

Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.¹⁷

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NYSEARCA-2022-84 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEARCA-2022-84. This file number should be included on the subject line if email 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.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public

Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange.

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-NYSEARCA-2022-84 and should be submitted on or before January 18, 2023.

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

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96557; File No. SR-ICC-2022-013]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Collateral Risk Management Framework, ICC Treasury Operations Policies and Procedures, and ICC Liquidity Risk Management Framework

December 21, 2022.

I. Introduction

On October 24, 2022, 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 thereunder,² a proposed rule change to formalize the Collateral Risk Management Framework ("CRMF") and to amend both its Treasury Operations Policies and Procedures ("Treasury Policy") and its Liquidity Risk Management Framework ("LRMF"). The proposed rule change was published for comment in the **Federal Register** on November 10, 2022.³ 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

Background

ICC's Clearing Participants provide collateral to ICC to satisfy their margin and Guaranty Fund requirements. To manage the risk associated with fluctuations in the value of this collateral, ICC applies haircuts to the collateral that it accepts. These haircuts reduce the value of the collateral for ICC's risk management purposes. Overall, the haircuts are designed to account for potential decline in asset liquidation value during stressed market conditions. The CRMF would describe, in a quantitative manner, how ICC derives the collateral haircuts.

The overall purpose of the proposed rule change is to move the CRMF, the substance of which is currently found in Appendix 6 to Treasury Policy, into a separate, standalone document. Making the CRMF a separate, standalone document would allow ICC to treat the CRMF as a separate risk management model, subject to review and validation like ICC's other risk management models.

To accomplish this objective, the proposed rule change would: (i) delete Appendix 6 to the Treasury Policy; (ii) move the substance of the information found in Appendix 6 to a standalone document entitled the CRMF; and (iii) update references in the Treasury Policy and LRMF to refer to the CRMF, rather than Appendix 6 to the Treasury Policy. The changes are discussed for each of the Treasury Policy, CRMF, and LRMF as follows.

Treasury Policy

As discussed above, Appendix 6 to the Treasury Policy currently has information that the proposed rule change would move into the CRMF. Thus the proposed rule change would first delete Appendix 6 from the Treasury Policy and would move this information to the CRMF (as discussed below).

CRMF

The CRMF would describe, in a quantitative manner, how ICC derives collateral haircuts, which ICC uses to manage the risk of fluctuations in the prices of collateral posted by Clearing Participants. As discussed above, the CRMF would include the substance of

¹⁷ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁸ 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 Relating to the ICC Collateral Risk Management Framework, ICC Treasury Operations Policies and Procedures, and the ICC Liquidity Risk Management Framework; Exchange Act Release No.

the information that is currently found in Appendix 6 of the Treasury Policy.⁴ The proposed rule change would move this information into Sections I and III of the CRMF, with minor updates to reflect the re-formatting of the CRMF as a standalone document.

In addition to this information from Appendix 6 of the Treasury Policy, the CRMF would include other information related to collateral risk management that is not currently found in Appendix 6. For example, Section IV would contain examples of how ICC would apply the methodology set out in the CRMF to arrive at haircuts for various types of collateral. Section V would present a list of referenced publications, which is also information not currently found in Appendix 6.

Because the CRMF would contain additional information that is not currently found in Appendix 6, and because the Commission is approving the CRMF as a separate document for the first time, the CRMF is described in its entirety as follows.

The CRMF is divided into six sections. Section I describes in general how ICC computes collateral haircuts. To compute collateral haircuts, ICC estimates both the 5-day 99% expected shortfall and the 2-day 99.9% Value-at-Risk, using the same time series. Of the two, ICC chooses the more conservative risk measure to establish the haircut factors that capture potential collateral value losses.

Section I further contains three subsections. Subsections I.a and I.b describe in more detail how ICC derives haircuts for collateral that is denominated in foreign currencies and for collateral that is sovereign debt. Subsection I.a describes a two-stage approach to account for the risk associated with fluctuations of collateral asset prices denominated in foreign currencies and the corresponding time series is used for collateral denominated in foreign currencies.⁵ Subsection I.b describes how the fluctuations of the time to maturity yield rates are considered and how its corresponding time series are used for sovereign debt collateral. Subsection I.c describes how ICC arrives at a final haircut value, a process which includes rounding up to ensure stability and conservative bias.

Section II details one of the main components ICC's collateral risk model: the distribution that describes the realizations of the risk factor that in turn determines the price of a particular item

of collateral.⁶ For example, as is described in the CRMF, for FX markets, the actual FX rate is the determining risk factor, whereas for government bonds the determining risk factor is the implied yield. Section II in turn has five subsections that further describe the model framework and this distribution.

Subsection II.a details certain distribution assumptions appropriate for foreign exchange ("FX") and fixed income ("FI") assets on which the haircut methodology is based. Subsection II.b describes how parameter estimates are obtained and used to compute multi-day risk measures. Subsection II.c details how the variability of a risk factor is described for risk management purposes and presents the selected measure of variability for all considered time series. Subsection II.d portrays multi-period forecasting, which includes the analysis that is performed to extend one-day forecasts to multi-period forecasts. Subsection II.e details the methods to obtain risk measures that are used for haircut purposes.

Section III describes governance procedures relevant to the CRMF as well as a summary of the associated governance process. Upon the daily executions of collateral haircut factors, the Risk Department reviews the results, which are updated no less than monthly and the ICC Chief Risk Officer ("CRO") has the discretion to update the haircut factors more often. The Risk Department would also conduct back-testing, at least quarterly, to review the statistical performance of the collateral haircut model. If the back-testing results show exceedances beyond the more conservative risk measure, then ICC's CRO and Risk Oversight Officer will determine whether to trigger subsequent remedial steps and consultations.

Section IV provides examples of the application of the methodology to FX and FI instruments. Overall these examples demonstrate the viability of the provide examples of the modeling approaches to various assets. Each of the examples documents a three-stage approach to estimate risk measures and corresponding haircut factors.

The final two sections, Section V and Section VI, provide referential background related to the document itself. Section V has a list of references and Section VI adds a revision history.

LRMF

The LRMF changes would be the most minor of the changes of the three policies subject to this rule change. More specifically, instead of referencing

the Treasury Policy Appendix 6, the amended LRMF would reference the CRMF.

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.⁷ For the reasons discussed below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁸ and Rules 17Ad-22(e)(2)(i), 17Ad-22(e)(2)(v), and 17Ad-22(e)(5) thereunder.⁹

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.¹⁰ Based on its review of the record, and for the reasons discussed below, the Commission believes the proposed rule change is consistent with the promotion of the prompt and accurate clearance and settlement of securities transactions at ICC because it would promote transparency and effective operation of the collateral assets risk management model.

The Commission believes that unifying information on ICC's collateral assets risk management methodology in one document with more detail will improve transparency while promoting effective operation of the model. The CRMF would include information from Appendix 6 of the Treasury Policy but also would expand on it. Duplicative information would be removed from the Treasury Policy and references in the Treasury Policy and the LRMF would be updated to the CRMF as needed. Additional information would be provided regarding the collateral assets risk management model and methodology that would facilitate replication and validation by third parties. Additional information would be included on relevant parameters, computations, equations, definitions, and figures to describe relevant processes, which the Commission believes would help ensure responsible parties effectively complete their

⁴ See Notice, 87 FR 67982 at 67983 (detailing where components of Appendix 6 to the Treasury Policy would be relocated to within the CRMF).

⁵ *Id.*

⁶ See Notice, 87 FR 67982 at 67983.

⁷ 15 U.S.C. 78s(b)(2)(C).

⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁹ 17 CFR 240.17Ad-22(e)(2)(i), (e)(2)(v), and (e)(5).

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

assigned duties. The Commission believes that the proposed clarifications to ICC's rules would improve transparency and readability by avoiding unnecessary repetition and duplication in the Treasury Policy, which could help avoid confusion and potential future inconsistencies between policies. The Commission therefore believes that, by unifying and expanding the detail in the CRMF for the collateral assets risk management methodology in the CRMF, the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.¹¹

B. Consistency With Rule 17Ad-22(e)(2)(i) and (v)

Rules 17Ad-22(e)(2)(i) and (v)¹² require ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for governance arrangements that are clear and transparent and specify clear and direct lines of responsibility. As discussed above, the proposed changes strengthen the governance procedures related to ICC's collateral assets risk management approach by memorializing associated governance processes and procedures in the CRMF. The CRMF details governance procedures associated with haircut factor updates, implementation, and review, including the responsible ICC personnel, department, group, or committee. The Commission therefore believes the proposed rule change should help ensure that ICC maintains policies and procedures that are reasonably designed to provide for clear and transparent governance arrangements and specify clear and direct lines of responsibility, consistent with Rule 17Ad-22(e)(2)(i) and (v).¹³

C. Consistency With Rule 17Ad-22(e)(5)

Rule 17Ad-22(e)(5)¹⁴ requires ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to limit the assets it accepts as collateral to those with low credit, liquidity, and market risks, and set and enforce appropriately conservative haircuts and concentration limits if the covered clearing agency requires collateral to manage its or its participants' credit exposure; and require a review of the sufficiency of its collateral haircuts and concentration limits to be performed not less than annually. ICC's proposed changes

would not change which assets it accepts as collateral. In addition to ICC's existing collateral requirements, the CRMF would provide a framework for setting and enforcing collateral haircuts. The Commission believes the additional procedures defined in Section III of the CRMF would help ensure that ICC establishes, reviews, and updates haircuts within defined intervals, and more frequently if deemed necessary. As described above, collateral haircut factor estimations are executed daily, and the ICC Risk Department reviews the results and determines at least monthly whether it will make any updates to collateral haircuts. Haircut factors can be updated more frequently at the discretion of the CRO or designee. The Commission therefore finds the proposed rule change is consistent with Rule 17Ad-22(e)(5).¹⁵

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 Act¹⁶ and Rules 17Ad-22(e)(2)(i) and (v) and 17Ad-22(e)(5) thereunder.¹⁷

It is therefore ordered pursuant to Section 19(b)(2) of the Act¹⁸ that the proposed rule change (SR-ICC-2022-013), be, and hereby is, approved.¹⁹

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

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2022-28195 Filed 12-27-22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96564; File No. SR-MRX-2022-28]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Withdrawal of Proposed Rule Change To Amend Options 7, Section 6 To Add Port Fees

December 21, 2022.

On December 8, 2022, Nasdaq MRX, LLC ("MRX") filed with the Securities and Exchange Commission

¹⁵ *Id.*

¹⁶ 15 U.S.C. 78q-1(b)(3)(F).

¹⁷ 17 CFR 240.17Ad-22(e)(2)(i), (e)(2)(v), and (e)(5).

¹⁸ 15 U.S.C. 78s(b)(2).

¹⁹ 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).

²⁰ 17 CFR 200.30-3(a)(12).

("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ and Rule 19b-4 thereunder,² a proposed rule change to assess port fees.

On December 16, 2022, MRX withdrew the proposed rule change (SR-MRX-2022-28).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2022-28200 Filed 12-27-22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96563; File No. SR-MRX-2022-29]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend MRX Options 7, Section 6

December 21, 2022.

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 December 16, 2022, Nasdaq MRX, LLC ("MRX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 MRX's Pricing Schedule at Options 7, Section 6.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/mrx/rules>, 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 Exchange included statements concerning the purpose of and basis for

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

¹² 17 CFR 240.17Ad-22(e)(2)(i) and (v).

¹³ *Id.*

¹⁴ 17 CFR 240.17Ad-22(e)(5).