SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-74974; File No. SR-ICC-2015-008)  

May 15, 2015

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Related to Settlement Finality

I. Introduction

On April 1, 2015, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), and Rule 19b-4 thereunder, to provide additional clarity regarding settlement finality with respect to Mark-to-Market Margin. The proposed rule change was published for comment in the Federal Register on April 14, 2015. The Commission did not receive comments regarding the proposed change. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description of the Proposed Rule Change

ICC proposes revising ICC Clearing Rule 401 (“Rule 401”) in order to provide additional clarity regarding settlement finality with respect to Mark-to-Market Margin (as defined in ICC Rule 401). Specifically, the proposed rule change would add new subsections (k) and (l) to Rule 401. ICC states that the new subsections are not intended to change any current ICC practices; rather, such changes are intended to provide additional clarity regarding settlement finality with respect to Mark-to-Market Margin. All capitalized terms not defined herein are defined in the ICC Rules.

ICC proposes adding language in Rule 401(k) to clarify that each Transfer of Mark-to-Market Margin shall constitute a settlement (within the meaning of U.S. Commodity Futures Trading Commission Rule 39.14\(^4\)) and shall be final as of the time ICC’s accounts are debited or credited with the relevant payment. Further, ICC proposes adding language in Rule 401(l) to state that once settlement of a Transfer of Mark-to-Market Margin in respect of the Margin Requirements for a Mark-to-Market Margin Category is final, the fair value of the outstanding exposures for the relevant Contracts in that Mark-to-Market Margin Category (taking into account the Margin provided in respect of such Margin Requirement) will be reset to zero. ICC states that such additional language is consistent with ICC’s current practices and is intended to provide further clarity regarding ICC’s settlement cycle.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act\(^5\) 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\(^6\) 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.

The Commission finds that the proposed rule change is consistent with Section 17A of the Act\(^7\) and the rules thereunder applicable to ICC. The proposed rule change would provide

additional clarity and transparency regarding ICC’s settlement cycle, specifically with regard to the time at which Transfers of Mark-to-Market Margin are final and the time at which the fair value of the outstanding exposures for relevant Contracts in a Mark-to-Market Margin Category is reset to zero. The Commission therefore finds that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions in accordance with Section 17A(b)(3)(F) of the Act.8

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-2015-008) be, and hereby is, approved.\(^{11}\)

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

Robert W. Errett  
Deputy Secretary

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\(^{11}\) 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).