For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–88927; File No. SR–ICC–2020–006)]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to ICC's Treasury Operations Policies and Procedures

May 21, 2020.

I. Introduction

On April 8, 2020, ICE Clear Credit LLC (''ICC'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4,[2] a proposed rule change to revise the ICC Treasury Operations Policies and Procedures (''Treasury Policy''). The proposed rule change was published for comment in the **Federal Register** on April 20, 2020.[3] The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

The proposed rule change would revise the Treasury Policy to clarify ICC's approval process for adding a new settlement bank, ICC's minimum criteria applicable to settlement banks, and ICC's backup settlement banks. Currently, the Direct Settlement Section of the Treasury Policy requires that ICC's Director of Treasury and the Risk Department (credit analyst) conduct a review before ICC begins using a bank as a settlement bank, with final approval from the ICC President. Under the proposed rule change, ICC's Director of Treasury and the Risk Department (credit analyst) would still conduct a review before ICC begins using a bank as a settlement bank. The proposed rule change would require, however, that the Credit Review Subcommittee of the Participant Review Committee (the ''CRS''), rather than ICC's President, approve ICC's use of a bank. The CRS is comprised of ICC staff, including the ICC President, ICC Chief Operating Officer, and representatives from various departments, and is tasked with counterparty review responsibilities. Thus, under the proposed rule change, ICC's President would still be involved in the approval of a bank (as a member of the CRS) but other ICC personnel, as CRS members, would also participate in such approval.

Moreover, the proposed rule change would amend the Direct Settlement Section of the Treasury Policy to set forth the minimum criteria that ICC applies when determining whether to use a bank as a settlement bank. Currently, the Treasury Policy requires that ICC's Director of Treasury and the Risk Department (credit analyst) review a bank's capitalization, creditworthiness, access to liquidity, operational reliability and supervision before approval of that bank. In addition to those items, the proposed rule change would specify the minimum criteria that ICC applies to its settlement banks. Among other things, these criteria require that a bank be subject to certain regulatory oversight and supervision (*i.e.,* the bank must be subject to regulation and supervision by a competent authority such as the Federal Reserve Board or Office of the Comptroller of the Currency or such other applicable prudential regulatory body acceptable to ICC and if the bank is located outside the United States and will be used for customer funds, it must have in excess of $1 billion of regulatory capital), complete documentation which would allow ICC to assess the bank's financial stability and credit/counterparty risk, and demonstrate requisite operational capability.

Finally, the proposed rule change would amend the Direct Settlement Section of the Treasury Policy and make amendments elsewhere in the Treasury Policy to clarify that ICC currently has two backup settlement banks in addition to one primary settlement bank. Currently, the Treasury Policy notes ICC's primary banking relationship and one backup banking relationship. The proposed rule change would incorporate a reference to the second backup banking relationship, which was inadvertently excluded and does not represent a new banking relationship.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act 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.[4] For the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act[5] and Rules 17Ad–22(d)(5) and 17Ad–22(d)(8).[6]

A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of ICC be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, as well as to assure the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible.[7] The Commission believes that ICC's use of settlement banks poses potential risks that, if not mitigated and managed, could disrupt its ability to clear and settle transactions and safeguard securities and funds in its custody and control. For example, failure of a settlement bank, due to operational or financial issues, could inhibit ICC's ability to receive and make payments, which could prevent the final settlement of transactions and transfer of margin. As discussed above, the proposed rule change would revise the Treasury Policy to state that the CRS must approve ICC's use of a bank before ICC begins using that bank as a settlement bank and to provide minimum criteria that ICC must apply when determining whether to use a bank as a settlement bank. The Commission believes that the proposed rule change should help to manage and mitigate the potential risks associated with using a settlement bank, by improving the approval process for a settlement bank. The Commission believes the proposed rule change would improve this process by expanding the personnel within ICC that consider and approve a potential settlement bank and by providing certain minimum standards that a settlement bank must meet for ICC to use that bank, in addition to the criteria for review already listed in the Treasury

[13] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice Relating to ICC's Treasury Operations Policies and Procedures, Exchange Act Release No. 88633 (Apr. 14, 2020); 85 FR 21911 (Apr. 20, 2020) (SR–ICC–2020–006) (''Notice'').

[4] 15 U.S.C. 78s(b)(2)(C).

[5] 15 U.S.C. 78q–1(b)(3)(F).

[6] 17 CFR 240.17Ad–22(d)(5), (d)(8).

[7] 15 U.S.C. 78q–1(b)(3)(F).

Policy. The Commission therefore believes that the proposed rule change should help to promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds in ICC's custody and control.

Similarly, in specifying that ICC has two backup settlement banks in addition to one primary settlement bank, the Commission believes that the proposed rule change should better reflect that ICC has backup settlement banks available, and therefore should be able to continue clearing and settling transactions should its primary settlement bank fail.

Therefore, the Commission finds that the proposed rule change should promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds in ICC's custody and control, consistent with the Section 17A(b)(3)(F) of the Act.[8]

B. Consistency With Rule 17Ad–22(d)(5)

Rule 17Ad–22(d)(5) requires that ICC establish, implement, maintain and enforce written policies and procedures reasonably designed to employ money settlement arrangements that eliminate or strictly limit its settlement bank risks, that is, its credit and liquidity risks from the use of banks to effect money settlements with its participants; and require funds transfers to the clearing agency to be final when effected.[9] By establishing that the CRS must approve ICC's use of a bank before ICC begins using that bank as a settlement bank, the Commission believes that the proposed rule change should limit the risks of ICC's use of banks to effect money settlements with its Clearing Participants by establishing CRS approval as an additional check on the adequacy and fitness of a proposed settlement bank. Similarly, the Commission believes that the minimum criteria discussed above should require a bank to demonstrate sufficient regulatory oversight and operational ability before becoming a settlement bank, thereby further limiting the risks of ICC's use of banks to effect money settlements with its Clearing Participants. Finally, in specifying that ICC has two backup settlement banks in addition to one primary settlement bank, the Commission believes the proposed rule change should help reflect that ICC has backup settlement banks available should its primary settlement bank fail, thereby further helping to reduce settlement bank risk. For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad–22(d)(5).[10]

C. Consistency With Rule 17Ad–22(d)(8)

Rule 17Ad–22(d)(8) requires that ICC establish, implement, maintain and enforce written policies and procedures reasonably designed to have governance arrangements that are clear and transparent to fulfill the public interest requirements in Section 17A of the Act[11] applicable to clearing agencies, to support the objectives of owners and participants, and to promote the effectiveness of ICC's risk management procedures.[12] As discussed above, the proposed rule change would require approval by the CRS before ICC establishes a new bank as a settlement bank. The Commission believes this aspect of the proposed rule change would establish a governance arrangement (CRS approval) that is clear and promotes the effectiveness of ICC's procedures to mitigate the risks arising from use of a settlement bank by ensuring that appropriate personnel at ICC are involved in the approval of a new settlement bank. For this reason, the Commission finds that the proposed rule change is consistent with Rule 17Ad–22(d)(8).[13]

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, with the requirements of Section 17A(b)(3)(F) of the Act[14] and Rules 17Ad–22(d)(5) and 17Ad–22(d)(8).[15]

It is therefore ordered pursuant to Section 19(b)(2) of the Act[16] that the proposed rule change (SR–ICC–2020–006) be, and hereby is, approved.[17]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

J. Matthew DeLesDernier,

Assistant Secretary.

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[8] 15 U.S.C. 78q–1(b)(3)(F).

[9] 15 U.S.C. 17Ad–22(d)(5).

[10] 15 U.S.C. 17Ad–22(d)(5).

[11] 15 U.S.C. 78q–1.

[12] 15 U.S.C. 17Ad–22(d)(8).

[13] 15 U.S.C. 17Ad–22(d)(8).

[14] 15 U.S.C. 78q–1(b)(3)(F).

[15] 17 CFR 240.17Ad–22(d)(5), (d)(8).

[16] 15 U.S.C. 78s(b)(2).

[17] 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).

[18] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–88930; File No. SR–NYSEArca–2020–45]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Equities Fees and Charges to Institute Ratio Threshold Fees

May 21, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on May 13, 2020, NYSE Arca, Inc. (''NYSE Arca'' or ''Exchange'') 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 by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Equities Fees and Charges (''Fee Schedule'') to institute Ratio Threshold Fees. The Exchange proposes to implement the fee change effective May 13, 2020. The proposed rule change is available on the Exchange's website at *www.nyse.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule to institute Ratio

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

[2] 17 CFR 240.19b–4.