SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106970; File No. SR-ICC-2026-015]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to ICC's Exercise Procedures

November 23, 2026.

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 November 13, 2026, ICE Clear Credit LLC ("ICC" or "ICE Clear Credit") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to make revisions to the Exercise Procedures in connection with the clearing of credit default index swaptions ("Index Swaptions") as part of the CDS Clearing Service.

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 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

---

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 revising the Exercise Procedures in connection with the clearing of Index Swaptions as part of the CDS Clearing Service. The Exercise Procedures supplement the provisions of Subchapter 26R of the ICC CDS Clearing Rules (the "Rules")[3] with respect to Index Swaptions[4] and provide further detail as to the manner in which Index Swaptions may be exercised by Swaption Buyers, the manner in which ICC will assign such exercises to Swaption Sellers, and certain actions that ICC may take in the event of technical issues. ICC proposes to make the changes effective following Commission approval of the proposed rule change. The proposed revisions are described in detail as follows.

Background

ICC proposes enhancements to the Exercise Procedures related to the automatic ("auto") exercise of Index Swaptions. Currently, the Exercise Procedures allow Exercising Parties[5] to submit preliminary exercise notices that may be used as final

---

3 Capitalized terms used herein but not defined have the meaning set forth in the Rules.

4 Pursuant to an Index Swaption, one party (the "Swaption Buyer") has the right (but not the obligation) to cause the other party (the "Swaption Seller") to enter into an index CDS transaction at a pre-determined strike price on a specified expiration date on specified terms. In the case of Index Swaptions cleared by ICC, the underlying index CDS is limited to certain CDX and iTraxx index CDS that are accepted for clearing by ICC, and which would be automatically cleared by ICC upon exercise of the Index Swaption by the Swaption Buyer in accordance with its terms.

5 Exercising Party means (i) with respect to an Index Swaption carried in the house account of a Clearing Participant ("Participant") as Swaption Buyer, such Participant, and (ii) with respect to an Index Swaption carried in the client origin account of a Participant for a Non-Participant Party (i.e., a customer of a Participant) as Swaption Buyer, such Non-Participant Party. *See* Paragraph 1.

exercise instructions if a communications failure occurs during the Exercise Period.[6] The Exercise Procedures further allow ICC to submit preliminary exercise notices, on behalf of Exercising Parties, for Index Swaption open positions that ICC determines are "in the money" based on last available end-of-day prices.[7] ICC proposes to replace this process under which ICC may submit preliminary exercise notices, on behalf of Exercising Parties, with a new elective auto exercise process that uses more current pricing information. In particular, ICC proposes to allow an Exercising Party to elect to auto exercise all its expiring Index Swaption open positions that are "in the money" by submitting notice to ICC before the Swaption Exercise Cut-Off Time.[8] In general, ICC would determine whether positions are "in the money" using available intraday pricing information, as described below.

The changes are designed to enhance ICC's exercise process by incorporating more current pricing information into exercise determinations and permitting an auto exercise election. Such changes simplify the exercise process by eliminating reliance on preliminary exercise notices submitted by ICC and instead allowing Exercising Parties to elect auto exercise. ICC identified the proposed changes as an opportunity for

---

6 The Exercise Period is further defined in Paragraph 1 as the period on the expiration date of an Index Swaption during which the Swaption Buyer may deliver a Swaption Exercise Notice to ICC to exercise all or part of such Index Swaption in accordance with the Rules. Such period will start at the Swaption Exercise Start Time and end at the Swaption Exercise Cut-Off Time.

7 *See* Securities Exchange Act Release No. 91834 (May 11, 2021), 86 FR 26745(May 17, 2021) (SR-ICC-2021-006).

8 As defined in Paragraph 1, Swaption Exercise Cut-Off Time means (i) with respect to an Index Swaption referencing a CDX.NA index, 11:00 a.m., New York time; and (ii) with respect to an Index Swaption referencing an iTraxx Europe index, 4:00 p.m., London time.

improvement regarding its Index Swaption solution to support and promote the clearing of Index Swaptions at ICC.

Exercise Procedures Changes

ICC proposes to revise Paragraph 1 to add and amend defined terms. ICC would define "Auto-Exercise Notice" by cross-reference to Paragraph 2.2(c)(i) as a notice submitted by an Exercising Party electing to auto exercise all its expiring Index Swaption open positions. ICC would define "Auto-Exercise Exclusion Notice" by cross-reference to Paragraph 2.2(c)(ii) as a notice submitted by an Exercising Party (that has filed or is deemed to have filed an Auto-Exercise Notice) to elect expiring positions to exclude from auto exercise. ICC would add "Covered Notice" as a defined term to consolidate references to various notices under the Exercise Procedures. ICC would accordingly revise the definition of "Electronic Notice" to be a kind of Covered Notice delivered pursuant to the "Electronic Notice Process." ICC would revise the definition of "Electronic Notice Process" to refer to the electronic delivery and assignment of Electronic Notices through an electronic system (i.e., the "Exercise System").

ICC proposes changes to defined terms in Paragraph 1 used as part of the new auto exercise process. ICC would define "Intrinsic Value" as the value of an Index Swaption position at expiration. Intrinsic Value would factor in the Reference Level (defined below) of the underlying index contract and without duplication relevant cash payments and/or physical settlements with respect to credit events. ICC would amend the term, "Minimum Intrinsic Value," to incorporate the newly defined term, "Intrinsic Value," revise a related cross-reference, and specify that a Minimum Intrinsic Value

would no longer apply for a Pre-Exercise Notification Period[9] based on the changes to Paragraph 2.2 described below. In addition, ICC proposes to define "Reference Level" as the price of the index contract underlying an expiring Index Swaption, determined by ICC, through its index live prices feed process, which considers intraday prices of transactions executed on swap execution facilities ("SEFs"). If SEF transaction data is unavailable or ICC is unable to operate its index live prices feed process, proposed language explains how ICC will calculate Reference Levels using intraday pricing information or end-of-day pricing information. ICC may permit an Exercising Party to specify its own Reference Level to determine whether its Index Swaption open positions are "in the money" for auto exercise (a "Reference Level Specification"), and acceptance will be at ICC's discretion.

ICC proposes to amend Paragraph 2.2(c) to set out the proposed auto exercise process. Under Paragraph 2.2(c)(i), an Exercising Party may, in advance of a Swaption Exercise Cut-Off Time, elect to auto exercise all its expiring Index Swaption open positions by submitting an Auto-Exercise Notice. For an Exercising Party that has properly filed an Auto-Exercise Notice, ICC would automatically exercise on the expiration date each Index Swaption open position that is "in the money." Whether an Index Swaption open position is "in the money" would be determined by computing the Index Swaption's Intrinsic Value using the applicable Reference Level and comparing the Intrinsic Value to the applicable Minimum Intrinsic Value. ICC would also be permitted, subject to appropriate notice, to deem all Exercising Parties to have given an

[9] Pre-Exercise Notification Period is defined in Paragraph 1 as a period commencing after ICC ceases to accept trades in Index Swaptions and ending at the Swaption Exercise Start Time.

Auto-Exercise Notice, in which case a party that does not wish for auto exercise to apply must revoke the Auto-Exercise Notice by the Swaption Exercise Cut-Off Time.

Under Paragraph 2.2(c)(ii), an Exercising Party that has filed (or is deemed to have filed) an Auto-Exercise Notice may, in advance of the Swaption Exercise Cut-Off Time, elect on a position-by-position basis the expiring positions excluded from auto exercise by submitting an Auto-Exercise Exclusion Notice. As a clarification, Index Swaption open positions that are not subject to an Auto-Exercise Notice or that are excluded by an Auto-Exercise Exclusion Notice would remain subject to the exercise procedures in Paragraphs 2.2(d) through (j).

ICC proposes Paragraph 2.2(c)(iii) to address the case where an Exercising Party submits (or is deemed to submit) an Auto-Exercise Notice and also submits a Swaption Exercise Notice[10] for the same expiring Index Swaption open position. In such case, if the Swaption Exercise Notice is for the full notional amount, ICC would execute the Swaption Exercise Notice instructions, and the Auto-Exercise Notice would not apply to that position. If the Swaption Exercise Notice is for less than the full notional amount, the Auto-Exercise Notice would apply and ICC will exercise such position in whole if it is determined to be "in the money." Otherwise, ICC would execute the Swaption Exercise Notice instructions. For the avoidance of doubt, the Auto-Exercise Notice would continue to apply to the Exercising Party's other Index Swaption Open Positions.

ICC would remove Paragraph 2.2(e)(ii), which would be unnecessary in light of the proposed auto exercise process. Currently, Paragraph 2.2(e)(ii) permits ICC, in

---

[10] Swaption Exercise Notice is defined in Rule 26R-318(b) as an exercise notice that a Participant which has or carries an open position in an Index Swaption on the expiration date for which it is the Swaption Buyer may issue (or, if applicable in the case of a client-related position, its Non-Participant Party may issue).

connection with a Pre-Exercise Notification Period, to identify an Exercising Party's "in the money" Index Swaption open positions and submit preliminary exercise notices on the Exercising Party's behalf for all such "in the money positions." Currently, whether an Index Swaption open position is "in the money" is determined using last available end-of-day prices. ICC proposes to remove and replace this process with the new elective auto exercise process described above in Paragraph 2.2(c). ICC proposes additional changes in Paragraph 2.2 to remove references to Subparagraph (e)(ii), re-letter Paragraph 2.2, and update cross-references accordingly in Paragraph 2.2 and throughout the Exercise Procedures.

ICC proposes related changes to incorporate reference to the auto exercise process in Paragraph 2.2, including in amended Subparagraphs (k) and (m). Amended Paragraph 2.2(k) would clarify that, after the Exercise Period ends, ICC would allocate and assign exercised Index Swaptions, including those deemed exercised or exercised through automatic exercise, in the manner described in that paragraph. Amended Paragraph 2.2(m) would provide that the report delivered to each Participant shows all open positions exercised, deemed exercised, or automatically exercised.

ICC proposes additional revisions to Paragraphs 2.3 and 2.4. In Paragraph 2.3(a), ICC would revise a reference from "Index Option" to "Index Swaption," consistent with the terminology used throughout the Exercise Procedures. Under amended Paragraph 2.3(b), ICC proposes to specify that it is not responsible for any inability or failure of a Participant or Non-Participant Party to submit an Auto-Exercise Notice, Auto-Exercise Exclusion Notice or Reference Level Specification, and that each Exercising Party is responsible for monitoring the applicable auto exercise provisions and pricing levels,

among other things, and for taking appropriate action to effect all desired exercises or non-exercises of Index Swaptions. Under amended Paragraph 2.4(a), only the Exercising Party may provide Auto-Exercise Notices, Auto-Exercise Exclusion Notices and Reference Level Specifications to ICC. Accordingly, Non-Participant Parties are responsible for submitting their own such notices and specifications.

ICC proposes changes to its description of the Exercise System to reference the new notices and specifications related to auto exercise. Amended Paragraph 2.5 would provide that Participants may electronically submit Covered Notices, including Auto-Exercise Notices, Auto-Exercise Exclusion Notices, Reference Level Specifications, as well as any permitted revocations, withdrawals or modifications thereof. In Paragraph 2.5(b), ICC proposes to specify that Covered Notices may be submitted through the Exercise System unless ICC determines otherwise pursuant to Paragraph 2.6 or 2.7.

Paragraph 2.6 addresses a failure of the Exercise System (an "Exercise System Failure"), and Paragraph 2.7 addresses a communications failure affecting an Exercising Party. Under each of those paragraphs, references to Swaption Exercise Notices would be revised to refer to Covered Notices, and references to ICC assigning Swaption Exercise Notices to Participants would be revised to refer to ICC assigning exercised Index Swaptions to Participants, so that these provisions are not limited to Swaption Exercise Notices.

ICC proposes additional revisions in Paragraph 2.8, under which ICC currently maintains the ability to effect auto exercise in case of Exercise System Failure. Specifically, in case of Exercise System Failure, ICC may determine that auto exercise applies, in which case ICC will automatically exercise, on the expiration date, open

positions of Exercising Parties in Index Swaptions that are "in the money." ICC proposes to update its determination of whether an Index Swaption is "in the money" to align with the proposed defined terms. Similar to the language used in Paragraph 2.2(c), whether an Index Swaption open position is "in the money" would be determined by computing the Index Swaption's Intrinsic Value using the applicable Reference Level and comparing the Intrinsic Value to the applicable Minimum Intrinsic Value. Such change is intended for consistency, so the computation of "in the money" Index Swaption open position is consistent throughout the Exercise Procedures for auto exercise.

(b) Statutory Basis

ICC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act[11] and the regulations thereunder applicable to it, including the applicable standards under Rule 17Ad-22.[12] In particular, Section 17A(b)(3)(F) of the Act[13] requires that the rule change be consistent with the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts and transactions cleared by ICC, 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. ICC proposes enhancements to the Exercise Procedures related to the auto exercise of Index Swaptions. As described in more detail above, the proposed changes replace the existing process under which ICC may submit preliminary exercise notices on behalf of Exercising Parties based on last available end-of-day prices with a new elective

11 15 U.S.C. 78q-1.

12 17 CFR 240.17Ad-22.

13 15 U.S.C. 78q-1(b)(3)(F).

auto exercise process that uses more current pricing information. The new process allows an Exercising Party to elect auto exercise of its expiring Index Swaption open positions, to exclude specific positions from auto exercise, and, at ICC's discretion, to specify its own Reference Level. Determining whether a position is "in the money" by computing Intrinsic Value using the applicable Reference Level will incorporate more current pricing information into exercise determinations through ICC's index live prices feed process, which considers intraday pricing information. The proposed changes also simplify the exercise process by eliminating reliance on preliminary exercise notices submitted by ICC on behalf of Exercising Parties by allowing Exercising Parties to elect to auto exercise. In addition, the proposed changes clarify the treatment of Swaption Exercise Notices and Auto-Exercise Notices for the same expiring open position, the reports delivered to Participants, and the responsibilities of ICC and Exercising Parties with respect to the new notices and specifications. Additional changes ensure that the procedures apply to all relevant notices, as appropriate, and not only to Swaption Exercise Notices and apply the same "in the money" determination in the case of an Exercise System Failure, so that the computation is consistent throughout the Exercise Procedures. In ICC's view, these changes will promote clarity, consistency and transparency in how Index Swaptions are exercised and assigned, thereby promoting the prompt and accurate clearing and settlement of the contracts cleared by ICC, including Index Swaptions, 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, within the meaning of Section 17A(b)(3)(F) of the Act.[14]

---

[14] Id.

The amendments would also satisfy relevant requirements of Rule 17Ad-22.[15] Rule 17Ad-22(e)(1)[16] requires each covered clearing agency 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 Exercise Procedures continue to supplement the provisions of Subchapter 26R of the Rules with respect to Index Swaptions and ensure that ICC's Rules clearly reflect the terms and conditions applicable to Index Swaptions. As described above, the proposed revisions would set out the auto exercise process, the related defined terms (including Auto-Exercise Notice, Auto-Exercise Exclusion Notice, Intrinsic Value and Reference Level), and the related responsibilities of ICC and Exercising Parties. The proposed rule change would continue to support the legal basis for ICC's clearance of Index Swaptions and operation of the exercise and assignment process, including where there are operational or technical issues. As such, the proposed rule change would satisfy the requirements of Rule 17Ad-22(e)(1).[17]

Rule 17Ad-22(e)(17)[18] requires, in relevant part, each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to manage its operational risks by (i) identifying the plausible sources of operational risk, both internal and external, and mitigating their impact through the use of appropriate systems, policies, procedures, and controls; and (ii) ensuring that systems have a high degree of security, resiliency, operational reliability, and adequate, scalable

---

15 17 CFR 240.17Ad-22.

16 17 CFR 240.17Ad-22(e)(1).

17 Id.

18 17 CFR 240.17Ad-22(e)(17)(i)-(ii).

capacity. The Exercise Procedures continue to allow ICC to manage the operational risks associated with the exercise and assignment process by establishing procedures for the exercise and assignment of Index Swaptions and including fallback measures, which help mitigate the impact from operational or technical issues and ensure that the system has a high degree of security, resiliency, operational reliability, and adequate, scalable capacity. The proposed changes would reduce operational risk by replacing reliance on ICC-submitted preliminary exercise notices with an elective process that uses more current pricing information, and by providing a fallback to determine Reference Levels using intraday or end-of-day pricing information if SEF transaction data or ICC's index live prices feed process is unavailable. The proposed changes also maintain ICC's ability to effect auto exercise in the case of an Exercise System Failure, using the same "in the money" determination. The proposed rule change is therefore reasonably designed to meet the requirements of Rule 17Ad-22(e)(17).[19]

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

ICC does not believe the proposed amendments would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purpose of the Act. The proposed changes to the Exercise Procedures will apply uniformly across all market participants. Therefore, ICC does not believe the proposed rule change imposes any burden on competition not necessary or appropriate in furtherance of the purpose of the Act.

---

[19] 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 received. ICC will notify the Commission of any written comments received by ICC.

III. Date of Effectiveness of the Proposed Rule Change, Security-Based Swap Submission, and Advance Notice 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-2026-004 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-2026-015. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website *(http://www.sec.gov/rules/sro.shtm*l). 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-2026-015 and should be submitted on or before [INSERT DATE 21 DAYS FROM PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[20]

Vanessa A. Countryman,

Secretary.

[20] 17 CFR 200.30-3(a)(12).