SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-72596; File No. SR-ICC-2014-07)  
July 11, 2014  
Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change to Revise End-of-Day Price Discovery Policies and Procedures

I. Introduction

On May 22, 2014, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-ICC-2014-07 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the Federal Register on June 10, 2014.³ The Commission received no comment letters regarding the proposed change. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description

ICC is proposing to amend the ICC End-of-Day Price Discovery Policies and Procedures (“EOD Pricing Policy”) to revise the expectations surrounding the unwind of any Firm Trade transaction.

ICC contends that the proposed revision to ICC’s EOD Pricing Policy is intended to make the policy more readily enforceable, while maintaining the same or similar level of incentive for ICC Clearing Participants to provide quality price submissions.

ICC contends that ICC Clearing Participants (“CPs”) may be required from time to time, under the ICC EOD Pricing Policy, to enter into trades with other CPs as part of the ICC end-of-

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day price discovery process ("Firm Trade"). ICC contends that it does not require CPs to maintain Firm Trades as outstanding positions for any particular length of time. Prior to the operation of this proposed rule change, ICC has stated that the ICC EOD Pricing Policy requires CPs that elect to unwind a Firm Trade to do so “at the then-current market price.” ICC contends that there are practical difficulties with objectively determining whether an unwind transaction was executed at the “then-current market price” and therefore such policy is difficult to enforce. ICC proposes via this rule change to revise the ICC EOD Pricing Policy to replace references to the “then-current market price” with the requirement that unwind transactions be executed in a competitive manner. Further, ICC proposes via this rule change to add the requirement that, upon request, CPs be able to demonstrate to ICC’s satisfaction that such unwind transaction was executed in a competitive manner. Additionally, ICC proposes to add a non-exclusive list of examples of how CPs may be able to demonstrate competitive execution of unwind transactions, for example: (i) execution on an available trading venue (e.g., a SEF or DCM); (ii) multiple dealer quotes received and execution of the unwind transaction at the best quoted price; or (iii) placement of the unwind transaction with an interdealer broker with price terms and instructions commensurate with a competitive execution.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act\(^4\) directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act\(^5\) requires, among other


things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible and, in general, to protect investors and the public interest.

The Commission finds that the proposed revision to ICC’s EOD Pricing Policy is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to Section 17(A)(b)(3)(F). The Commission finds that the update to ICC’s EOD Pricing Policy regarding Firm Trade unwind transactions clarifies the policy while maintaining the same or similar level of incentive for CPs to provide quality price submissions. Because of the clarification of the Firm Trade unwind requirements and the potential increase in the enforceability thereof, CPs may have a greater incentive to submit quality price submissions. Since quality price submissions are an integral part of the end-of-day pricing process, the Commission finds that the proposed rule change therefore promotes the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts and transactions and contributes to the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible in a manner consistent with the Act and the regulations thereunder applicable to ICC.

6 Id.
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\(^7\) and the rules and regulations thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,\(^8\) that the proposed rule change (File No. SR-ICC-2014-07) be, and hereby is, approved.\(^9\)

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^{10}\)

Kevin M. O’Neill
Deputy Secretary

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\(^9\) 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).

\(^{10}\) 17 CFR 200.30-3(a)(12).