

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁸ and paragraph (f) of Rule 19b-4 thereunder.²⁹ At any time within 60 days of the filing of the 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.

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-DTC-2019-007 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.
- All submissions should refer to File Number SR-DTC-2019-007. 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 DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-DTC-2019-007 and should be submitted on or before October 3, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86891; File No. SR-ICEEU-2019-012]

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Partial Amendment No. 2 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Partial Amendment No. 1 and Partial Amendment No. 2, To Revise the ICE Clear Europe Treasury and Banking Services Policy, Liquidity Management Procedures, Investment Management Procedures and Unsecured Credit Limits Procedures

September 6, 2019.

I. Introduction

On July 5, 2019, ICE Clear Europe Limited ("ICE Clear Europe") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to adopt a new Treasury and Banking Services Policy, new Liquidity Management Procedures, new Investment Management Procedures, and revised Unsecured Credit Limits Procedures. The proposed rule change was published for comment in the **Federal Register** on July 25, 2019.³ On July 30, 2019, ICE Clear Europe filed Partial Amendment No. 1 to the

proposed rule change.⁴ Notice of Partial Amendment No. 1 was published in the **Federal Register** on August 7, 2019.⁵ The Commission did not receive comments on the proposed rule change, as modified by Partial Amendment No. 1. On August 27, 2019, ICE Clear Europe filed Partial Amendment No. 2 to the proposed rule change.⁶ The Commission is publishing this notice to solicit comments on Partial Amendment No. 2 from interested persons and, for the reasons discussed below, is approving the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2 on an accelerated basis.

II. Description of the Proposed Rule Change

ICE Clear Europe proposes to adopt new Liquidity Management Procedures, new Investment Management Procedures, and revised Unsecured Credit Limits Procedures (collectively, the "Procedures Documents"), as well as a new Treasury and Banking Services Policy (together with the Procedures Documents, the "Treasury Documents").⁷ The Treasury Documents would replace the existing Liquidity Risk Management Framework, Liquidity Plan, Investment Management Policy

⁴ ICE Clear Europe filed Partial Amendment No. 1 to correct an error in the confidential Exhibit 5-4. The original version of the confidential Exhibit 5-4 contained a defined term that did not have a definition. ICE Clear Europe filed a new version of the confidential Exhibit 5-4 to correct that issue and define the term. Partial Amendment No. 1 did not otherwise make any changes to the substance of the filing or the text of the proposed rule change, nor did it raise any novel regulatory issues.

⁵ Securities Exchange Act Release No. 86539 (August 1, 2019), 84 FR 38689 (August 7, 2019) (SR-ICEEU-2019-012) ("Partial Amendment No. 1").

⁶ ICE Clear Europe filed Partial Amendment No. 2 to provide additional details regarding the governance of the approval and review of the Treasury and Banking Services Policy, Liquidity Management Procedures, Investment Management Procedures, and Unsecured Credit Limits Procedures and amend the governance sections of each of those documents to be consistent with the information provided to the Commission in confidential exhibits. Moreover, Partial Amendment No. 2 amends the Liquidity Management Procedures to remove references to reverse repos, which ICEEU no longer considers as liquid resources, and to specify that ICE Clear Europe personnel meet monthly to, among other things, analyze and discuss the assumptions and parameters of liquidity stress test scenarios. Finally, Partial Amendment No. 2 provides, in a confidential exhibit, ICE Clear Europe's Documentation Governance Schedule.

⁷ Capitalized terms used but not defined herein have the meanings specified in the ICE Clear Europe Clearing Rules (the "Rules") or the Treasury Documents. The following description of the proposed rule change is excerpted from the Notice, 84 FR 35892.

²⁸ 15 U.S.C. 78s(b)(3)(A).

²⁹ 17 CFR 240.19b-4(f).

³⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 86413 (July 19, 2019), 84 FR 35892 (July 25, 2019) (SR-ICEEU-2019-012) ("Notice").

and Approved Financial Institutions Policy (the “Existing Documents”).

Generally, ICE Clear Europe proposes to adopt the new Treasury Documents to simplify and streamline the documentation for the procedures and policy listed above; remove inaccuracies and unused elements from that documentation; remove elements that are documented or managed elsewhere; better separate between policy-level documentation (Policies) and implementation-level documentation (Procedures); and improve operational flexibility. Thus, the proposed rule change would combine the high-level policy elements of the Existing Documents into the Treasury and Banking Services Policy and consolidate the supporting detail in the new Procedures Documents. After adoption of the Treasury Documents, ICE Clear Europe would retire the Existing Documents.

A. Treasury and Banking Services Policy

The Treasury and Banking Services Policy would set out the overall principles applied to the ICE Clear Europe cash and collateral management functions for Clearing Member (“CM”) assets. The Treasury and Banking Services Policy would replace the existing Liquidity Risk Management Framework and would contain policy-level information relating to liquidity risk management and investment management.

i. Responsibilities of the Treasury and Banking Services Department

The Treasury and Banking Services Policy would state that ICE Clear Europe’s Treasury and Banking Services Department (“TBS”) is responsible for cash and collateral management functions for CM assets including liquidity and cash margin investment and that these functions are subject to applicable regulations and the Rules and Procedures, particularly the Finance Procedures. The Policy would further describe the requirements imposed upon CMs with respect to initial margin (“IM”), guaranty fund (“GF”), and variation margin (“VM”) deposits and contributions, as well as the manner in which CMs would cover these requirements.

ii. Cash Management

The Treasury and Banking Services Policy would describe the manner in which ICE Clear Europe transfers cash in the relevant currencies intraday through an Assured Payment System (“APS”) into its concentration banks and invests or secures such cash at end of day. ICE Clear Europe currently uses

multiple APS banks which are Approved Financial Institutions that have committed to meet certain technical and operational requirements, and ICE Clear Europe’s use of such APS banks would be described in the Treasury and Banking Services Policy. Moreover, the Treasury and Banking Services Policy would add a definition for the term “Approved Financial Institution”, defining it as a financial service provider that has been approved by the Credit Risk team and meets eligibility and monitoring criteria set out in the Unsecured Credit Limits Procedures.

iii. Liquidity Risk

The Treasury and Banking Services Policy would identify and describe ICE Clear Europe’s liquidity risks and, at a high level, how ICE Clear Europe addresses those liquidity risks. It would further set out ICE Clear Europe’s primary liquidity risk management objective, which is to maintain sufficient liquid resources in all relevant currencies to meet its payment obligations as they come due, as well as ICE Clear Europe’s strategy to achieve this objective. Specifically, as described in the Treasury and Banking Services Policy, ICE Clear Europe would structure and sequence its cash flows to minimize liquidity risks, monitor intraday cash inflows and outflows to ensure payments are met, and run daily liquidity stress tests (“LSTs”) to assess and monitor its potential liquidity needs under stress scenarios.

The Treasury and Banking Services Policy would explain that ICE Clear Europe runs daily liquidity monitoring and LSTs to measure and monitor its liquidity position on an ongoing basis and assesses its potential immediate and future liquidity needs across a range of extreme but plausible market scenarios. The LSTs are set out in the LST Model Documentation and would be reviewed periodically as would be described in the Liquidity Management Procedures. ICE Clear Europe would review the models that would underpin the LSTs in accordance with ICE Clear Europe’s Model Risk Governance Framework.

iv. Investment of Cash

The Treasury and Banking Services Policy would set out ICE Clear Europe’s investment management objective. ICE Clear Europe’s investment management objective would be to safeguard the principal of its CMs’ cash, maintain sufficient liquidity to cover its payment obligations, and obtain a reasonable rate of return. The Treasury and Banking Services Policy would explain that ICE Clear Europe’s related investment

strategy would be to: (i) Manage its investment portfolio to ensure it has sufficient liquidity; (ii) rebalance its investment portfolio as a result of the LSTs and available liquidity to ensure enough cash is available to meet daily payment obligations; and (iii) invest or secure cash after the relevant deadline has passed for CMs to withdraw or exchange excess cash.

The Treasury and Banking Services Policy would explain that ICE Clear Europe aims to only invest in cash or highly liquid financial instruments with minimal market and credit risk and which are capable of being liquidated quickly and with minimal losses. The Treasury and Banking Services Policy would further explain that an instrument would be acceptable if the market for the instrument is sufficiently liquid and transparent to enable ICE Clear Europe to re-value the instrument on a daily basis with prices quoted intraday and if the market for the instrument has sufficient price history to enable ICE Clear Europe to analyze the statistical returns of such assets. Moreover, the Treasury and Banking Services Policy would prohibit ICE Clear Europe from investing in instruments issued by a CM, or any entity that is part of the same group as the CM. Similarly, the Treasury and Banking Services Policy would prohibit ICE Clear Europe from investing in instruments issued by a CCP or by entities whose business involves providing services critical to the function of ICE Clear Europe, unless that entity is a European Economic Area central bank or a central bank of issue of a currency in which ICE Clear Europe has exposure. The Treasury and Banking Services Policy would further require that investments be in sufficiently liquid currencies; diversified across counterparties, issuers, and asset classes; subject to suitable credit criteria; and, with respect to reverse repo collateral, subject to suitable haircuts and credit criteria. Finally, the Treasury and Banking Services Policy would require that parties and employees involved in the investment process refrain from conflicts of interest.

v. Collateral Management

Pursuant to the Treasury and Banking Services Policy, CMs could substitute cash covering IM or GF requirements with collateral or cash in a different currency, subject to constraints set out in the ICE Clear Europe Finance Procedures. Moreover, the Treasury and Banking Services Policy would specify that whenever practicable, ICE Clear Europe would hold accounts with

Central Securities Depositories (“CSDs”) because CSDs are highly regulated and operate robust securities settlement systems. Finally, the Treasury and Banking Services Policy would require that assets of individual CMs and, where appropriate, clients with individually segregated assets, be readily identifiable in ICE Clear Europe’s systems.

vi. Governance

The Treasury and Banking Services Policy would make the document owner responsible for ensuring that it remains up-to-date and is reviewed in accordance with ICEU’s governance processes. Moreover, the Treasury and Banking Services Policy would make the document owner responsible for reporting material breaches or unapproved deviations from the policy to their Head of Department, the Chief Risk Officer, and the Head of Compliance (or their delegates), who together would determine if further escalation should be made to relevant senior executives, the ICE Clear Europe Board and/or competent authorities. Finally, the Treasury and Banking Services Policy would explain that exceptions to the policy can be approved in accordance with ICEU’s governance process for the approval of changes to the document.⁸

B. Liquidity Management Procedures

The Liquidity Management Procedures would replace the current Liquidity Plan. The Liquidity Management Procedures would generally explain ICE Clear Europe’s liquidity management processes; how ICE Clear Europe conducts periodic reviews of liquidity stress tests and liquidity providers; and how ICE Clear Europe governs exceptions and modifications to the procedures.

i. ICE Clear Europe’s Liquidity Management Processes

1. Payment Obligations

The Liquidity Management Procedures would describe the sources of payment obligations relevant to liquidity management: (i) Paying VM to CMs with positive profit and loss on their trades; (ii) paying delivery or settlement monies when trades deliver or settle; and (iii) returning surplus IM or other margin to individual CMs as appropriate. The Liquidity Management Procedures would further specify that in

normal circumstances ICEU’s payment obligations should be covered by VM taken from those with negative profit and loss on their trades; settlement amounts taken from the CM expecting to receive delivery and paid to the delivering CM; and cash deposited to cover margin requirements. Thus, the Liquidity Management Procedures would specify that ICE Clear Europe would only have a liquidity need not covered in the ordinary course where there was a firm default or a technical issue at a financial services provider.

The Liquidity Management Procedures would then explain the various structural arrangements that ICE Clear Europe has in place to minimize these liquidity risks, which would include sequencing its processes to minimize liquidity risk and not permitting CMs to overdraw accounts with ICE Clear Europe. The Liquidity Management Procedures would further explain the daily timeline of when cash is received versus when payment obligations are due and special liquidity considerations for the settlements and deliveries process, both of which would help ICE Clear Europe to minimize liquidity risks.

2. Management and Monitoring of Liquidity Needs

The Liquidity Management Procedures would explain that ICE Clear Europe identifies its liquidity needs by running a range of LSTs each day to calculate its exposures under various market and operational scenarios. The Liquidity Management Procedures would specify that the LSTs are designed to cover the default of at least the two CMs with the largest exposures to ICEU in extreme but plausible market conditions together with defaults of financial service providers and other operational outflows. The Liquidity Management Procedures would further require that ICE Clear Europe run a specific scenario to account for the Commission’s requirement to cover the default of the largest CM with qualifying liquid resources.

Moreover, the Liquidity Management Procedures would explain how the Clearing Risk team develops market scenarios and calculates stress losses to set the required levels of IM and GF for CMs and accounts. Once Clearing Risk has calculated stress losses, the Liquidity Management Procedures would require that TBS aggregate these losses across different operational scenarios to set the level of liquid resources ICE Clear Europe must maintain. TBS would also be required to calculate potential investment losses should the defaulting CMs also be

investment counterparties, as well as cash outflows due to deliveries and settlements. Finally, the Liquidity Management Procedures would require that throughout the day, TBS monitor outstanding payment requests to identify failures which could lead to default, as well as the current amount of available liquid resources compared to what ICE Clear Europe needs.

Next, the Liquidity Management Procedures would explain ICE Clear Europe’s sources of available liquidity, including liquidity available in the case of a CM default and liquidity in the case of technical issues. The Liquidity Management Procedures would describe how in a default situation, liquidity is generated through the default management waterfall and how ICE Clear Europe may use its existing pool of cash first to cover immediate payment obligations because this cash may be available sooner than cash generated through the default management waterfall. In a liquidity shortfall situation due to a technical issue, the Liquidity Management Procedures would explain that ICE Clear Europe would use its uncommitted and committed lines or liquidate non-cash collateral to generate liquidity.

3. Daily Assessment and Valuation of Liquid Assets

The Liquidity Management Procedures would explain how ICE Clear Europe values its liquid assets, including the haircuts it applies through the ICE Clear Europe Collateral and Haircut Policy.

4. Sources and Mitigations of Liquidity Risk

The Liquidity Management Procedures would explain the sources of liquidity risk to ICE Clear Europe and how ICE Clear Europe manages these sources of risk. The Liquidity Management Procedures would categorize these risks as those arising from a default, such as a default by a CM or investment counterparty, and those arising from a technical issue, like an APS Bank’s failure to transfer funds to ICE Clear Europe’s concentration bank.

5. Timescale of Liquidity Resources

The Liquidity Management Procedures would require that for purposes of monitoring its liquidity, ICE Clear Europe only include, as available liquidity resources, those resources that can be drawn upon on a same day basis. The resources would include cash; investments maturing that day; sovereigns with different maturities that can be liquidated that day; highly

⁸ This process would be further explained in ICE Clear Europe’s Documentation Governance Schedule, which ICE Clear Europe submitted as a confidential exhibit to Partial Amendment No. 2 to the filing.

reliable uncommitted operating lines; and committed repo lines.

6. Substitution of Cash With Non-Cash Collateral and Withdrawal of Excess Margin by CMs

The Liquidity Management Procedures would specify that CMs may only substitute cash with non-cash collateral or with cash in other currencies once they have first covered their margin requirements in cash. Moreover, the Liquidity Management Procedures would explain that substitutions of cash with non-cash collateral or with cash in other currencies by CMs are subject to the Collateral and Haircut Policy. Finally, the Liquidity Management Procedures would explain how ICE Clear Europe minimizes the impact of substitutions, including by only investing funds after the deadline for substitution and having sufficient investments maturing to cover likely outflows due to substitutions.

7. Liquidity Shortfalls

The Liquidity Management Procedures would explain how ICE Clear Europe would deal with liquidity shortfalls with respect to default situations and technical issues. The proposed Liquidity Management Procedures would specify that in a default situation, ICE Clear Europe would ultimately generate liquidity using the default management waterfall and that before resorting to the waterfall ICE Clear Europe may choose to cover its payment obligations using its existing pool of cash. If a liquidity shortfall is caused by a technical issue at a service provider, the proposed Liquidity Management Procedures would explain how ICE Clear Europe can use its credit lines to generate liquidity.

8. Replenishment of Liquidity in Stress Events

The Liquidity Management Procedures would explain that in a default situation, where ICE Clear Europe uses the default waterfall to cover losses, the replenishment of liquidity would depend on the extent of the losses. If ICE Clear Europe covers the losses with the margin and GF contribution of the defaulting CM only, there would be no need for replenishment. On the other hand, if ICE Clear Europe covers the losses with part of the GF contributions of the other CMs or ICE Clear Europe's GF contribution, ICE Clear Europe would replenish these contributions using the process set out in the ICE Clear Europe Rules. The Liquidity Management Procedures would further explain that

where the liquidity need arises from a technical issue, resolution of the technical issue would resolve the liquidity need and that the technical issue would not overall reduce liquidity resources.

ii. Periodic Reviews of Liquidity Stress Tests and Liquidity Providers

The Liquidity Management Procedures would explain that the LSTs would assess the impact on sources of liquidity and liquidity exposures in both currency and time in a broad range of market and operational scenarios. To assess the LSTs, the Liquidity Management Procedures would require that TBS, Clearing Risk Department, and Risk Oversight Department meet monthly to analyze and discuss whether to include any new or emerging risks in the stress tests; the adequacy, assumptions, and parameters of LST scenarios; the adequacy of stress test inputs; acceptance of current LST scenario calibrations; performance of liquidity providers; annual due diligence reviews of liquidity providers to assess their ability to perform their role as such; and annual testing of sources of liquidity. Moreover, the Liquidity Management Procedures would require that in stressed market conditions, TBS, Clearing Risk Department, and Risk Oversight Department meet more frequently than monthly to ensure LSTs and stress scenarios are fit for purpose. Finally, the Liquidity Management Procedures would require that this analysis of LSTs be periodically reported to a Board-level committee.

iii. Governance

The Liquidity Management Procedures would make the document owner responsible for ensuring that it remains up-to-date and is reviewed in accordance with ICEU's governance processes. Moreover, the Liquidity Management Procedures would make the document owner responsible for reporting material breaches or unapproved deviations from the procedures to their Head of Department, the Chief Risk Officer, and the Head of Compliance (or their delegates) who together would determine if further escalation should be made to relevant senior executives, the ICE Clear Europe Board and/or competent authorities. Finally, the Liquidity Management Procedures would explain that exceptions to the procedures can be approved in accordance with ICEU's

governance process for the approval of changes to the document.⁹

C. Investment Management Procedures

The Investment Management Procedures would explain how ICE Clear Europe manages its investments in times of normal market supply of adequate investments and the concentration limits that ICE Clear Europe must follow with respect to particular investments. The Investment Management Procedures would also explain the changes ICE Clear Europe would implement in times of insufficient market supply of adequate investments. Finally, the Investment Management Procedures would explain how ICE Clear Europe would govern exceptions and modifications to the procedures.

i. ICE Clear Europe's Investment Management

The Investment Management Procedures would explain that ICE Clear Europe's investment management objective is to safeguard the principal of its CMs' cash, maintain sufficient liquidity for its payment obligations and obtain a reasonable rate of return. Moreover, the proposed Investment Management Procedures would require that investments be denominated in EUR, GBP and USD.

During times of normal supply, the Investment Management Procedures would require that ICE Clear Europe: (i) Invest only with Approved Financial Institutions; (ii) invest at least 50% of the portfolio in each currency in overnight reverse repo agreements; (iii) hold a variety of maturity dates for non-overnight investments; and (iv) hold purchased securities until maturity to minimize market risk impact. Moreover, with respect to customer funds of FCM Clearing Members, the Investment Management Procedures would require that ICE Clear Europe: (i) Segregate those customer funds of from those of other CMs; (ii) hold the funds in permitted depositories consistent with applicable regulations; and (iii) invest the funds only in overnight reverse repos and direct purchases of US sovereign obligations with permitted counterparties for such transactions under applicable regulations. The Investment Management Procedures would contain a table setting out the authorized instruments for investment, maximum portfolio concentration limits for those investments, and maximum

⁹ This process would be further explained in ICE Clear Europe's Documentation Governance Schedule, which ICE Clear Europe submitted as a confidential exhibit to Partial Amendment No. 2 to the filing.

maturity and minimum credit ratings for those investments (or the entities in which ICE Clear Europe would be allowed to invest). Finally, the Investment Management Procedures would require that TBS monitor adherence to the investment criteria.

The Investment Management Procedures would explain that breaches of concentration limits would be escalated to the Risk Oversight Department and the Compliance team as well as reported to the relevant regulators through regular reports. The Investment Management Procedures would require that the investment portfolio then be rebalanced to return within the concentration limits. Moreover, the Investment Management Procedures would require that TBS, in conjunction with the Risk Oversight Department and Clearing Risk team, review the concentration limits every quarter.

Finally, the Investment Management Procedures would set out additional requirements for investments in reverse repo agreements. First, ICE Clear Europe would need at least four investment counterparties in each currency. Second, the Head of TBS department, or their delegate, would need to consider, in the event of a counterparty downgrade, whether it would be more prudent to liquidate or hold a trade until maturity. Third, the Investment Management Procedures would deem repo agreements to have a maturity equal to the scheduled repurchase date of the underlying securities, or where the agreement is subject to a demand, the applicable notice period. Finally, the Investment Management Procedures would limit the collateral to only certain collateral deemed acceptable and would subject that collateral to a predetermined haircut.

ii. Changes in Times of Insufficient Market Supply

In times of insufficient market supply of the authorized investments described above, the Investment Management Procedures would deem US government agency securities and supranational obligations acceptable for investment and repo agreement collateral. Moreover, ICE Clear Europe would no longer need to invest at least 50% in overnight repurchase agreements and concentration limits for all instruments would no longer apply. In periods of low supply of overnight repos, the Investment Management Procedures would require that investments be allocated to other investment types according to the following order of preference: (i) Central bank deposits; (ii) sovereign obligations; (iii) term reverse

repurchase agreements; (iv) government, agency, and supranational obligations; and (v) bank obligations. Finally, the Investment Management Procedures would explain that periods of insufficient market supply of authorized investments and overnight repos are typically characterized by the investment agents not being able to invest funds in ICEU's preferred investments.

iii. Governance

The Investment Management Procedures would make the document owner responsible for ensuring that it remains up-to-date and is reviewed in accordance with ICEU's governance processes. Moreover, the Investment Management Procedures would make the document owner responsible for reporting material breaches or unapproved deviations from the procedures to their Head of Department, the Chief Risk Officer, and the Head of Compliance (or their delegates) who together would determine if further escalation should be made to relevant senior executives, the ICE Clear Europe Board and/or competent authorities. Finally, the Investment Management Procedures would explain that exceptions to the procedures can be approved in accordance with ICEU's governance process for the approval of changes to the document.¹⁰

D. Unsecured Credit Limits Procedures

The Unsecured Credit Limits Procedures would support aspects of the Treasury and Banking Services Policy and the Investment Management Procedures. Specifically, the Unsecured Credit Limits Procedures would establish the eligibility and limit allocation methodology that ICE Clear Europe would use with respect to counterparties, how ICE Clear Europe monitors these limits, and how ICE Clear Europe would govern exceptions and modifications to the procedures.

i. Eligibility Methodology and Limit Allocation

The Unsecured Credit Limits Procedures would require that in order for a legal entity to be eligible as a counterparty or financial service provider, it would need to (i) be regulated by a competent authority with valid jurisdiction; (ii) comply with the applicable minimum external rating; and (iii) comply with the maximum ICE Clear Europe rating for such entity type

as set out in the procedures. If the entity is a repo provider, the Unsecured Credit Limits Procedures would require that it be organized in the US, UK, or in EU countries satisfying the minimum external rating. The Unsecured Credit Limits Procedures would include a table explaining the minimum external rating and maximum ICE Clear Europe rating for different counterparties, such as custodians and investment agents.

Using the Unsecured Credit Limits Procedures, ICE Clear Europe's Credit Team and Treasury would assign each counterparty an unsecured credit limit, ranging from the limit floor (\$50 million or lower, at the discretion of the Treasury or Credit team) and the limit ceiling (\$200 million).

ii. Monitoring

The Unsecured Credit Limits Procedures would require that ICE Clear Europe's Treasury team conduct daily monitoring of overnight unsecured exposure at the legal entity level to ensure that ICE Clear Europe adheres to the limits per counterparty, as well as weekly monitoring, and monthly aggregation of Legal Entities of the same group of companies.

iii. Governance

The Unsecured Credit Limits Procedures would make ICE Clear Europe's Credit Team the owner of the procedures, responsible for production of reports to monitor exposures and limits, and responsible for escalating breaches and exceptions. The Unsecured Credit Limits Procedures also would make ICE Clear Europe Treasury responsible for providing the Credit Team with input requirements and operational monitoring.

Moreover, as with the other Treasury Documents, the Unsecured Credit Limits Procedures would make the document owner responsible for ensuring that it remains up-to-date and is reviewed in accordance with ICEU's governance processes. Moreover, the Unsecured Credit Limits Procedures would make the document owner responsible for reporting material breaches or unapproved deviations from the procedures to their Head of Department, the Chief Risk Officer, and the Head of Compliance (or their delegates) who together would determine if further escalation should be made to relevant senior executives, the ICE Clear Europe Board and/or competent authorities. Finally, the Unsecured Credit Limits Procedures would explain that exceptions to the procedures can be approved in accordance with ICEU's governance

¹⁰ This process would be further explained in ICE Clear Europe's Documentation Governance Schedule, which ICE Clear Europe submitted as a confidential exhibit to Partial Amendment No. 2 to the filing.

process for the approval of changes to the document.¹¹

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. For the reasons given below, the Commission finds that the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2, is consistent with Section 17A(b)(3)(F) of the Act¹² and Rules 17Ad–22(e)(2), (e)(3), (e)(7)(i), (e)(7)(ii), (e)(7)(iv), (e)(7)(v), (e)(7)(vi), (e)(7)(ix), and (e)(16) thereunder.¹³

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 ICE Clear Europe 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 ICE Clear Europe or for which it is responsible, and, in general, to protect investors and the public interest.¹⁴

As discussed above, the proposed rule change would adopt a new Treasury and Banking Services Policy, new Liquidity Management Procedures, new Investment Management Procedures, and revised Unsecured Credit Limits Procedures. For the reasons discussed below, the Commission believes that each of these Treasury Documents would enable ICE Clear Europe to manage effectively its liquidity risks and liquidity demands. The Commission further believes that, in turn, managing effectively its liquidity risks and liquidity demands would enable ICE Clear Europe to promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds which are in the custody or control of

ICE Clear Europe or for which it is responsible, and, in general, protect investors and the public interest.

i. Treasury and Banking Services Policy

The Commission believes that the Treasury and Banking Services Policy would help to ensure that ICE Clear Europe effectively manages its liquidity risks and liquidity demands by providing a clear and effective process for identifying and managing liquidity risks. The Commission believes that, for example, in defining ICE Clear Europe's sources of liquidity and liquidity risk, as well as ICE Clear Europe's approaches to managing liquidity and liquidity risk, the Treasury and Banking Services Policy would help ICE Clear Europe to respond to liquidity risk by defining in advance the sources of such risk and the strategies for managing such risk. Moreover, in describing how ICE Clear Europe structures and sequences its cash flows to minimize liquidity risks, including transfers of cash and substitution of collateral, and how ICE Clear Europe runs daily liquidity monitoring and stress testing to measure and monitor its liquidity position on an ongoing basis, the Commission believes that the Treasury and Banking Services Policy would help ICE Clear Europe to identify potential sources of liquidity risk and mitigate those risks by sequencing its cash flows appropriately. The Commission further believes that, in explaining how ICE Clear Europe manages its investment portfolio to ensure it has sufficient liquidity and the criteria that ICE Clear Europe would use to determine whether a financial instrument would be acceptable for investment, the Treasury and Banking Services Policy would help to establish a reasonable and conservative process by which ICE Clear Europe invests and manages its available cash to meet liquidity demands. Finally, the Commission believes that, in defining the responsibilities of TBS with respect to the cash and collateral management functions of ICE Clear Europe and the general governance and exceptions process for the policy, the Treasury and Banking Services Policy would define responsibilities associated with liquidity management and ensure compliance with the policy, as well as establish a process to modify the policy as needed.

ii. Liquidity Management Procedures

The Commission believes that the Liquidity Management Procedures would help to ensure that ICE Clear Europe effectively manages its liquidity risks and liquidity demands by identifying such risks and demands and

providing procedures for managing and satisfying those risks and demands. For example, the Commission believes that, in describing the sources of payment obligations relevant to liquidity management and specifying the situations in which ICE Clear Europe would have a liquidity need and the sources of liquidity to meet those needs, the Liquidity Management Procedures would allow ICE Clear Europe to satisfy liquidity needs as they arise. In explaining how ICE Clear Europe would replenish liquidity in cases of a CM default or technical issues, the Commission likewise believes that the Liquidity Management Procedures would provide ICE Clear Europe a predetermined method for replenishing liquidity as needed. Similarly, the Commission believes that, in explaining the sources of liquidity risk to ICE Clear Europe and how ICE Clear Europe manages those liquidity risks, including the timescale of liquidity resources, the substitution of cash collateral with non-cash collateral, and how ICE Clear Europe would resolve liquidity shortfalls, the Liquidity Management Procedures would identify potential sources of drain on liquidity (like substitution and shortfall) and explain how ICE Clear Europe uses the timescale of payments to mitigate such potential drains.

The Commission further believes that, in explaining how ICE Clear Europe identifies its liquidity needs by running the LSTs and how ICE Clear Europe develops and reviews the LSTs, the Liquidity Management Procedures would allow ICE Clear Europe to identify potential new liquidity needs and risks and determine the potential severity of such needs and risks. This, in turn, should allow ICE Clear Europe to develop an appropriate response and secure additional liquidity, if needed. The Commission also believes that, in explaining how ICE Clear Europe values its liquid assets, including the haircuts it applies through the ICE Clear Europe Collateral and Haircut Policy, the Liquidity Management Procedures would establish a baseline for determining the amount of ICE Clear Europe's liquid resources, which, in turn, would allow ICE Clear Europe to determine how much additional resources (if any) it would need to meet potential demands. Finally, the Commission believes that, in explaining how TBS, Clearing Risk and Risk Oversight departments would meet monthly to analyze and assess the LSTs, requiring that this analysis of LSTs be periodically reported to a Board-level committee, and defining the general

¹¹ This process would be further explained in ICE Clear Europe's Documentation Governance Schedule, which ICE Clear Europe submitted as a confidential exhibit to Partial Amendment No. 2 to the filing.

¹² 15 U.S.C. 78q–1(b)(3)(F).

¹³ 17 CFR 240.17Ad–22(e)(2), (e)(3), (e)(7)(i), (e)(7)(ii), (e)(7)(iv), (e)(7)(v), (e)(7)(vi), (e)(7)(ix), and (e)(16).

¹⁴ 15 U.S.C. 78q–1(b)(3)(F).

governance and exceptions process for the procedures, the Liquidity Management Procedures would establish responsibilities for ensuring that ICE Clear Europe responds to the findings of the LSTs and ensuring compliance with the procedures, as well as a process to modify the procedures as needed.

iii. Investment Management Procedures

The Commission believes that the Investment Management Procedures would help to ensure that ICE Clear Europe effectively manages its liquidity risks and liquidity demands by providing stable and conservative investments and processes for managing such investments. For example, the Commission believes that the Investment Management Procedures would help to establish a reasonable and conservative objective for ICE Clear Europe's investments by requiring that ICE Clear Europe, in making investments, safeguard the principal of its members' cash, maintain sufficient liquidity for its payment obligations, and obtain a reasonable rate of return. The Commission further believes that the reasonable and conservative investment requirements established by the Investment Management Procedures would help to limit the potential losses ICE Clear Europe could suffer upon the default of a counterparty or underperformance of an investment. The Commission believes that limiting such potential losses is important to ICE Clear Europe's overall liquidity because such losses could reduce ICE Clear Europe's liquidity by reducing its supply of cash.

Similarly, the Commission believes that, in defining the criteria for authorized investments in times of normal supply, defining additional requirements for reverse repos, and explaining the steps ICE Clear Europe would take in times of insufficient market supply of acceptable investments, the Investment Management Procedures would establish reasonable and conservative criteria for selecting investments. The Commission further believes that, in defining the investment concentration limits and how ICE Clear Europe would respond to breaches of those limits, the Investment Management Procedures would help to limit the potential risks associated with concentrating investments in particular instruments or particular counterparties. For example, ICE Clear Europe could potentially suffer large losses from a default by an investment counterparty to which it has a large exposure. Finally, in defining the general governance and exceptions

process for the procedures, the Commission believes that the Investment Management Procedures would establish an effective and clear process for ensuring adherence to the procedures and a process for modifying or altering the procedures as needed.

iv. Unsecured Credit Limits Procedures

The Commission believes that the Unsecured Credit Limits Procedures would help to ensure that ICE Clear Europe effectively manages its liquidity risks and liquidity demands by establishing credit limits for counterparties and processes for monitoring and enforcing those limits. Specifically, the Commission believes that, in describing the processes to allocate and monitor limits on unsecured overnight cash exposures and eligibility requirements for counterparties, including financial service providers and investment counterparties, and the processes for allocating and monitoring those limits, the Unsecured Credit Limits Procedures would help to ensure that ICE Clear Europe limits its potential unsecured exposures to all counterparties, thereby helping to reduce credit and liquidity risks. Also, in defining the responsibilities of ICE Clear Europe's Credit Team and Treasury and the general governance and exceptions process for the procedures, the Commission believes the Unsecured Credit Limits Procedures would establish an effective process for monitoring and enforcing the limits.

v. Promoting the Prompt and Accurate Clearance and Settlement of Securities Transactions, Assuring the Safeguarding of Securities and Funds, and Protecting Investors and the Public Interest

For the reasons discussed above, the Commission believes that the proposed rule change would help to ensure that ICE Clear Europe effectively manages the liquidity risks arising from the clearance and settlement of CDS transactions. Moreover, the Commission believes that such liquidity risks, if not properly managed, could cause ICE Clear Europe to have insufficient liquidity to meet its payment obligations and threaten ICE Clear Europe's ability to operate and thereby clear and settle securities transactions. For similar reasons, the Commission believes that such liquidity risks, if not properly managed, could threaten ICE Clear Europe's ability to operate, thereby threatening access to securities and funds in ICE Clear Europe's control. Accordingly, the Commission believes that, in ensuring that ICE Clear Europe has clear and effective processes for

identifying and managing liquidity risks; procedures for responding to liquidity demands and replenishing liquidity; stable and conservative investments and processes for managing such investments; and credit limits for counterparties and processes for monitoring and enforcing those limits, the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions and help assure the safeguarding of securities and funds which are in the custody or control of the ICE Clear Europe or for which it is responsible. Finally, for these reasons, the Commission believes the proposed rule change would, in general, protect investors and the public interest.

Therefore, the Commission finds that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds in ICE Clear Europe's custody or control, and, in general, protect investors and the public interest, consistent with the Section 17A(b)(3)(F) of the Act.¹⁵

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

Rule 17Ad-22(e)(2) requires, among other things, that ICE Clear Europe 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.¹⁶ As discussed above, each of the Treasury Documents would establish the general governance and exceptions process for that document, and this process would be identical among all of the Treasury Documents. The Commission believes that, in doing so, the Treasury Documents would establish clear and transparent arrangements for ensuring that ICE Clear Europe personnel adhere to the Treasury Documents and for modifying the Treasury Documents as needed.

The Commission also believes that the Treasury and Banking Services Policy would specify clear and direct lines of responsibility for the cash and collateral management functions under the policy by assigning those responsibilities to TBS. Similarly, the Commission believes that the Liquidity Management Procedures would specify clear and direct lines of responsibility by making the Clearing Risk team responsible for developing LSTs; making TBS responsible for using the LSTs to anticipate liquidity demands and

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

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

monitoring outstanding payments and the current level of available liquid resources; and making TBS, Clearing Risk, and Risk Oversight responsible for analyzing and assessing the LSTs. Moreover, in requiring that breaches of concentration limits be escalated to the Risk Oversight Department and the Compliance team and that TBS, in conjunction with the Risk Oversight Department and Clearing Risk team, review concentration limits every quarter, the Commission believes the Investment Management Procedures would specify clear and direct lines of responsibility with respect to the concentration limits. The Commission believes the Unsecured Credit Limits Procedures would similarly establish clear and direct lines of responsibility by requiring ICE Clear Europe's Credit Team and Treasury to establish and monitor credit limits. Finally, the Commission believes that these lines of responsibility would be clear and transparent because they would be defined and available for review in the Treasury Documents.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(2).¹⁷

C. Consistency With Rule 17Ad-22(e)(3)

Rule 17Ad-22(e)(3) requires that ICE Clear Europe establish, implement, maintain, and enforce written policies and procedures reasonably designed to maintain a sound risk management framework for comprehensively managing legal, credit, liquidity, operational, general business, investment, custody, and other risks that arise in or are borne by ICE Clear Europe. The Commission believes that the Unsecured Credit Limits Procedures, in establishing the eligibility and limit allocation methodology that ICE Clear Europe would use with respect to counterparties, including investment counterparties, would help ICE Clear Europe to manage the potential credit risks arising from ICE Clear Europe's transactions with counterparties. Specifically, by assigning a counterparty an overall unsecured credit limit, the Commission believes the Unsecured Credit Limits Procedures would help to limit ICE Clear Europe's maximum potential losses from a default of that counterparty to the limit assigned to that counterparty. In addition, in establishing minimum eligibility criteria for counterparties, the Commission believes that the Unsecured Credit Limits Procedures would help limit ICE Clear Europe's exposure to counterparties that are creditworthy and

regulated by a competent authority with valid jurisdiction. Finally, in requiring that ICE Clear Europe's Treasury team conduct daily and weekly monitoring as well as monthly aggregation of Legal Entities of the same group of companies, the Commission believes that the Unsecured Credit Limits Procedures would help establish a process for ensuring that ICE Clear Europe complies with the limits.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(3).¹⁸

D. Consistency With Rule 17Ad-22(e)(7)

i. Rules 17Ad-22(e)(7)(i) and (ii)

Rules 17Ad-22(e)(7)(i) requires that ICE Clear Europe establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by ICE Clear Europe, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by, at a minimum, (i) maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for ICE Clear Europe in extreme but plausible market conditions and (ii) holding qualifying liquid resources sufficient to meet the minimum liquidity resource requirement under Rule 17Ad-22(e)(7)(i) in each relevant currency for which ICE Clear Europe has payment obligations owed to clearing members.¹⁹

As discussed above, the Treasury and Banking Services Policy would require that ICE Clear Europe run daily liquidity monitoring and stress testing to measure and monitor its liquidity position on an ongoing basis and assess its potential immediate and future liquidity needs across a range of extreme but plausible market scenarios. As explained further in the Liquidity Management Procedures, one of the LSTs would be a specific scenario to cover the default of the largest CM with qualifying liquid assets. The Commission believes that, in requiring ICE Clear Europe to conduct daily stress testing, including stress testing of a specific scenario for the

default of the participant family that would generate the largest aggregate payment obligation for ICE Clear Europe in extreme but plausible market conditions, the proposed rule change would help ensure that ICE Clear Europe maintains sufficient liquid resources to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of stress scenarios, including such a default. Moreover, because the Liquidity Management Procedures would require that, for its liquidity planning, ICE Clear Europe only include resources which are cash or which can be transferred into cash or can be drawn upon on a same day basis, the Commission believes the Liquidity Management Procedures would be reasonably designed to enable ICE Clear Europe to hold qualifying liquid resources sufficient to meet the minimum liquidity resource requirement under Rule 17Ad-22(e)(7)(i).

For these reasons, the Commission finds that the proposed rule change is consistent with Rules 17Ad-22(e)(7)(i) and (ii).²⁰

ii. Rules 17Ad-22(e)(7)(iv) and (v)

Rules 17Ad-22(e)(7)(iv) and (v) require that ICE Clear Europe establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by ICE Clear Europe, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by, at a minimum, (i) undertaking due diligence to confirm that it has a reasonable basis to believe each of its liquidity providers, whether or not such liquidity provider is a clearing member, has (a) sufficient information to understand and manage the liquidity provider's liquidity risks and (b) the capacity to perform as required under its commitments to provide liquidity to ICE Clear Europe and (ii) maintaining and testing with each liquidity provider, to the extent practicable, ICE Clear Europe's procedures and operational capacity for accessing each type of relevant liquidity resource under Rule 17Ad-22(e)(7)(i) at least annually.²¹

As described above, the Liquidity Management Procedures would require that TBS, Clearing Risk and Risk Oversight departments meet monthly to

¹⁷ 17 CFR 240.17Ad-22(e)(2).

¹⁸ 17 CFR 240.17Ad-22(e)(3).

¹⁹ 17Ad-22(e)(7)(i) and (ii).

²⁰ 17Ad-22(e)(7)(i) and (ii).

²¹ 17 CFR 240.17Ad-22(e)(iv) and (v).

analyze and discuss the performance of liquidity providers. Moreover, the Liquidity Management Procedures would require that TBS, Clearing Risk and Risk Oversight departments conduct annual due diligence reviews of liquidity providers to assess their ability to perform their role as such and annual testing of sources of liquidity. The Commission believes that the monthly analysis and annual due diligence reviews would help ICE Clear Europe to confirm that it has a reasonable basis to believe each of its liquidity providers has sufficient information to understand and manage the liquidity provider's liquidity risks and the capacity to perform as required under its commitments to provide liquidity to ICE Clear Europe. Moreover, the Commission believes that the annual testing of sources of liquidity would help ICE Clear Europe to assess its operational capacity for accessing each type of liquidity resource provided by those sources of liquidity.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(7)(iv) and (v).²²

iii. Rule 17Ad-22(e)(7)(vi)

Rule 17Ad-22(e)(7)(vi) requires that ICE Clear Europe establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by ICE Clear Europe, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by, at a minimum, determining the amount and regularly testing the sufficiency of the liquid resources held for purposes of meeting the minimum liquid resource requirement under Rule 17Ad-22(e)(7)(i) by (i) conducting stress testing of its liquidity resources at least once each day using standard and predetermined parameters and assumptions; (ii) conducting a comprehensive analysis on at least a monthly basis of the existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources, and considering modifications to ensure they are appropriate for determining ICE Clear Europe's identified liquidity needs and resources in light of current and evolving market conditions; (iii) conducting a comprehensive analysis of the scenarios, models, and underlying parameters and assumptions used in

evaluating liquidity needs and resources more frequently than monthly when the products cleared or markets served display high volatility or become less liquid, when the size or concentration of positions held by ICE Clear Europe's CMs increases significantly, or in other appropriate circumstances described in such policies and procedures; and (iv) reporting the results of its analyses to appropriate decision makers at ICE Clear Europe, including but not limited to, its risk management committee or board of directors, and using these results to evaluate the adequacy of and adjust its liquidity risk management methodology, model parameters, and any other relevant aspects of its liquidity risk management framework.²³

The Commission believes that, in requiring that ICE Clear Europe run daily liquidity monitoring and stress testing to measure and monitor its liquidity position on an ongoing basis and assess its potential immediate and future liquidity needs across a range of extreme but plausible market scenarios, the Treasury and Banking Services Policy would help to ensure that ICE Clear Europe conducts stress testing of its liquidity resources at least once each day using standard and predetermined parameters and assumptions. Moreover, the Commission believes that the Liquidity Management Procedures would help to ensure that ICE Clear Europe conducts a comprehensive analysis on at least a monthly basis of the existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources, and considering modifications to ensure they are appropriate for determining ICE Clear Europe's identified liquidity needs and resources in light of current and evolving market conditions because they would require that TBS, Clearing Risk, and Risk Oversight departments meet monthly to analyze and discuss whether to include any new or emerging risks in the stress tests; the adequacy, assumptions, and parameters of LST scenarios; the adequacy of stress test inputs; and acceptance of current LST scenario calibrations. Similarly, because they would require that in stressed market conditions, the TBS, Clearing Risk and Risk Oversight departments meet more frequently than monthly to ensure LSTs and stress scenarios are fit for purpose, the Commission believes the Liquidity Management Procedures would help to ensure that ICE Clear Europe conducts a comprehensive analysis of the scenarios, models, and underlying parameters and assumptions

used in evaluating liquidity needs and resources more frequently than monthly when the products cleared or markets served display high volatility or become less liquid, when the size or concentration of positions held by ICE Clear Europe's CMs increases significantly, or in other appropriate circumstances described in such policies and procedures. Finally, the Commission believes the Liquidity Management Procedures would help to ensure that ICE Clear Europe reports the results of these analyses to appropriate decision makers at ICE Clear Europe because they require that the analysis of LSTs be periodically reported to a Board-level committee.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(7)(vi).²⁴

iv. Rule 17Ad-22(e)(7)(ix)

Rule 17Ad-22(e)(7)(ix) requires that ICE Clear Europe establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by ICE Clear Europe, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by, at a minimum, describing ICE Clear Europe's process to replenish any liquid resources that ICE Clear Europe may employ during a stress event.²⁵

As described above, the Treasury and Banking Services Policy would identify two sources of liquidity risk and shortfall: CM default and technical issue at a financial service provider. The Liquidity Management Procedures would further explain how ICE Clear Europe would replenish liquidity in both scenarios. Thus, the Commission believes that the Treasury and Banking Services Policy and Liquidity Management Procedures would help to ensure that ICE Clear Europe's process to replenish any liquid resources that ICE Clear Europe may use during a stress event is documented and therefore able to be employed by ICE Clear Europe during a stress event.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(7)(ix).²⁶

²⁴ 17Ad-22(e)(7)(vi).

²⁵ 17 CFR 240.17Ad-22(e)(7)(ix).

²⁶ 17 CFR 240.17Ad-22(e)(7)(ix).

²² 17Ad-22(e)(7)(i).

²³ 17 CFR 240.17Ad-22(e)(7)(vi).

E. Consistency With Rule 17Ad-22(e)(16)

Rule 17Ad-22(e)(16) requires that ICE Clear Europe establish, implement, maintain, and enforce written policies and procedures reasonably designed to safeguard ICE Clear Europe's own and its participants' assets, minimize the risk of loss and delay in access to these assets, and invest such assets in instruments with minimal credit, market, and liquidity risks. The Commission believes the Investment Management Policy, in establishing a reasonable and conservative investment objective and establishing overall concentration limits, would help ensure that ICE Clear Europe safeguards its own and its participants' assets and minimize the risk of loss or delay of such assets. Similarly, in defining the criteria for authorized investments in times of normal supply, defining additional requirements for reverse repos, and explaining the steps ICE Clear Europe would take in times of insufficient market supply of acceptable investments, the Commission believes that the Investment Management Policy would help ensure that ICE Clear Europe invests such assets in instruments with minimal credit, market, and liquidity risks.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(16).²⁷

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2, 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-ICEEU-2019-012 on the subject line.

Paper Comments

Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street N.E., Washington, DC 20549.

All submissions should refer to File Number SR-ICEEU-2019-012. 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 such filings will also be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe website at <https://www.theice.com/clear-europe/regulation>. 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-ICEEU-2019-012 and should be submitted on or before October 3, 2019.

V. Accelerated Approval of the Proposed Rule Change, as Modified by Partial Amendment No. 1 and Partial Amendment No. 2

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,²⁸ to approve the proposed rule change prior to the 30th day after the date of publication of Partial Amendment No. 2 in the **Federal Register**. As discussed above, Partial Amendment No. 1 corrects an error in the confidential Exhibit 5-4. By correcting the error, Partial Amendment No. 1 provides for a more clear and comprehensive understanding of the estimated impact of the proposed rule change, which helps to improve the Commission's review of the proposed rule change for consistency with the Act.

Moreover, as discussed above, Partial Amendment No. 2 would provide additional details regarding the governance of the approval and review of the Treasury and Banking Services Policy, Liquidity Management Procedures, Investment Management

Procedures, and Unsecured Credit Limits Procedures and amend the governance sections of each of those documents to be consistent with the information provided in confidential exhibits. The Commission believes that in doing so, Partial Amendment No. 2 provides important information and clarity that enables the Commission's review of the proposed rule change for consistency with the Act. Moreover, Partial Amendment No. 2 amends the Liquidity Management Procedures to remove references to reverse repos, which ICEEU no longer considers as liquid resources, and to specify that ICE Clear Europe personnel meet monthly to, among other things, analyze and discuss the assumptions and parameters of liquidity stress test scenarios. The Commission believes that, in doing so, Partial Amendment No. 2 enables the Commission's review of the proposed rule change for consistency with the Act by ensuring that the Liquidity Management Procedures accurately reflect ICE Clear Europe's current practices.

For the reasons discussed above, the Commission finds that the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2, are consistent with the Act and the applicable rules thereunder. Accordingly, the Commission finds good cause for approving the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2, on an accelerated basis, pursuant to Section 19(b)(2) of the Exchange Act.²⁹

VI. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2, is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act³⁰ and Rules 17Ad-22(e)(2), (e)(3), (e)(7)(i), (e)(7)(ii), (e)(7)(iv), (e)(7)(v), (e)(7)(vi), (e)(7)(ix), and (e)(16) thereunder.³¹

It is therefore ordered pursuant to Section 19(b)(2) of the Act³² that the proposed rule change, as modified by Partial Amendment No. 1 and Partial Amendment No. 2 (SR-ICEEU-2019-

²⁹ 15 U.S.C. 78s(b)(2).

³⁰ 15 U.S.C. 78q-1(b)(3)(F).

³¹ 17 CFR 240.17Ad-22(e)(2), (e)(3), (e)(7)(i), (e)(7)(ii), (e)(7)(iv), (e)(7)(v), (e)(7)(vi), (e)(7)(ix), and (e)(16).

³² 15 U.S.C. 78s(b)(2).

²⁷ 17 CFR 240.17Ad-22(e)(16).

²⁸ 15 U.S.C. 78s(b)(2).

012), be, and hereby is, approved on an accelerated basis.³³

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 2019-19703 Filed 9-11-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86892; File No. SR-CBOE-2019-054]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Dissemination of End-of-Day Indicative Values Via the Options Price Reporting Authority

September 6, 2019.

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 August 29, 2019, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes that the dissemination of end-of-day indicative values via the Options Price Reporting Authority (“OPRA”) will not be discontinued pursuant to SR-CBOE-2019-046.

The text of the proposed rule change is also available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at

the Exchange’s Office of the Secretary, 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 the proposed rule change and discussed any comments it received on the proposed rule change. The text of these 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 aspects of such statements.

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

1. Purpose

On August 12, 2019, the Exchange filed a rule filing, SR-CBOE-2019-046, which, amended Exchange Rules in connection with end-of-month (“EOM”) and end-of-day (“EOD”) indicative values.⁵ Pursuant to SR-CBOE-2019-046, which will be effective on October 7, 2019, the Exchange stated that it would discontinue the dissemination of indicative values via OPRA. In addition to this, the proposed change under SR-CBOE-2019-046 provides that the Exchange will make indicative values publicly available, e.g., on its website. The Exchange, however, has determined that it will continue the dissemination of indicative values via OPRA while also making such values publicly available. The Exchange notes that this will not impact the manner in which the EOD indicative values rule will function pursuant to SR-CBOE-2019-046, nor alter the free access market participants will have to the indicative values made publicly available pursuant to the proposed rule. This update is merely intended to continue to allow the dissemination of indicative values via OPRA in the same manner they are currently disseminated and made available to current OPRA subscribers. The indicative values disseminated via OPRA will continue to be clearly marked with an “I” indicator to distinguish them as indicative values, and not a quote or last sale. In order to coincide with the effective date of SR-CBOE-2019 and the migration of the Exchange’s trading platform to the same system used by the Cboe Affiliated

Exchanges,⁶ the Exchange also intends to implement this proposed rule change on October 7, 2019.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁷ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁸ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed rule change is merely continuing the dissemination of indicative values via OPRA, without altering the proposed rule under SR-CBOE-2019-046 that the indicative values data will also be made publicly available, e.g., on the Exchange’s website. This will proposed amendment will not impact the manner in which the proposed rule pursuant to SR-CBOE-2019-046 will function nor the public access that market participants will have to indicative values, but will merely allow indicative values to continue to be disseminated via OPRA, a process which market participants are already familiar with and for which many already subscribe. Thus, continuing the dissemination of indicative values via OPRA with not impact market participants as it will continue to allow OPRA to disseminate

⁶ In 2016, the Exchange’s parent company, Cboe Global Markets, Inc. (formerly named CBOE Holdings, Inc.) (“Cboe Global”), which is also the parent company of Cboe C2 Exchange, Inc. (“C2”), acquired Cboe EDGA Exchange, Inc. (“EDGA”), Cboe EDGX Exchange, Inc. (“EDGX” or “EDGX Options”), Cboe BZX Exchange, Inc. (“BZX” or “BZX Options”), and Cboe BYX Exchange, Inc. (“BYX” and, together with Cboe Options, C2, EDGX, EDGA, and BZX, the “Cboe Affiliated Exchanges”).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(5).

⁹ *Id.*

³³ 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).

³⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ See SR-CBOE-2019-046 (August 12, 2019).