

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105986; File No. SR-ICC-2026-002]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the Treasury Clearing Rules and Treasury Clearing Service Treasury Operations Policies and Liquidity Risk Management Framework

July 24, 2026.

I. Introduction

On May 7, 2026, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission” or “SEC”), 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 the Treasury Clearing Rules (“Treasury Rules”), Treasury Clearing Service Liquidity Risk Management Framework (“Treasury LRMF”), and Treasury Clearing Service Treasury Operations Policies and Procedures (“Treasury Operations Policy”) (the “Proposed Rule Change”). The Proposed Rule Change was published for comment in the *Federal Register* on May 26, 2026.³ On July 9, 2026, the Commission designated a longer period for Commission action on the Proposed Rule Change, until August 24, 2026.⁴ The Commission has received comments on the Proposed Rule Change.⁵ For the reasons discussed below, the Commission is approving the Proposed Rule

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 105526 (May 20, 2026), 91 FR 30751 (May 26, 2026) (File No. SR-ICC-2026-002) (“Notice”).

⁴ Securities Exchange Act Release No. 105871 (July 9, 2026), 91 FR 43139 (July 19, 2026) (File No. SR-ICC-2026-002).

⁵ Comments on the Proposed Rule Change are available at <https://www.sec.gov/rules-regulations/public-comments/sr-icc-2026-002>.

Change.

II. Description of the Proposed Rule Change

ICC is a clearing agency registered with the Commission that provides central counterparty (“CCP”) services for security-based swaps, including credit default swaps (“CDS”) and options on CDS. In January 2026, the Commission issued an order granting ICC’s application for registration as a clearing agency to provide CCP services for transactions involving U.S. Treasury securities (“Treasury Clearing Business”).⁶ As such, ICC interposes itself as the buyer to every seller and the seller to every buyer for certain transactions involving U.S. Treasury securities, thus exposing it to certain risks arising from providing clearing and settlement services to its clearing participants. Such risks include liquidity risk, which is the risk that ICC may not have enough cash to meet its obligations.

ICC manages these risks and provides for the clearing of transactions involving U.S. Treasury securities more generally, through the application of its Treasury Rules, Treasury Operations Policy, and Treasury LRMF. The Proposed Rule Change would make revisions and updates to these documents, as described below.

A. Changes to the Treasury Rules

ICC proposes several changes throughout its Treasury Rules. These changes are described below, grouped by the relevant section of the Treasury Rules. Moreover, ICC would fix certain typographical and reference errors throughout the Treasury Rules.

Preamble

In the Preamble, ICC would add that prior to the establishment of the Treasury Risk

⁶ See Exchange Act Release No. 104762 (Jan. 30, 2026), 91 FR 5528 (Feb. 6, 2026) (File No. 600-45) (“Application Order”).

Committee, the Board may designate another committee to perform the functions assigned to the Treasury Risk Committee under the Treasury Rules. In furtherance of this change, the Board has determined that the Board Risk Committee would perform the functions of the Treasury Risk Committee, subject to approval and completion of all applicable regulatory processes.⁷ This proposed change accounts for the period before ICC establishes the Treasury Risk Committee by ensuring that the committee's duties are handled during the time period prior to when it is established.⁸ ICC would also change the preamble to clarify that the Treasury Rules do not apply to ICC's credit default swap clearing business or operations ("CDS Clearing Business") or to the rights or obligations of persons with respect thereto, and vice versa.⁹ In the preamble and throughout the Treasury Rules, ICC proposes replacing "credit default swap clearing business" with the "CDS Clearing Business."

Chapter 1

The Proposed Rule Change would also edit the definitions in Chapter 1 of the Treasury Rules. First, ICC would modify certain definitions that relate to ICC's allocation of non-default losses pursuant to Treasury Rule 811. Currently, the definitions for Custodial Loss Resources and Investment Loss Resources do not identify an amount of resources available to be applied in each respective category. ICC would amend the definition of Custodial Loss Resources to identify \$20 million as the amount available to be applied to Custodial Losses pursuant to Treasury Rule 811. Similarly, ICC would amend the definition of Investment Loss Resources to identify \$10 million as the amount available to be applied to Investment Losses pursuant to

⁷ Notice, 91 FR at 30752, n.8.

⁸ *Id.* at 30752.

⁹ *Id.*

Treasury Rule 811.¹⁰ ICC stated in the Notice that it determined these amounts as risk-based in light of ICC's potential exposure to such losses and its experience with its CDS Clearing Business.¹¹

Second, ICC would modify several definitions as they relate to the governance of ICC. ICC has established a Nominating Committee of its Board of Managers, and current Treasury Rule 508 references the Nominating Committee. The Treasury Rules do not currently have any definition for the Nominating Committee, however. Accordingly, ICC would add a definition for the Nominating Committee, which would mean the committee responsible for evaluating the independence and fitness of the persons proposed to be designated to be Managers of ICC. ICC also would add a definition for the Nominating Committee Charter, which would mean the charter of the Nominating Committee.

Certain features of ICC's governance are triggered when ICC reaches the Treasury Governance Commencement Date. For example, effective as of the Treasury Governance Commencement Date, the Treasury Risk Committee will have authority to designate two members for election to the ICC Board of Managers.¹² The term Treasury Governance Commencement Date is currently defined in ICC's operating agreement,¹³ and ICC would add that definition to the Treasury Rules. Treasury Governance Commencement Date would be defined as the date of the first annual Board election that occurs after certain thresholds and timelines with respect to Treasury Clearing Business revenue and market share are achieved. ICC would also define terms used within the definition of Treasury Governance Commencement

¹⁰ *Id.*

¹¹ *Id.*

¹² Application Order, 91 FR at 5532.

¹³ Application Order, 91 FR at 5532, n. 63.

Date, such as Treasury Repo Clearing Deadline and Treasury Clearing Market Share.¹⁴

ICC also would remove defined terms related to a Default Committee. Although ICC utilizes a Default Committee for the CDS Clearing Business, ICC does not plan to establish a Treasury Default Committee for the Treasury Business because it does not believe that U.S. Treasury securities and the U.S. Treasury market structure require the same default committee framework that ICC developed for the CDS market.¹⁵

Finally, ICC would remove defined terms that are not used anywhere in the Treasury Rules.¹⁶ For example, there is currently a defined term “Relevant Persons”, which has the meaning specified in Rule 412(f). There is no Rule 412 in the Treasury Rules, and the term “Relevant Persons” is not used in any other Treasury Rule.

Chapter 2

In Chapter 2, ICC would revise Rule 201(c). Currently, this rule lists some of the entity types that may be approved as Treasury Participants including registered broker-dealers, registered investment companies, banks, insurance companies, or such other person or class of persons that the Commission may designate as appropriate. The Proposed Rule Change would add Futures Commission Merchants and registered clearing agencies to the list in Rule 201(c).¹⁷

Chapter 3

¹⁴ ICC would define Treasury Repo Clearing Deadline as the date adopted by the Commission by which all Eligible Secondary Market Transactions (as defined in Rule 303) that are repurchase or reverse repurchase agreements must be cleared by a central counterparty. ICC would define Treasury Clearing Market Share as for a specified period, a fraction, the numerator of which is the publicly reported aggregate notional value of the Treasury products cleared by ICC in such period, and the denominator of which is the publicly reported aggregate notional value of the Treasury products cleared by all Treasury central counterparties in such period.

¹⁵ Notice, 91 FR at 30752.

¹⁶ *Id.*

¹⁷ *Id.* at 30753.

Chapter 3 of the Treasury Rules describes how ICC accepts transactions for clearing and the legal consequences of ICC's acceptance of a transaction for clearing. Among other things, Chapter 3 includes a requirement that each Treasury Participant submit to ICC or another covered clearing agency for clearing each transaction that is an Eligible Secondary Market Transaction, as required by Commission Rule 17ad-22(e)(18)(iv).¹⁸ This requirement is currently reflected in Treasury Rule 303. The current definition of Eligible Secondary Market Transaction, as found in Rule 303, reproduces the definition from Commission Rule 17ad-22(e)(18)(iv).¹⁹ To provide additional flexibility should the Commission change its definition, ICC would replace the current definition with text providing that the term has the meaning specified in SEC Rule 17ad-22(a) (as interpreted by the Commission and its staff) from time to time.²⁰ Additionally, ICC would remove other related definitions from current Rule 303(a) that are also included in SEC Rule 17ad-22(a).²¹

ICC would also add a new Rule 312(c). This provision would clarify that no person has any recourse or claim, in respect of any amount or liability relating to payment or delivery obligations with respect to Contracts or under the Treasury Rules, to any margin, guaranty fund, ICC contribution, or other amount or assets held in connection with the CDS Clearing Business. ICC states that this addition would emphasize the separation of the CDS Clearing Business from the Treasury Clearing Business.²²

Next, ICC would make several changes related to the treatment of client-related positions

¹⁸ 17 CFR 240.17ad-22(e)(18)(iv).

¹⁹ 17 CFR 240.17ad-22(e)(18)(iv).

²⁰ Notice, 91 FR at 30753.

²¹ *Id.*

²² *Id.*

in Rule 316. First, in Rule 316(e), ICC would replace the current language describing client defaults with a reference to a new defined term for “Client Default.” This term would be defined in Rule 316(g).

Second, in Rule 316(g), in response to industry feedback, ICC would change how it handles client-related positions during a default.²³ Currently, ICC manages the close-out of the defaulting client’s positions unless the Treasury Participant carrying such positions elects to do so. The Proposed Rule Change would have the Treasury Participant manage the close-out of the defaulting client’s positions, unless the Treasury Participant elects to have ICC do so.²⁴ To align with this proposed change, ICC also would modify 316(g)(ii), which determines the responsibility of a Treasury Participant for the performance of its defaulting client’s positions until close-out.²⁵

Third, ICC would move language regarding default associated with a Net Client IM Account and default of a Treasury Participant to separate paragraphs in new Rule 316(g)(iii) and (iv). New 316(g)(iii) would prohibit a Treasury Participant from electing for ICC to manage a client default if the default relates to positions associated with a Net Client IM Account, a restriction which is currently found in the main paragraph of existing Rule 316(g).²⁶ New 316(g)(iv) would state that Rule 316(g) does not apply to the default of a Treasury Participant, as

²³ *Id.*

²⁴ Under Rule 316(g), a Treasury Participant would elect to do so by providing ICC a written certification that a client default has occurred.

²⁵ Notice, 91 FR at 30753.

²⁶ As ICC explained in the Notice, a Net Client IM Account is an account in which a Treasury Participant holds, on a net omnibus basis, Initial Margin posted for client-related positions. ICC has no responsibility for investment decisions by a Treasury Participant with respect to assets in a Net Client IM Account and has no obligation to monitor the value of assets in that account or to inquire into any instructions or directions with respect to that account. As such, ICC believes the Treasury Participant maintaining the Net Client IM Account is best positioned to manage a default associated with positions in such account. Notice, 91 FR at 30753, n.19 and n.20.

that process is managed by ICC pursuant to Chapter 20 of the Treasury Rules.

Fourth, in response to industry feedback requesting assurances that cash and securities needed to cover the Non-Participant Party's reimbursement obligations to the Treasury Participant do not dissipate, ICC also proposes a new Rule 316(h).²⁷ This proposed addition would state that, for the avoidance of doubt, Rule 316 does not preclude a Treasury Participant from settling a client-related position in accordance with the Treasury Rules notwithstanding the occurrence of a client default. The proposed provision would further indicate that in the case of a client default with respect to a Non-Participant-Party that has established an Individual Client Direct Settlement Account, ICC will direct for settlement to occur to and from the house account of the clearing Treasury Participant (or otherwise directed by such Treasury Participant).

Chapter 4

Chapter 4 of the Treasury Rules describes ICC's margin requirements, including the types of margin and how ICC collects such margin. Current Rule 401 contains a number of definitions related to margin. For example, Eligible Margin, in the case of satisfaction of an Initial Margin Requirement, is defined to include dollars or other currencies acceptable to ICC, as specified in Schedule 401. ICC would add to this definition the phrase "other assets," such that an Initial Margin Requirement could be met with dollars, *other assets*, or other currencies acceptable to ICC. ICC would include other assets in this definition to align with Schedule 401 which currently allows U.S. Treasuries to be used to satisfy Initial Margin requirements.²⁸

Rule 401(l) describes the effect of the settlement of a transfer of a Variation Payment. A Variation Payment is a payment obligation resulting from changes in the market value of a

²⁷ Notice, 91 FR at 30753.

²⁸ *Id.*

Treasury Participant's own positions and the positions of the Treasury Participant's Clients.²⁹ Currently, Rule 401(l) provides that once settlement of a Variation Payment is final, the fair value of the outstanding exposure is reset to zero. ICC modeled this provision on a comparable rule for the CDS Business.³⁰ ICC would revise this text to remove the reference to outstanding exposures and the provision that once settlement of a transfer of variation payment is final, the fair value of the outstanding exposures for the relevant contracts will be reset to zero. ICC would change the provision to indicate that once settlement of a transfer of variation payment is final, the margin requirement for the relevant contracts is reset to zero. ICC states that this change would more accurately reflect the mechanics of the Treasury market, where outstanding exposures are not typically reset to zero.³¹

ICC also would amend Rule 407 as it relates to Commission Rule 15c3-3. Currently, Rule 407(c) states that ICC hereby notifies Treasury Participants that client-funded gross collateral related to client-funded gross positions is held separately by ICC for the exclusive benefit of the customers of Treasury Participants, in compliance with Commission Rule 15c3- and related requirements. ICC would change the text of Rule 407(c) to state instead that ICC will provide written notice, outside of the Treasury Rules, of this same information.

Relatedly, in Rule 407(g), ICC would add language consistent with Commission Rule 15c3-3a, Note H(b)(2)(iv).³² Rule 407(g) currently provides that Client-Funded Gross Collateral will be held by ICC in an account with the Federal Reserve or a bank meeting the requirements of SEC Rule 15c3-3a, Note H(b)(2)(iv). ICC would add to this certain conditions found in Note

²⁹ Application Order, 91 FR at 5539.

³⁰ Notice, 91 FR at 30753.

³¹ *Id.*

³² 17 CFR 240.15c3-3a. *See also* Notice, 91 FR at 30753-54.

H, including that the account will be, without limitation, subject to a written notice from the Federal Reserve or such bank provided to and retained by ICC that the Client-Funded Gross Collateral in the account is being held pursuant to SEC Rule 15c3-3 and is being kept separate from any other accounts maintained by ICC or any other person.

ICC also would add specific percentages to Rule 409. Currently, this rule generally describes how clients and Treasury Participants contribute to Hybrid Gross IM Accounts.³³ ICC would revise this rule to set out the specific percentages that apply to Hybrid Gross IM Accounts, to make the rule more transparent.³⁴ Revised Rule 409 would provide that a Treasury Participant whose client's positions are associated with a Hybrid Gross IM Account must require that client to provide margin or collateral in an amount equal to 70% of the Initial Margin requirement. Further, it would provide that the Treasury Participant must provide the remaining 30%.

Finally, ICC would remove Rule 412, which currently serves as a placeholder.³⁵

Chapter 5

Chapter 5 of the Treasury Rules describes the establishment and operation of ICC's Treasury Risk Committee. The Treasury Risk Committee includes representatives from Treasury Participants and non-participants, and pursuant to Treasury Rule 502, ICC may not take, or permit to be taken, certain actions without first consulting the Treasury Risk Committee. Such actions include modifying the Treasury Rules with respect to clearing new or existing

³³ Rule 102 defines a Hybrid Gross IM Account as an account maintained by or on behalf of ICC with respect to a Treasury Participant for the purpose of holding on a gross omnibus basis Initial Margin posted by a Treasury Participant in respect of client-related positions. The Hybrid Gross IM Account consists of two subaccounts, one funded by a client and one funded the Treasury Participant.

³⁴ Notice, 91 FR at 30754.

³⁵ *Id.*

Contracts, modifying provisions related to margin, and modifying provisions related to the Treasury Guaranty Fund.

ICC would add to the list of matters that require prior consultation with the Treasury Risk Committee in Rule 502. Specifically, ICC would add that determining the standards and requirements for initial and continuing Treasury Participant eligibility and approving or denying Treasury participant applications require prior consultation with the Treasury Risk Committee. ICC is making this change to align the responsibilities of the Treasury Risk Committee with the responsibilities of the CDS Risk Committee for the CDS Clearing Business.³⁶

Because Rule 502 requires that ICC consult with the Treasury Risk Committee prior to taking certain actions, Rule 502 could prevent ICC from taking certain actions, and amending certain of its Treasury Rules, if there is no Treasury Risk Committee to consult. This potentially could occur while ICC is in the process of launching its Treasury Clearing Business. As noted above, ICC has added a provision to the preamble of the Treasury Rules to clarify that that prior to the establishment of the Treasury Risk Committee, the Board may designate another committee to perform the functions assigned to the Treasury Risk Committee under the Treasury Rules, and the Board has determined to accordingly designate the Board Risk Committee.

In addition to the situation where ICC has not yet launched the Treasury service and therefore has not established a Treasury Risk Committee, Rule 502 could prevent ICC from taking certain actions where ICC does not yet have enough Treasury Participants to constitute a full Treasury Risk Committee. To resolve this potential issue, ICC is amending Rule 503 to change the number of members of the committee from a fixed amount to a maximum amount.

Specifically, ICC would revise Rule 503, which describes the composition of the

³⁶ *Id.* at 30754 n.26.

Treasury Risk Committee.³⁷ Currently, Rule 503(a)(i) requires that the committee consist of fourteen members. ICC would revise this to state that the Treasury Risk Committee shall consist of up to fourteen members rather than fourteen members. Moreover, Rule 503(a)(iv) requires that nine members of the Committee be representatives of Treasury Participants, and Rule 503(a)(v) requires that two members be representatives of clients. ICC would revise these rules to state instead that up to nine members will be representatives of Treasury Participants and up to two members will be representatives of clients. Finally, ICC would clarify that the ICC Board of Managers will specify the initial representatives of Treasury Participants and clients in connection with the launch of the Treasury Clearing Business.³⁸

ICC would also remove Rule 508(d) which indicates that certain defined terms are in the ICC Operating Agreement. The Proposed Rule Change would include these defined terms in Treasury Rule 102.³⁹ Additionally, the Proposed Rule Change would revise Rule 503(a)(iii) to remove an unnecessary bracket and replace a reference to a Chief Financial Officer with Chief Operating Officer.⁴⁰ ICC does not have a Chief Financial Officer position.⁴¹

Chapter 6

Chapter 6 of the Treasury Rules deals with miscellaneous matters, such as procedures for physical emergencies and the state law that applies to the interpretation of the Treasury Rules. In Rule 611, which explains the relationship of the Treasury Rules to certain laws on insolvency,

³⁷ *Id.* at 30754.

³⁸ Although the ICC Board will determine the initial representatives of Treasury Participants, pursuant to revised Rule 503(a)(iv)(C), the composition of the Participant Appointees will be reconstituted on or before the Treasury Governance Commencement Date.

³⁹ Notice, 91 FR at 30754.

⁴⁰ *Id.*

⁴¹ *Id.*

ICC would replace “swap agreement” with “securities contract” because swap agreements are not applicable to the Treasury Rules.⁴² In Rule 613, which describes the application of taxes to the clearing of transactions, ICC would remove brackets from the rule and a reference to a specific section of the Treasury Participant Agreement, which ICC believes is unnecessary as the relevant section number may change.⁴³

Chapter 8

Chapter 8 of the Treasury Rules describes the creation and operation of the Treasury Guaranty Fund and how ICC satisfies payment obligations in certain situations. The Treasury Guaranty Fund is a pool of pre-funded financial resources which ICC can use to help cover losses that ICC may incur in resolving the default of a Treasury Participant.

In Rule 801(a), ICC would change the minimum required Treasury Participant contribution to the Treasury Guaranty Fund from \$20 million to \$10 million (“Minimum Contribution”). ICC believes this Minimum Contribution is appropriate at this stage of the Treasury Clearing Business and that the Treasury Guaranty Fund would continue to provide adequate funds to cover losses in accordance with regulatory requirements.⁴⁴ ICC would update the Minimum Contribution in Schedule 401 as well to reflect this change. ICC also would remove a reference to credit spreads that does not apply to its Treasury Clearing Business from Rule 801(a).⁴⁵

In Rule 804 and throughout the Treasury Rules, ICC proposes replacing references to the Guaranty Fund with references to the Treasury Guaranty Fund to avoid confusion with the

⁴² *Id.*

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.* at 30755.

Guaranty Fund for ICC's CDS Clearing Business.⁴⁶

Rule 812 describes the steps ICC would take to satisfy its payment obligations in the event of a Delivery Failure or a Settlement Payment Failure.⁴⁷ Under Treasury Rule 2205, a Delivery Failure occurs when a Treasury Participant fails to deliver a Treasury security subject to a cleared transaction, and under Treasury Rule 2206, a Settlement Payment Failure occurs when a Treasury Participant fails to pay for a Treasury security (such Treasury Participants being defined as "Failing Parties"). Currently, under Rule 812, if a Delivery Failure or Settlement Failure occurs and ICC determines that it would have (or may have) insufficient cash liquidity to complete settlement, then ICC may designate a Settlement Liquidity Event. In the case of a Settlement Liquidity Event, Treasury Rule 812(b) sets out a waterfall of resources that ICC may apply or use to obtain cash liquidity.

Rule 812 currently provides that ICC may use these resources for the payment of its settlement obligations in the case of a Settlement Liquidity Event. ICC would revise Rule 812 to state that ICC may use these resources for the payment *or* performance of its settlement obligations. Moreover, the waterfall of resources in Rule 812(b) currently includes liquidity obtained through sale by ICC of non-cash Initial Margin in house accounts and non-cash Treasury Guaranty Fund contributions provided by the Failing Parties. ICC would revise this provision to include liquidity obtained through borrowing or other use for settlement by ICC of non-cash Initial Margin in house accounts and non-cash Treasury Guaranty Fund contributions provided by the Failing Parties.

Similarly, the waterfall of resources in Rule 812(b) currently provides that ICC may

⁴⁶ *Id.*

⁴⁷ *Id.*

require all Treasury Participants, other than the Failing Parties, to substitute cash for their non-cash Initial Margin in house accounts and non-cash Treasury Guaranty Fund contributions in the case of a Settlement Liquidity Event. ICC would revise this provision to allow ICC to borrow for use in settlement any non-cash Initial Margin in house accounts and non-cash Treasury Guaranty Fund contributions of Treasury Participants other than the Failing Parties in the case of a Settlement Liquidity Event. ICC also would add here that ICC may accept in lieu of a substitution of cash, a substitution of securities of a specific CUSIP requested by ICC from one or more Treasury Participants, so that ICC may use those securities to complete settlement, in the case of a Settlement Liquidity Event.

Chapter 20

Additionally, ICC proposes changes to rules regarding Treasury Participant default in Chapter 20. Currently, Rule 20-605(d) allows ICC to cause open Treasury positions of a defaulting Treasury Participant to be offset against each other and/or to be settled at the mark-to-market price for such contracts, or at such other price(s) reflecting the current market. For clarity, ICC would add to this a similar provision, allowing ICC to cause house and client positions to be offset against each other where a defaulting Treasury Participants holds house positions corresponding to and economically offsetting client-related positions. This could occur where, for example, the Treasury Participant has an obligation to deliver and the client to receive the same security or vice versa.⁴⁸ These positions would be closed out at market value in lieu of settlement, and this provision would be limited to default management.⁴⁹ ICC also would revise Treasury Rule 20-605(h), which requires ICC to effect the closing out process for house and

⁴⁸ *Id.*

⁴⁹ *Id.*

client positions separately, to specifically reference Treasury Rule 20-605(d)(iii) to account for this change.

Finally, in Rule 20-605(d)(vi), ICC would specify that it may permit the settlement of open Treasury positions of a defaulter to occur in accordance with their terms and the Treasury Rules notwithstanding the default. This provision would provide ICC more flexibility in closing out a defaulting Treasury Participant's positions.⁵⁰

Chapter 22

Chapter 22 describes how ICC settles transactions. Treasury Rule 2204 sets out the various obligations that arise in the settlement of a transaction, such as the obligation to deliver a security and the obligation to pay for that security. Clients looking to settle their obligations directly with ICC, without going through a Treasury Participant, may do so by establishing an Individual Client Direct Settlement Account with ICC, as described in Chapter 22. ICC would add to Rule 2204(c) that each Non-Participant Party with an Individual Client Direct Settlement Account shall enter into an agreement with ICC in the form designated by ICC from time to time. ICC believes this change would provide transparency and would confirm that a legally binding agreement with ICC is required in case of such an account.⁵¹

ICC also proposes changes in Treasury Rule 2205, which describes how ICC would resolve a Treasury Participant's Delivery Failure. Among other things, Treasury Rule 2205(c) allows ICC to resolve the Delivery Failure by acquiring the security, delivering it, and obligating the Treasury Participant that failed to deliver the security in the first place to pay ICC for its costs and expenses. ICC would add to this provision that ICC may acquire *or* borrow the

⁵⁰ *Id.*

⁵¹ *Id.*

security that was not delivered. This change would recognize that, in the context of a Delivery Failure, ICC may acquire or borrow the settling security to reflect an additional tool available to ICC.⁵²

Finally, in Rule 2205(d), ICC proposes removing unnecessary text.⁵³ This rule currently states that the procedures in 2205(a) will not apply where ICC has determined that Treasury Rule 2205(d) should apply following a delivery failure that continued for more than “[] consecutive ICE Business Days”. ICC is removing this provision, as it no longer believes it is necessary to state Treasury Rule 2205(a) will not apply where a different rule (Treasury Rule 2205(d)) already applies.⁵⁴

B. Treasury Operations Policy and Treasury LRMF Changes

ICC also proposes several related changes to the Treasury Operations Policy and Treasury LRMF.

In both documents, ICC would add references to the Board Risk Committee and update the minimum guaranty fund contribution. Specifically, in Section X and Appendix 1 of the Treasury Operations Policy and Sections 1 through 4 of the Treasury LRMF, ICC would add references to the Board Risk Committee. With respect to the Treasury LRMF, these changes would specify certain matters as being subject to review by the Board Risk Committee.⁵⁵ For example, Section 3.2.4 describes how ICC’s Risk Department may determine to make enhancements to its liquidity risk methodology, after first discussing the enhancements with ICC senior management and the Treasury Risk Committee. As revised, ICC’s Risk Department

⁵² *Id.*

⁵³ *Id.*

⁵⁴ *Id.*

⁵⁵ *Id.*

would be required to discuss the enhancements with ICC senior management, the Board Risk Committee, and the Treasury Risk Committee. Although ICC established the Board Risk Committee in 2025,⁵⁶ the initial versions of the Treasury Operations Policy and the Treasury LRMF inadvertently failed to reference the committee. Finally, ICC would also reflect that the Minimum Contribution to the Treasury Guaranty Fund by Treasury Participants would be changed from \$20 million to \$10 million, consistent with the changes to Treasury Rule 801(a) discussed above.⁵⁷

In the Treasury Operations Policy, ICC would remove a reference to the Treasury Director reporting to the Chief Operating Officer. The Treasury director currently reports to the ICC President.⁵⁸ In Section X and Appendix I of the Treasury Operations Policy, ICC would use the term “Treasury Risk Committee” instead of “Treasury Clearing Service Risk Committee” or “Risk Committee.” Finally, throughout the Treasury Operations Policy, ICC would replace certain references to CP (for “Clearing Participant”) with TP (for “Treasury Participant”), as the references to CP are related to ICC’s CDS Clearing Business.⁵⁹

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.⁶⁰ Under the Commission’s Rules of Practice, the “burden to demonstrate that a

⁵⁶ See Securities Exchange Act Release No. 103161 (May 30, 2025), 90 FR 23970 (June 5, 2025) (File No. SR-ICC-2025-006).

⁵⁷ Notice, 91 FR at 30755.

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ 15 U.S.C. 78s(b)(2)(C).

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.”⁶¹

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,⁶² 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.⁶³ 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.⁶⁴

After carefully considering the Proposed Rule Change and the comment letters received, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act⁶⁵ and Rules 17Ad-22(e)(1); (e)(2)(i) and (v); (e)(3); (e)(4)(iii); and (e)(6)(i) thereunder,⁶⁶ 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 and . . . to assure the safeguarding of securities and funds which are in the custody or control of

⁶¹ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

⁶⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶⁶ 17 CFR 240.17ad-22(e)(1); (e)(2)(i) and (v); (e)(3); (e)(4)(iii); and (e)(6)(i).

the clearing agency or for which it is responsible”⁶⁷ 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) because it would (i) help ensure that ICC has sufficient funds to manage potential risks and losses associated with its Treasury Clearing Business; (ii) clearly separate ICC’s Treasury Clearing Business from its CDS Clearing Business; (iii) strengthen ICC’s ability to facilitate settlement; (iv) improve ICC’s process for managing the default of a Treasury Participant or client; and (v) improve governance associated with ICC’s Treasury Risk Committee and its Board Risk Committee.

Several of ICC’s proposed changes help ensure that ICC has sufficient funds to manage potential risks and losses associated with its Treasury Clearing Business and CDS Clearing Business. For example, ICC proposes specifying that \$20 million is available to be applied to Custodial Losses and \$10 million is available to be applied to Investment Losses. ICC notes that these amounts are risk-based in light of ICC’s potential exposure to such losses and is based on ICC’s experience with the CDS Clearing Business.⁶⁸ The amounts that ICC makes available to be applied to Custodial Losses and Investment Losses assets directly impacts ICC’s ability to replace any funds lost as a result of its custodial or investment risks materializing. Setting a risk-based level of funds available for Custodial Losses and Investment Losses better positions ICC to continue operating through such losses and thereby continue to promptly and accurately clear and settle transactions and safeguard securities and funds in its custody or control.

In another example of such changes, ICC proposes changing the Minimum Contribution to the Treasury Guaranty Fund from \$20 million to \$10 million. In this case, the Treasury

⁶⁷ 15 U.S.C. 78q-1(b)(3)(F).

⁶⁸ Notice, 91 FR at 30752.

Guaranty Fund should continue to provide adequate funds to cover losses in accordance with regulatory requirements under the Proposed Rule Change, as the Treasury Participant's required contribution to the Treasury Guaranty Fund would continue to be the greater of the Treasury Participant's proportionate share of the aggregate Treasury Participant loss exposure (calculated as the two largest participant loss exposures) and the Minimum Contribution.⁶⁹ ICC failing to maintain sufficient funds to address losses could result in ICC failing to maintain sufficient funds to fulfill its obligations, including its obligations accompanying its role as a CCP. To the extent that ICC may be unable to fulfill its obligations, its ability to promptly and accurately clear and settle securities transactions would be disrupted. These proposed changes would work to avoid such a disruption.

ICC also proposes changes to more clearly separate its Treasury Clearing Business from its CDS Clearing Business, thereby shielding the CDS Clearing Business from potential losses incurred in the Treasury Clearing Business. Specifically, ICC would clarify that no person has any recourse or claim, in respect of any amount or liability relating to payment or delivery obligations with respect to Contracts or under the Treasury Rules to any amount or assets held in connection with the CDS Clearing Business. If losses materialize in the Treasury Clearing Business, such losses could threaten the stability of the CDS Clearing Business, affecting ICC's ability to promptly and accurately clear and settle transactions. ICC's proposed changes would work to prevent these issues and thereby promote the prompt and accurate clearance and settlement of transactions.

Other proposed changes strengthen the tools available to ICC to facilitate settlement in specified circumstances where a failure to make a payment or delivery has occurred and ICC has

⁶⁹ Notice, 91 FR at 30754.

designated a Settlement Liquidity Event. For example, proposed changes would allow ICC to, in the case of a Settlement Liquidity Event, use or borrow non-cash assets to facilitate settlement and would provide that ICC may accept in lieu of a substitution of cash a substitution of securities of a specific CUSIP, to be used by ICC to complete settlement. Such changes would allow ICC to ensure that it has sufficient liquidity to meet its settlement obligations in the case of a Settlement Liquidity Event, which would include circumstances where a failure to make a payment or delivery has occurred. These changes therefore would position ICC to promptly and accurately clear and settle securities transactions in the case of a Settlement Liquidity Event.

Other proposed changes would improve the process for managing the default of a Treasury Participant or client. For example, ICC would allow the Treasury Participant to manage the close-out of a defaulting client's positions, unless the Treasury Participant elects to have ICC do so. A Treasury Participant also would not be precluded by a specific ICC Treasury Rule from settling a client-related position in accordance with the Treasury Rules, notwithstanding the occurrence of a client default. In the case of a default with respect to a client that has established an Individual Client Direct Settlement Account, ICC would direct for settlement to occur to and from the house account of the clearing Treasury Participant (or as otherwise directed by such Treasury Participant). These changes would allow the party most familiar with the defaulting client's portfolio, the Treasury Participant, to manage the close-out of the portfolio. This could help make the close-out more efficient and effective, which could ultimately help ensure that ICC continues to promptly and accurately clear and settle securities transactions. These changes would also give the Treasury Participant added visibility and control over transactions for its clients, for which it is already ultimately responsible. This added control and visibility would allow the Treasury Participant to be better prepared to handle its obligations,

such as reimbursement, resulting from a client default, which in turn could help prevent a Treasury Participant from defaulting on its own obligations. These proposed changes thereby better position ICC to continue promptly and accurately clearing and settling securities transactions, even during the default of a Treasury Participant or client.

ICC also would clarify that, in closing out a defaulting Treasury Participant's positions, it may offset house and client positions, if those positions correspond to and economically offset each other. This also could potentially lessen the cost of a default by allowing ICC to close offsetting positions without the use of an auction or any financial resources. ICC also proposes permitting the settlement of open Treasury positions of a defaulter to occur in accordance with their terms and the Treasury Rules notwithstanding a default. This change could also work to lessen the cost of a default by lowering the amount of open positions that ICC would need to potentially auction or hold. Preventing or lowering the cost of a default could ultimately help ensure that ICC promptly and accurately clears and settles securities transactions, even during a default.

Additionally, some proposed changes would improve governance associated with ICC's Treasury Risk Committee and its Board Risk Committee. As noted above, the changes with respect to the Treasury Risk Committee account for the early nature of the Treasury Clearing Business. Clarifying that prior to the establishment of the Treasury Risk Committee, the Board may designate another committee to perform the functions assigned to the Treasury Risk Committee, will ensure that those functions can be performed prior to the launch of the Treasury Clearing Business. Similarly, removing the requirement that the Treasury Risk Committee have a set minimum number of members will ensure that the Treasury Risk Committee can be established and function even where there are not enough Treasury Participants to meet that

minimum. Having a functioning Treasury Risk Committee would provide ICC an additional source of consultation and guidance on its risk management, thereby improving ICC's ability to promptly and accurately clear and settle transactions.

Finally, other changes would clarify and correct errors in the Treasury Rules, Treasury LRMF, and Treasury Operations Policy. For example, ICC would clarify that the Treasury Rules do not apply to ICC's CDS Clearing Business or to the rights or obligations of persons with respect thereto and vice versa. As another example, ICC would revise Rule 303 to reference the meaning of Eligible Secondary Market Transaction as specified in SEC Rule 17ad-22(a), as interpreted by the Commission and its staff. The Proposed Rule Change would also correct typographic errors and eliminate or replace unnecessary and inaccurate language. For example, ICC would remove defined terms related to a Default Committee as ICC does not intend to establish such a committee for the Treasury Clearing Business and replace Chief Financial Officer with Chief Operating Officer, as ICC does not have a Chief Financial Officer. These changes allow ICC to better and more clearly apply the Treasury Rules, Treasury LRMF, and Treasury Operations Policy, which in turn should better position ICC to promptly and accurately clear and settle securities transactions and safeguard securities and funds in its custody and control.

Accordingly, the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.⁷⁰

B. Consistency with Rule 17ad-22(e)(1)

Under Rule 17ad-22(e)(1), ICC must establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent,

⁷⁰ 15 U.S.C. 78q-1(b)(3)(F).

and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.⁷¹ Based on a review of the record and for the reasons discussed below, the Proposed Rule Change is consistent with Rule 17ad-22(e)(1).⁷²

ICC would clarify Rule 201(c) by adding Futures Commission Merchants and registered clearing agencies to the list of entities that ICC may approve to be Treasury Participants. Although the list in Rule 201(c) is not intended to be exclusive, and therefore ICC could have approved Futures Commission Merchants and registered clearing agencies to be Treasury Participants without this change, adding those entities to the list clarifies the rule. Doing so thereby provides a clear legal basis for Rule 201(c), consistent with Rule 17ad-22(e)(1).⁷³

Accordingly, the Proposed Rule Change is consistent with the requirements of Rule 17ad-22(e)(1).⁷⁴

C. Consistency with Rule 17ad-22(e)(2)(i) and (v)

Under Rule 17ad-22(e)(2)(i) and (v), ICC must, establish, implement, maintain, and enforce written policies and procedures reasonably designed to, as applicable, provide for governance arrangements that are clear and transparent and specify clear and direct lines of responsibility.⁷⁵ Based on a review of the record, and for the reasons discussed below, the Proposed Rule Change is consistent with Rules 17ad-22(e)(2)(i) and (v).⁷⁶

ICC would make several changes to provide for governance arrangements that are clear and transparent and that also specify clear and direct lines of responsibility. These changes

⁷¹ 17 CFR 240.17ad-22(e)(1).

⁷² 17 CFR 240.17ad-22(e)(1).

⁷³ 17 CFR 240.17ad-22(e)(1).

⁷⁴ 17 CFR 240.17ad-22(e)(1).

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

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

would specify that the Board may designate another committee to perform the functions of the Treasury Risk Committee under the Treasury Rules prior to the Treasury Risk Committee's establishment, add to the list of matters that require prior consultation with the Treasury Risk Committee, and specify in the Treasury LRMF what is subject to review by the Board Risk Committee. With respect to the Treasury Risk Committee, the Board has already determined that ICC's Board Risk Committee would perform the functions assigned to the Treasury Risk Committee under the Treasury Rules, subject to the approval and completion of all applicable regulatory processes.⁷⁷ These changes would ensure that ICC clearly assigns and documents responsibility and accountability for relevant items to the Board, Board Risk Committee, and Treasury Risk Committee. As such, these changes assigning responsibility are consistent with maintaining clear and transparent governance arrangements that also specify clear and direct lines of responsibility.

A commenter stated that these changes, in particular the assignment of the duties of the Treasury Risk Committee to the Board Risk Committee, were inconsistent with maintaining clear and transparent governance arrangements that also specify clear and direct lines of responsibility.⁷⁸ The commenter suggested that the Commission was being asked to approve a rulebook in which the committee that was supposed to consult on participant eligibility, default management, and other matters does not exist yet.⁷⁹

In response, ICC noted that the Board Risk Committee is an existing committee that

⁷⁷ Notice, 91 FR at 30752 n.8.

⁷⁸ See Comment for the Record, In the Matter of: File No. SR-ICC-2026-002, submitted by James Hunter Poole, Executive Chairman and CEO, Obelisk Tech Systems, Inc. (May 27, 2026) ("Obelisk Comment"). The commenter provided, in total, five different submissions as part of the comment, some of which was unrelated to the substance of the filing.

⁷⁹ *Id.* at 10.

assists the ICC Board in overseeing the risk management of ICC and has defined responsibilities and reporting structure.⁸⁰ ICC further noted that once established, the Treasury Risk Committee will function in accordance with its defined responsibilities and reporting structure, and the transitory provisions involving the Board Risk Committee would not alter ICC's governance standards.⁸¹

The Proposed Rule Change's inclusion of the Board Risk Committee's responsibilities with respect to ICC's Treasury Clearing Business is consistent with the Act and rules thereunder. ICC cannot currently form a complete Treasury Risk Committee. Under ICC's Treasury Rules, that committee should include representatives of Treasury Participants and Non-Participant Parties.⁸² Currently, ICC's Treasury Clearing Business does not have Treasury Participants or Non-Participant Parties.⁸³ As such, it does not have representatives of Treasury Participants or Non-Participant Parties that it can add to the Treasury Risk committee, or any other committee.⁸⁴ By allowing the Board to designate another committee (the Board Risk Committee) to perform the functions assigned to the Treasury Risk Committee under the Treasury Rules, before the establishment of the Treasury Risk Committee, the Proposed Rule Change would clearly and transparently identify a clear and direct line of responsibility with respect to the functions of the Treasury Risk Committee during the time period when ICC is still starting the Treasury Clearing Business. Moreover, ICC's Board Risk Committee includes representatives of ICC's clearing

⁸⁰ See letter from Stanislav Ivanov, President, ICE Clear Credit (June 16, 2016) ("ICC Response").

⁸¹ *Id.* at 3.

⁸² Treasury Rules 501 and 503.

⁸³ ICC Response at 3, n.16.

⁸⁴ *Id.*

participants,⁸⁵ so in performing the functions of the Treasury Risk Committee prior to the launch of that committee, the Board Risk Committee will include participant input. Finally, to the extent the commenter asserts that with the Proposed Rule Change the Commission is being asked to approve the entire Treasury Clearing rulebook, the Commission notes that it already approved such rulebook with the Application Order.⁸⁶

Accordingly, the Proposed Rule Change is consistent with the requirements of Rule 17ad-22(e)(2)(i) and (v).⁸⁷

D. Consistency with Rule 17ad-22(e)(3)

Under Rule 17ad-22(e)(3), ICC must 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 ICC.⁸⁸ Based on a review of the record, and for the reasons discussed below, the Proposed Rule Change is consistent with Rule 17ad-22(e)(3).⁸⁹

ICC would cap its exposure to Custodial Losses at \$20 million and Investment Losses at \$10 million. ICC would do so by further defining Custodial Loss Resources and Investment Loss Resources, as discussed above. Although these terms did not identify the amount of such resources, the Commission approved these terms, and ICC's overall framework for apportioning

⁸⁵ See Securities Exchange Act Release No. 103161 (May 30, 2025), 90 FR 23970 (June 5, 2025) (File No. SR-ICC-2025-006).

⁸⁶ See ICE Clear Credit LLC; Notice of Filing of an Application for Registration as a Clearing Agency Under Section 17A of the Securities Exchange Act of 1934, Exchange Act Release No. 103727 (Aug. 18, 2025), 90 FR 40879 (Aug. 21, 2025) (describing the contents of ICC's application for registration of the Treasury Clearing Business, including the proposed rules of the Treasury Clearing Business).

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

⁸⁸ 17 CFR 240.17ad-22(e)(3).

⁸⁹ 17 CFR 240.17ad-22(e)(3).

non-default losses amongst ICC and its Treasury Participants, with the Application Order. Moreover, the Commission notes that ICC’s framework for apportioning non-default losses between ICC and its Treasury Participants mirrors the framework that ICC has in place for its CDS business, albeit with lower Custodial Loss Resources and Investment Loss Resources for the Treasury business.⁹⁰

The commenter noted that ICC asserted the proposed Custodial Loss cap of \$20 million and Investment Loss cap of \$10 million to be risk-based in light of ICC’s potential exposure.⁹¹ The commenter suggested, however, that ICC’s assertion was “unfalsifiable” on the present record because ICC was a business with no operational track record.⁹² The commenter further suggested that Rule 17Ad-22(e)(1) (well-founded, clear, transparent, enforceable legal basis)⁹³ and Rule 17Ad-22(e)(4) (credit risk) each warrant analytical reconciliation.⁹⁴

ICC responded that its determinations were risk-based in light of ICC’s potential exposure to custodial and investment losses and based on ICC’s experience with its CDS

⁹⁰ See Securities Exchange Act Release No. 88253 (Feb. 20, 2020), 85 FR 11129, 11133-35 (Feb. 26, 2020) (File No. SR-ICC-2019-010).

⁹¹ Obelisk Comment at 10.

⁹² *Id.*

⁹³ *Id.* Rule 17ad-22(e)(1) requires ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions. The Commission finds that the proposed addition of the monetary caps for Custodial Losses and Investment Losses is consistent with providing for a well-founded, clear, transparent, and enforceable legal basis for apportioning Custodial Losses and Investment Losses between ICC and its Treasury Participants.

⁹⁴ Obelisk Comment at 10. Rule 17ad-22(e)(4) 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. These proposed changes relate to non-default losses arising from custodial and investment situations, not the credit risk arising from exposures to Treasury Participants. To the extent ICC’s framework for apportioning Custodial Losses and Investment Losses between ICC and its Treasury Participants does implicate credit exposures arising from ICC’s Treasury Clearing Business, the framework is consistent with having policies and procedures reasonably designed to effectively identify, measure, monitor, and manage such exposures.

Clearing Business.⁹⁵ Further, ICC noted that it has significant experience as a clearing house and CCP in establishing and managing risk management frameworks, margin methodologies, and financial resource requirements, and that ICC operates the world's largest clearing house for CDS.⁹⁶

The Commission agrees that ICC has operational experience with respect to its CDS Clearing Business. Although ICC has only recently launched the Treasury Clearing Business, ICC has operated its CDS Clearing Business since 2009.⁹⁷ In doing so, ICC has gained operational experience in risk management, including the management of potential non-default losses. Thus, the Commission does not agree with the commenter's assertion that ICC is a business with no operational track record.

Moreover, as noted above, the Commission reviewed and approved the overall framework for managing non-default losses as part of the Application Order. This framework mirrors what ICC has in place for the CDS business, which the Commission also reviewed and approved.⁹⁸ The change here establishes the overall limits for ICC's liability for Custodial Losses and Investment Losses. These caps, and the corresponding framework for apportioning non-default losses, allow ICC to determine in advance its maximum liability for potential Custodial Losses and Investment Losses, and are therefore consistent with maintaining a sound risk management framework for comprehensively managing general business, investment, and

⁹⁵ ICC Response at 2.

⁹⁶ *Id.*

⁹⁷ See ICC Disclosure Framework, https://www.ice.com/publicdocs/clear_credit/ICEClearCredit_DisclosureFramework.pdf.

⁹⁸ See Securities Exchange Act Release No. 88253 (Feb. 20, 2020), 85 FR 11129, 11133-35 (Feb. 26, 2020) (File No. SR-ICC-2019-010).

custody risks that arise in or are borne by, consistent with Rule 17ad-22(e)(3).⁹⁹

Accordingly, the Proposed Rule Change is consistent with the requirements of Rule 17ad-22(e)(3).¹⁰⁰

E. Consistency with Rule 17ad-22(e)(4)(iii)

Under Rule 17ad-22(e)(4)(iii), ICC must 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 participant family that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions.¹⁰¹ Based on a review of the record, and for the reasons discussed below, the Proposed Rule Change is consistent with Rule 17ad-22(e)(4)(iii).¹⁰²

ICC proposes changing the Minimum Contribution to the Treasury Guaranty Fund from \$20 million to \$10 million. With this change, a Treasury Participant's required contribution to the Treasury Guaranty Fund would continue to be the greater of the Treasury Participant's proportionate share of the aggregate Treasury Participant loss exposure (calculated as the two largest participant loss exposures) and the Minimum Contribution. As such, ICC would continue to size the Treasury Guaranty Fund to provide financial resources based on Cover-2 regulatory

⁹⁹ 17 CFR 240.17ad-22(e)(3).

¹⁰⁰ 17 CFR 240.17ad-22(e)(3).

¹⁰¹ 17 CFR 240.17ad-22(e)(4)(iii).

¹⁰² 17 CFR 240.17ad-22(e)(4)(iii).

standards,¹⁰³ and ICC’s Treasury Guaranty Fund sizing methodology may produce a Treasury Guaranty Fund size larger than the one computed to the default of the participant family that would potentially cause the largest aggregate credit exposure. Therefore, the Treasury Guaranty Fund sizing methodology is reasonably designed to be consistent with Rule 17ad-22(e)(4)(iii).¹⁰⁴ Although the Proposed Rule Change would lower the Minimum Contribution, as noted, a Treasury Participant would still be required to cover its proportionate share of the aggregate Treasury Participant loss exposure (calculated as the two largest participant loss exposures), if that amount is greater than \$10 million.

The commenter suggested that ICC had justified this change solely by saying that the reduction is appropriate at this stage.¹⁰⁵ The commenter asserted that this was a “record thin justification” for a CCP about to clear U.S. Treasury secondary market transactions under the SEC’s Treasury Clearing mandate.¹⁰⁶ The commenter stated that Cover-2 standards require empirical, not aspirational, sizing.¹⁰⁷

ICC responded that the change in the minimum contribution did not alter ICC’s Treasury Guaranty Fund methodology.¹⁰⁸ ICC noted that a Treasury Participant’s required contribution to the Treasury Guaranty Fund would continue to be the Treasury Participant’s proportionate share of the aggregate Treasury Participant loss exposure (calculated as the two largest participant loss exposures) if greater than the Minimum Contribution and that ICC would continue to size the

¹⁰³ Notice, 91 FR at 30754.

¹⁰⁴ 17 CFR 240.17ad-22(e)(4)(iii).

¹⁰⁵ Obelisk Commenter at 10.

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ ICC Response at 2.

Treasury Guaranty Fund to provide financial resources based on Cover-2 regulatory standards.¹⁰⁹ Further, ICC noted that Commission Rule 17ad-22(e)(4)¹¹⁰ does not prescribe a minimum contribution or otherwise require that such minimum be set at a particular level.¹¹¹

As noted by ICC, Rule 17ad-22(e)(4)¹¹² does not require that ICC maintain a certain minimum contribution to its Treasury Guaranty Fund. Rather, the rule requires that ICC effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence and by maintaining certain additional financial resources. As noted above, ICC maintains a separate Treasury Guaranty Fund which ICC sizes to enable ICC to meet its financial obligations to Treasury Participants notwithstanding a default by the two Treasury Participants (including any of their affiliated Treasury Participants) creating the largest combined loss to ICC in extreme but plausible market conditions. Therefore, the Treasury Guaranty Fund sizing methodology is reasonably designed to be consistent with Rule 17ad-22(e)(4)(iii)¹¹³ and may produce a Treasury Guaranty Fund larger than that required by the rule. Moreover, the Proposed Rule Change would not affect this sizing, because a Treasury Participant's required contribution to the Treasury Guaranty Fund would continue to be the Treasury Participant's proportionate share of the aggregate Treasury Participant loss exposure (calculated as the two largest participant loss exposures) if greater than the Minimum Contribution.

¹⁰⁹ *Id.*

¹¹⁰ 17 CFR 240.17ad-22(e)(4).

¹¹¹ ICC Response at 2.

¹¹² 17 CFR 240.17ad-22(e)(4).

¹¹³ 17 CFR 240.17ad-22(e)(4)(iii).

Accordingly, the Proposed Rule Change is consistent with the requirements of Rule 17ad-22(e)(4)(iii).¹¹⁴

F. Consistency with Rule 17ad-22(e)(6)(i)

Under Rule 17ad-22(e)(6)(i), ICC must establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, among other things, calculates, collects, and holds margin amounts from a direct participant for its proprietary positions in Treasury securities separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant that relies on the services provided by the direct participant to access ICC's payment, clearing, or settlement facilities.¹¹⁵ 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)(i).¹¹⁶

As noted above, ICC would specify in Treasury Rule 409 that a Treasury Participant whose Client-Related Positions are associated with a Hybrid Gross IM Account must require such Non-Participant Party to provide margin or collateral in an amount equal to 70% of the Initial Margin required and that the Treasury Participant must provide the remaining 30%. Moreover, as noted above, in Rule 407, ICC would add language to help ensure that the rule is consistent with Commission Rule 15c3-3a, Note H.¹¹⁷

The commenter suggested that the 70/30 Hybrid Gross IM allocation was an improvement over the prior discretionary formulation but introduced a fixed split without an

¹¹⁴ 17 CFR 240.17ad-22(e)(4)(iii).

¹¹⁵ 17 CFR 240.17ad-22(e)(6)(i).

¹¹⁶ 17 CFR 240.17ad-22(e)(6)(i).

¹¹⁷ 17 CFR 240.15c3-3a.

empirical basis on the record for that specific ratio.¹¹⁸ In response, ICC noted that the 70% represents approximately the requirements associated with the first day of the Treasury Clearing Business's two-day margin period of risk.¹¹⁹ Further, ICC noted that this allocation was previously provided and evaluated as part of the Application Order and made known to regulators and market participants.¹²⁰ The proposed changes, ICC stated, are intended to enhance transparency and provide additional clarity in the Treasury Rules. Finally, ICC suggested that it did not need additional empirical support as its proposed changes did not introduce a change in the allocation or existing framework.¹²¹

The Hybrid Gross IM Account is an account maintained by or on behalf of ICC with respect to a Treasury Participant for the purpose of holding on a gross omnibus basis Initial Margin posted by a Treasury Participant in respect of client-related positions. As noted above, the Hybrid Gross IM Account consists of two subaccounts, one funded by a client and one funded by a Treasury Participant. Having separate subaccounts, one funded by a client and one funded by a Treasury Participant, is consistent with the requirement that ICC's margin system calculate, collect, and hold margin amounts from a Treasury Participant for its proprietary positions separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant under Rule 17ad-22(e)(6)(i).¹²²

With respect to the actual amount of the split, 70/30, the Commission notes that its rules

¹¹⁸ Obelisk Commenter at 10.

¹¹⁹ ICC Response at 4.

¹²⁰ *Id.*

¹²¹ *Id.*

¹²² 17 CFR 240.17ad-22(e)(6)(i).

neither require that ICC maintain a Hybrid Gross IM Account nor that responsibility for margin in such an account be split in any particular manner. As noted by ICC, the Commission reviewed this allocation as part of the Application Order, and the Proposed Rule Change would merely memorialize that allocation in Treasury Rule 409. Moreover, ICC's explanation, that it based the 70/30 on the two-day margin period of risk it applies to the Treasury Clearing Business, provides an additional empirical basis, on the record, for the split.

Finally, the changes in Rule 407 would generally help ensure that the rule is consistent with Commission Rule 15c3-3a, Note H¹²³ and the conditions therein. In doing so, the Proposed Rule Change would help ensure that ICC's margin system calculates, collects, and holds margin amounts from a Treasury Participant for its proprietary positions separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant under Rule 17ad-22(e)(6)(i).¹²⁴

Accordingly, the Proposed Rule Change is consistent with the requirements of Rule 17ad-22(e)(6)(i).¹²⁵

¹²³ 17 CFR 240.15c3-3a.

¹²⁴ 17 CFR 240.17ad-22(e)(6)(i).

¹²⁵ 17 CFR 240.17ad-22(e)(6)(i).

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 Act¹²⁶ and Rules 17Ad-22(e)(1); (e)(2)(i) and (v); (e)(3); (e)(4)(iii); and (e)(6)(i) thereunder.¹²⁷

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-ICC-2026-002) be, and hereby is, approved.¹²⁸

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.¹²⁹

Sherry R. Haywood,

Assistant Secretary.

¹²⁶ 15 U.S.C. 78q-1(b)(3)(F).

¹²⁷ 17 CFR 240.17ad-22(e)(1); (e)(2)(i) and (v); (e)(3); (e)(4)(iii); and (e)(6)(i).

¹²⁸ 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).

¹²⁹ 17 CFR 200.30-3(a)(12).