to distribute materials to the Board and other committees, including the Board Risk Committee. ICC's legal department also would maintain relevant documentation on its shared network drive. Finally, the Board Risk Committee would meet at least once a quarter.

Performance of the Board Risk Committee would be reviewed on an annual basis. Each member of the Board Risk Committee would complete a self-evaluation survey, designed to compare the performance of the Board Risk Committee against the committee's requirements. ICC's legal department would compile a summary of the survey responses and share the results with ICC's general counsel. ICC's general counsel would then share a summary of the results with the entire Board Risk Committee. The annual review process would be designed to gather feedback on the operation of the

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<sup>5</sup> For this purpose, the Playbook would specify that suitable members are those persons who, in the judgment of the Board and Parent, possess an appropriate mix of skills (including relevant technical skills), experience, and knowledge of ICC. Experience and qualifications considered by the Board and Parent would include financial acumen (including financial, accounting, and auditing expertise), general business experience, industry knowledge, diversity of viewpoints, special business experience, and expertise in an area relevant to ICC.

Board Risk Committee and solicit suggestions for improvements, as well as provide a forum for the identification of problems with respect to the performance of the Board Risk Committee. This process would be the same as the review processes currently in place for other Board committees, such as the Audit Committee and Nominating Committee.

B. Fitness Standards

The proposed rule change would add to Appendix 1 of the Playbook the fitness standards for individuals serving on ICC's Board. ICC's Nominating Committee recently adopted these standards, and subsequently, ICC's Board approved them. Among other things, a person serving on the Board must, in the judgment of ICC's Parent and ICC's Nominating Committee, have appropriate personal attributes, possess relevant experience, and must not be subject to any statutory disqualification as defined under Section 3(a)(39) of the Act.<sup>6</sup>

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.<sup>7</sup> 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."<sup>8</sup>

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<sup>6</sup> 15 U.S.C. 78c(a)(39).

<sup>7</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>8</sup> Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

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,<sup>9</sup> and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations.<sup>10</sup> 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.<sup>11</sup>

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 Act<sup>12</sup> and Rules 17ad-22(e)(iv), 17ad-25(c)(3), and 17ad-25(d)<sup>13</sup> 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. . . .”<sup>14</sup> Based on a review of the record, and for the reasons discussed below, ICC’s proposed rule change is consistent with Section 17A(b)(3)(F).<sup>15</sup>

Establishing the Board Risk Committee will help ensure that ICC’s Board is engaged with and informed of risk management at ICC. The Board Risk Committee will

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<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>13</sup> 17 CFR 240.17ad-22(e)(iv) and 17 CFR 240.17ad-25(c)(3), (d).

<sup>14</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>15</sup> 15 U.S.C. 78q-1(b)(3)(F).

consist only of members of the Board and will be responsible for overseeing risk management at ICC and other matters that could materially affect the risk profile of ICC. The Board Risk Committee will thus ensure that ICC's Board has direct oversight of, and influence over, risk management matters at ICC.

Having ICC's Board involved in risk management matters at ICC supports the overall risk management, safety, and efficiency of ICC.<sup>16</sup> Enhanced risk management at ICC reduces the possibility for losses affecting ICC, which could occur if risks are not properly managed. Such losses could disrupt ICC's operations and inhibit ICC's clearance and settlement of transactions. By enhancing ICC's risk management and reducing the possibility for disruptions to its operations, the addition of the Board Risk Committee supports the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F).<sup>17</sup>

Additionally, as noted above, the Board Risk Committee will include representatives from the participants of ICC. Having representatives of participants on the Board Risk Committee will allow participants to take part in overseeing risk management at ICC and other matters that could materially affect the risk profile of ICC. Doing so supports participants' confidence in risk management at ICC, which in turn could encourage participants' clearing of transactions at ICC. For this reason as well, the addition of the Board Risk Committee, including representatives of participants, supports the prompt and accurate clearance and settlement of securities transactions consistent

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<sup>16</sup> See Clearing Agency Governance and Conflicts of Interest, Exchange Act Release No. 98959 (Nov. 16, 2023), 88 FR 84454, 84468 (Dec. 5, 2023).

<sup>17</sup> 15 U.S.C. 78q-1(b)(3)(F).

with Section 17A(b)(3)(F).<sup>18</sup>

Finally, the proposed rule change would add to Appendix 1 of the Playbook the fitness standards for individuals serving on ICC's Board. Among other things, a person serving on the Board must, in the judgment of ICC's Parent and ICC's Nominating Committee, have appropriate personal attributes and possess relevant experience. Relevant experience could include risk management knowledge, financial acumen, and general business experience. Establishing these fitness standards should help ensure that only appropriate, qualified, and experienced individuals serve on ICC's Board. Because the Board and the Board Risk Committee have a role in risk management at ICC, and because risk management affects ICC's ability to clear and settle transactions, ensuring that only appropriate, qualified, and experienced individuals serve on ICC's Board supports the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F).<sup>19</sup>

Accordingly, the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.<sup>20</sup>

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<sup>18</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>20</sup> 15 U.S.C. 78q-1(b)(3)(F).

B. Consistency with Rule 17ad-22(e)(2)(iv)

Rule 17ad-22(e)(2)(iv) requires ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, provide for governance arrangements that establish that the board of directors and senior management have appropriate experience and skills to discharge their duties and responsibilities.<sup>21</sup> As noted, the proposed rule change would add to Appendix 1 of the Playbook the fitness standards for individuals serving on ICC's Board. Among other things, individuals serving on ICC's Board would need to have relevant risk management knowledge, financial acumen, and general business experience. Establishing these fitness standards should help ensure that members of ICC's Board have appropriate experience and skills to discharge their duties and responsibilities.

Moreover, members of the Board Risk Committee would need to have relevant skills and experience, including financial, general business experience, and industry knowledge. This requirement should help ensure that members of the Board Risk Committee have appropriate experience and skills to discharge their duties and responsibilities on that committee.

Accordingly, the proposed rule change is consistent with the requirements of Rule 17ad-22(e)(iv).<sup>22</sup>

C. Consistency with Rules 17ad-25(c)(3) and (d)

Rule 17ad-25(c)(3)<sup>23</sup> requires ICC to have fitness standards for serving as a director that are specified by its Nominating Committee, documented in writing,

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<sup>21</sup> 17 CFR 240.17ad-22(e)(iv).

<sup>22</sup> 17 CFR 240.17ad-22(e)(iv).

<sup>23</sup> 17 CFR 240.17ad-25(c)(3).

approved by its Board, and consistent with the requirements of Rule 17ad-25.<sup>24</sup> The fitness standards must also require that an individual serving as a director is not subject to any statutory disqualification as defined under Section 3(a)(39) of the Act.<sup>25</sup> The fitness standards, which the proposed rule change would add to Appendix 1 of the Playbook, would note the dates of adoption by ICC's Nominating Committee and approval by the Board. The fitness standards also would provide that no individual subject to any statutory disqualification as defined under Section 3(a)(39) of the Act<sup>26</sup> is eligible to serve on ICC's Board. Thus, the fitness standards are consistent with Rule 17ad-25(c)(3).<sup>27</sup>

Rule 17ad-25(d)<sup>28</sup> requires ICC to establish a risk management committee of its Board that, among other things, at all times includes representatives from its owners and participants. As noted above, the proposed rule change would amend the Playbook to provide for the establishment of the Board Risk Committee and would require that the Board Risk Committee at all times include representatives from the owners and participants of ICC. Thus, the establishment of the Board Risk Committee is consistent with Rule 17ad-25(d).<sup>29</sup>

Accordingly, the proposed rule change is consistent with the requirements of Rules 17ad-25(c)(3) and (d).<sup>30</sup>

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<sup>24</sup> 17 CFR 240.17ad-25.

<sup>25</sup> 15 U.S.C. 78c(a)(39).

<sup>26</sup> 15 U.S.C. 78c(a)(39).

<sup>27</sup> 17 CFR 240.17ad-25(c)(3).

<sup>28</sup> 17 CFR 240.17ad-25(d).

<sup>29</sup> 17 CFR 240.17ad-25(d).

<sup>30</sup> 17 CFR 240.17ad-25(c)(3), (d).

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 Act,<sup>31</sup> and Rules 17ad-22(e)(iv), 17ad-25(c)(3), and 17ad-25(d) thereunder.<sup>32</sup>

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-ICC-2025-006) be, and hereby is, approved.<sup>33</sup>

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>34</sup>

**Stephanie J. Fouse,**

*Assistant Secretary.*

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<sup>31</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>32</sup> 17 CFR 240.17ad-22(e)(iv) and 17 CFR 240.17ad-25(c)(3), (d).

<sup>33</sup> 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).

<sup>34</sup> 17 CFR 200.30-3(a)(12).