

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104408; File No. SR-ICC-2025-012]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC Risk Management Framework, ICC Risk Management Model Description, and ICC End-of-Day Price Discovery Policies and Procedures

December 15, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ and Rule 19b-4,² notice is hereby given that on December 4, 2025, ICE Clear Credit LLC (“ICC” or “ICE Clear Credit”) filed with the Securities and Exchange 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 revise the ICC Risk Management Framework (“RMF”), ICC Risk Management Model Description (“RMMD”), and ICC End-of-Day Price Discovery Policies and Procedures (“Pricing Policy”). These revisions do not require any changes to the ICC Clearing Rules (the “Rules”).³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ ICC’s Rules are available on ICC’s public website:
https://www.ice.com/publicdocs/clear_credit/ICE_Clear_Credit_Rules.pdf.

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 enhance its liquidity charge methodology for credit default swap ("CDS") index instruments by amending the RMF and RMMD. ICC also proposes additional updates to reflect current governance practices and make minor clean-up changes in the RMF, RMMD, and Pricing Policy. 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.

I. Index Liquidity Charge Enhancement

ICC proposes to update its liquidity charge methodology for CDS index instruments. The liquidity charge represents one component of the Initial Margin ("IM")

requirement that ICC calculates for each Clearing Participant (“CP”) portfolio.⁴ The liquidity charge incorporates the transaction costs associated with liquidating the portfolio of a defaulting CP under stress market conditions. More specifically, ICC estimates a liquidity charge for CDS index instruments by directly considering the bid-offer width (“BOW”) values used for ICC’s end-of-day price discovery process.⁵ For each CDS index instrument, ICC maintains three predefined BOWs that correspond to one of three specific market regimes or levels. Level I is associated with normal market conditions, Level II is associated with market conditions that experience some measure of volatility, and Level III is associated with more extreme market conditions. The predefined BOW for Level I is smaller than the BOW for Level II, and the predefined BOW for Level II is smaller than the BOW for Level III.

The current liquidity charge methodology for CDS index instruments assumes that short protection and long protection positions are liquidated at different BOWs. To estimate CDS index instrument liquidity charges, ICC uses Level II conditions (volatile) for long protection positions and Level III conditions (extreme) for short protection positions.⁶ Under the proposed changes to the CDS index liquidity charge methodology, short protection and long protection positions would be liquidated at the same BOWs.

⁴ ICC’s IM requirements consist of a set of individual components that account for credit spread and recovery rate risk, bid-offer risk, basis risk, jump-to-default risk, concentration risk, and interest rate risk. The bid-offer risk component is also referred to as the liquidity charge.

⁵ ICC’s end-of-day price discovery process is set out in detail in the Pricing Policy. *See* Securities Exchange Act Release No. 101970 (December 19, 2024), 89 FR 105654 (December 27, 2024) (File No. SR-ICC-2024-012).

⁶ ICC adopted this approach to reflect that selling protection may carry more risk and incur higher cost of liquidation by exhibiting wider BOWs. The proposed changes would generally make the index liquidity charge methodology more conservative by using Level III conditions (extreme) for both long and short protection positions, instead of just for short protection positions.

Specifically, to estimate CDS index instrument liquidity charges, ICC would use Level III conditions for both long and short protection positions.

ICC believes that the proposed changes would enhance the CDS index liquidity charge methodology. Such changes would simplify the methodology by making the methodology consistent for both CDS index and single name instruments by using symmetric BOWs⁷ that reflect stress market conditions, which would promote ease of understanding of ICC's methodology.⁸ The proposed changes further promote the overall robustness of the liquidity charge methodology for CDS index instruments by using Level III conditions for long and short protection positions.

To implement the changes ICC would update the RMF and RMMD as follows. Section IV.B.2 of the RMF states that ICC's liquidity charge approach assumes, in general, that short protection and long protection positions are liquidated at different BOWs. Amended Section IV.B.2 would state that short protection and long protection positions are liquidated at the same BOWs.

ICC proposes to similarly update the RMMD to reflect this change. ICC proposes to update the Table of Mathematical Symbols and Notations in the RMMD to remove symbols for BOW exposure for bought and sold protection positions. These symbols are no longer necessary as the amended methodology assumes that short protection and long protection positions are liquidated at the same BOWs. In Section II.2, ICC proposes to

⁷ Symmetric BOWs apply the same Level III conditions for both long and short protection positions, whereas asymmetric BOWs apply different conditions (i.e., Level II conditions for long protection positions and Level III conditions for short protection positions).

⁸ The CDS single name liquidity charge methodology incorporates a price-based BOW component to provide stability of requirements and a dynamic spread-based BOW component to reflect the additional risk associated with distressed market conditions. *See* Securities Exchange Act Release No. 79220 (November 2, 2016), 81 FR 78677 (November 8, 2016) (File No. SR-ICC-2016-010).

remove an equation and related language which uses these symbols to distinguish between the liquidation of short protection positions at Level III conditions and long protection positions at Level II conditions. ICC would remove reference to Level II conditions, as short protection and long protection positions would be liquidated at the same BOWs, namely, Level III conditions. Additional changes would also clarify that Levels I, II, and III range from normal to extreme market conditions. ICC also proposes a similar update in an equation that provides the liquidity charge calculation for CDS index instruments whose quoting convention is in price space. Such changes remove an equation and related language which distinguishes between the liquidation of short protection positions at Level III conditions and long protection positions at Level II conditions.

II. Updates to Reflect Current Governance Practices and Minor Clean-Ups

ICC proposes additional edits to reflect current ICC governance practices and make minor clean-up changes in the documentation. Specifically, ICC proposes adding references to the recently established ICC Board Risk Committee and ICC Nominating Committee in the RMF.⁹ In Section II of the RMF, ICC proposes adding the Board Risk Committee and Nominating Committee to the list of relevant ICC committees for purposes of risk governance and to a chart showing ICC's governance structure. ICC also proposes a minor edit to this chart to refer to the Risk Committee as the "CDS" Risk

⁹ ICC previously filed proposed rule changes to establish the Board Risk Committee and Nominating Committee. *See* Securities Exchange Act Release Nos. 103161 (May 30, 2025), 90 FR 23970 (June 5, 2025) (File No. SR-ICC-2025-006) and 101820 (December 5, 2024), 89 FR 99917 (December 11, 2024) (File No. SR-ICC-2024-010).

Committee to further distinguish it from the Board Risk Committee in the chart.¹⁰ In Section II.A of the RMF, ICC would specify that there are nine committees which are integral to ICC’s risk management and add descriptions of the Board Risk Committee and Nominating Committee to reflect current responsibilities, as represented in other rule-filed documents or their charters, and re-number sections accordingly.¹¹

The proposed changes further specify items that are subject to Board Risk Committee review. Throughout the RMF, such items include policies and procedures, memoranda regarding CP membership applications, position or concentration limits, margin and guaranty fund levels, performance and composition of collateral, margin methodology changes, and model revisions. More specifically, certain periodic reporting would also be directed to the Board Risk Committee in place of the Board based on the committee’s mandate to assist the Board in fulfilling its oversight responsibilities.¹² ICC proposes similar changes to the “Initial Margin Methodology” Section of the RMMD and Section 3 of the Pricing Policy to specify that the RMMD and Pricing Policy, respectively, are subject to Board Risk Committee review at least annually, in addition to review by the Risk Committee and review and approval by the Board at least annually. Additionally, with respect to the Pricing Policy, ICC proposes minor clean-up changes to correct typographical errors to properly reflect table numbering throughout the document.

¹⁰ Such change is consistent with ICC Rule 501 that refers to the establishment of a CDS risk committee.

¹¹ *See supra* note 7.

¹² *See* Securities Exchange Act Release No. 103161 (May 30, 2025), 90 FR 23970, 23970 (June 5, 2025) (File No. SR-ICC-2025-006) (“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 regularly reports its activities to the Board.

(b) Statutory Basis

ICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Securities Exchange Act of 1934 (the “Act”)¹³ and the regulations thereunder applicable to it, including the applicable standards under Rule 17Ad-22.¹⁴ In particular, Section 17A(b)(3)(F) of the Act¹⁵ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts and transactions, to assure the safeguarding of securities and funds in the custody or control of the clearing agency or for which it is responsible, and to protect investors and the public interest.

The proposed amendments enhance ICC’s liquidity charge methodology for CDS index instruments by amending the RMF and RMMD. The proposed changes simplify ICC’s liquidity charge methodology by making the methodology consistent for both CDS index and single name instruments by using symmetric BOWs that reflect stress market conditions, which promotes ease of understanding of ICC’s methodology. ICC also proposes making additional updates to reflect current governance practices as well as other minor clean-up changes in the documentation. Such changes ensure that the documentation remains up-to-date, clear and transparent to support the effectiveness of ICC’s governance arrangements that support ICC’s risk management practices. Additionally, the proposed clean-ups to table numbering promote understanding and readability of the documentation, including with respect to ICC’s pricing practices. ICC

¹³ 15 U.S.C. 78q-1.

¹⁴ 17 CFR 240.17ad-22.

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

believes that having policies and procedures that clearly and accurately document its risk management practices are an important component to the effectiveness of ICC's risk management system and support ICC's ability to maintain adequate financial resources, which promotes 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. Accordingly, in ICC's view, the proposed rule change is designed to promote the prompt and accurate clearance and settlement of the contracts cleared at ICC, to assure the safeguarding of securities and funds in the custody or control of ICC or for which it is responsible, and to protect investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.¹⁶

Rule 17Ad-22(e)(2)(i) and (v)¹⁷ requires each covered clearing agency 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. As discussed above, the proposed changes reflect current ICC governance arrangements in the RMF, RMMD, and Pricing Policy. Specifically, ICC proposes adding references to the recently established Board Risk Committee and Nominating Committee. Such changes ensure that the RMF, RMMD, and Pricing Policy are up-to-date and clearly assign and document responsibility and accountability for relevant items to the Board Risk Committee and Nominating

¹⁶ *Id.*

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

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).¹⁸

Rule 17Ad-22(e)(3)(i)¹⁹ requires ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by it, which includes risk management policies, procedures, and systems designed to identify, measure, monitor, and manage the range of risks that arise in or are borne by it, that are subject to review on a specified periodic basis and approved by the Board annually. The proposed updates would ensure clarity and transparency in the RMF, RMMD, and Pricing Policy by making minor clean-up changes to the documentation. The proposed updates would further ensure clarity and transparency regarding the review of the documents composing ICC's risk management framework by the Board Risk Committee, which would promote the successful maintenance and operation of ICC's risk management framework. As such, the amendments would satisfy the requirements of Rule 17Ad-22(e)(3)(i).²⁰

Rule 17Ad-22(e)(4)(ii)²¹ requires ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify,

¹⁸ *Id.*

¹⁹ 17 CFR 240.17ad-22(e)(3)(i).

²⁰ *Id.*

²¹ 17 CFR 240.17ad-22(e)(4)(ii).

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 changes promote the soundness of the model, including by promoting the overall robustness of the liquidity charge methodology for index instruments by using Level III conditions for long and short protection positions, which would enhance ICC's ability to manage risks and maintain appropriate financial resources. As such, the proposed amendments 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).²²

(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 to the RMF, RMMD and Pricing Policy 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.

²² *Id.*

(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 (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking>); or
- Send an e-mail to rule-comments@sec.gov. Please include file number SR-ICC-2025-012 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-2025-012. 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 of submission. The Commission will post all comments on the Commission's Internet website (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking>). Copies of such filings will 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 material that is obscene or subject to copyright protection. All submissions should refer to file number SR-ICC-2025-012 and should be submitted on or before [INSERT DATE 21 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²³

Sherry R. Haywood,
Assistant Secretary.

²³ 17 CFR 200.30-3(a)(12).