SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-69243; File No. SR-ICC-2013-01)

March 27, 2013

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change, as Modified by Amendments No. 1 and 2 Thereto, to Update Chapter 26 and Remove Schedule 502 of the ICE Clear Credit Rules

I. Introduction

On January 31, 2013, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-ICC-2013-01 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b-4 thereunder. The proposed rule change was published for comment in the Federal Register on February 21, 2013. On March 7, 2013, ICC filed Amendment No. 1 to the proposed rule change. On March 14, 2013, ICC filed Amendment No. 2 to the proposed rule change. The Commission did not receive comments regarding the proposal. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

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4 In Amendment No. 1, ICC amended the filing to remove European index CDS and European single-name CDS from Schedule 502 of the ICC Rulebook (“ICC Rules”), which were added to the ICC Rules subsequent to ICC filing this proposed rule change. The amendment also included conforming changes to the chapters of the ICC Rules referencing iTraxx Europe index CDS and European single-name CDS to reflect the removal of Schedule 502.
5 In Amendment No. 2, ICC amended the filing to remove certain index series listings scheduled to occur on March 20, 2013, and March 27, 2013, which were added to Schedule 502 subsequent to ICC filing this proposed rule change. ICC also amended Chapter 26G of the ICC Rules to change the abbreviation for “Standard European Corporate” from “SNEC” to “SDEC”.

II. Description

The purpose of the proposed rule change is to update Chapter 26 (Cleared CDS Products) of the ICC Rules and remove Schedule 502 (List of Pre-Approved Products) from the ICC Rules. The proposed rule change also includes a conforming edit within Chapter 5 (Risk Committee) of the ICC Rules. This update will provide direct reference within the ICC Rules to the cleared products list always available on the ICC website (“Approved Products List”) and add additional standards for certain ICC cleared products. ICC agrees that rule submissions for updates to ICC’s cleared product offering will be required under certain circumstances (e.g., certain financial single names, additional single-name constituents of the Emerging Markets Index, and High Yield single names).

ICC proposes to amend Chapter 26 of its rules to update the definitions of Eligible CDX.NA Untranched Index (Rule 26A-102), Eligible SNAC Reference Entities (Rule 26B-102), Eligible SNAC Reference Obligations (Rule 26B-102), Eligible CDX.EM Untranched Index (Rule 26C-102), Eligible SES Reference Entities (Rule 26D-102), Eligible SES Reference Obligations (Rule 26D-102), Eligible iTraxx Europe Untranched Index (Rule 26F-102), Eligible SDEC Reference Entities (Rule 26G-102) and Eligible SDEC Reference Obligations (Rule 26G-102) to include the requirement that the products must be determined by ICC to be eligible.

ICC proposes to amend Chapter 26 of its rules to update the definitions of List of Eligible CDX.NA Untranched Indexes (Rule 26A-102), List of Eligible SNAC Reference Entities (Rule 26B-102), List of Eligible CDX.EM Untranched Indexes (Rule 26C-102), List of Eligible SES Reference Entities (Rule 26D-102), List of Eligible iTraxx Europe Untranched Indexes (Rule 26F-102) and List of Eligible SDEC Reference Entities (Rule 26G-102) to include the reference that the Approved Products List will be maintained, updated and published on the ICC website.
ICC proposes to amend Chapter 26 of its rules to add the definition of Eligible SNAC Sector in Rule 26B-102 of the ICC Rules. The listed Eligible SNAC Sectors are: Basic Materials, Consumer Goods, Consumer Services, Energy, Financials, Healthcare, Industrials, Technology, Telecommunications Services, and Utilities. The requirement to list the Eligible SNAC Sector on the List of Eligible SNAC Reference Entities is also added to the definition of List of Eligible SNAC Reference Entities in Rule 26B-102.

ICC proposes to amend Chapter 26 of its rules to add the definition of Eligible SDEC Sector in Rule 26G-102 of the ICC Rules. The listed Eligible SDEC Sectors are: Basic Materials, Consumer Goods, Consumer Services, Energy, Financials, Healthcare, Industrials, Technology, Telecommunications Services, and Utilities. The requirement to list the Eligible SDEC Sector on the List of Eligible SDEC Reference Entities is also added to the definition of List of Eligible SDEC Reference Entities in Rule 26G-102.

ICC proposes to amend Chapter 26 of its rules to include within the definition of List of Eligible SES Reference Entities in Rule 26D-102 the requirement to list the Sector, Government, in the List of Eligible SES Reference Entities.

ICC proposes to remove Schedule 502 from the ICC Rules as Schedule 502 provides information available in the Approved Products List on the ICC website. The Approved Products List provides the information currently available in Schedule 502 as well as all additional product information listed in the definitions of List of Eligible CDX.NA Untranched Indexes (Rule 26A-102), List of Eligible SNAC Reference Entities (Rule 26B-102), List of Eligible CDX.EM Untranched Indexes (Rule 26C-102), List of Eligible SES Reference Entities (Rule 26D-102), List of Eligible iTraxx Europe Untranched Indexes (Rule 26F-102) and List of Eligible SDEC Reference Entities (Rule 26G-102).
ICC proposes to make one conforming amendment to Chapter 5 of its rules, specifically Rule 502(a), to change a reference to Schedule 502 of the ICC Rules to reference the Approved Products List on the ICC website.

The proposed changes to the ICC Rules will provide direct reference within the ICC Rules to the cleared products list available on the ICC website and add additional standards for certain ICC cleared products. The proposed rule changes do not require any changes to the ICC risk management framework including the ICC margin methodology, guaranty fund methodology, pricing parameters and pricing model.

III. Discussion

Section 19(b)(2)(C) of the Act\(^6\) directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act\(^7\) requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions.

The Commission finds that the proposed rule change is consistent with the requirements of Section 17A of the Act\(^8\) and the rules and regulations thereunder applicable to ICC. The proposed rule change would provide direct reference within the ICC Rules to the Approved Products List available on the ICC website and add additional standards for certain ICC cleared products to assure that Clearing Participants are informed of the ICC approved products, thereby

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promoting the prompt and accurate clearance and settlement of swaps and security-based swaps transactions.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act\(^9\) and the rules and regulations thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,\(^10\) that the proposed rule change (File No. SR-ICC-2013-01), as modified by Amendments No. 1 and 2, be, and hereby is, approved.\(^11\)

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^12\)

Kevin M. O’Neill
Deputy Secretary

\(^9\) Id.
\(^11\) In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).
\(^12\) 17 CFR 200.30-3(a)(12).