

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>8</sup> and the rules and regulations thereunder.

*It Is Therefore Ordered*, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule change (File No. SR-ICC-2014-23) be, and hereby is, approved.<sup>10</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Brent J. Fields,**

*Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74256; File No. SR-ICC-2014-21]

#### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change To Provide for the Clearance of Additional Standard Western European Sovereign Single Names

February 11, 2015.

#### I. Introduction

On December 16, 2014, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-ICC-2014-21 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder.<sup>2</sup> The proposed rule change was published for comment in the **Federal Register** on January 2, 2015.<sup>3</sup> The Commission received one comment.<sup>4</sup> For the reasons discussed below, the Commission is approving the proposed rule change.

<sup>8</sup> 15 U.S.C. 78q-1.

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</sup> 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).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 34-73941 (Dec. 24, 2014), 80 FR 75 (Jan. 2, 2015) (File No. SR-ICC-2014-21).

<sup>4</sup> See Comment from Anonymous, dated January 23, 2015, available at <http://www.sec.gov/comments/sr-icc-2014-21/icc201421-1.htm> (stating "Good Idea").

#### II. Description of the Proposed Rule Change

ICC proposes to adopt rules that will provide the basis for ICC to clear additional credit default swap ("CDS") contracts. Specifically, ICC is proposing to amend Section 26I of its Rules to provide for the clearance of additional Standard Western European Sovereign CDS contracts (collectively, "SWES Contracts"). ICC has been approved to clear four SWES Contracts: the Republic of Ireland, the Italian Republic, the Portuguese Republic, and the Kingdom of Spain.<sup>5</sup> The proposed changes to the ICC Rules would provide for the clearance of additional SWES Contracts, specifically the Kingdom of Belgium and the Republic of Austria (the "Additional SWES Contracts").

ICC states that these Additional SWES Contracts will be offered on the 2003 and 2014 ISDA Credit Derivatives Definitions. ICC believes that the addition of these SWES Contracts will benefit the market for credit default swaps on Western European sovereigns by providing market participants the benefits of clearing, including reduction in counterparty risk and safeguarding of margin assets pursuant to clearing house rules. According to ICC, the clearing of the additional SWES Contracts will not require any changes in ICC's risk management framework (including relevant policies) or margin model. ICC represents that the Additional SWES Contracts have terms consistent with the other SWES Contracts which ICC has been approved to clear and which will be governed by Subchapter 26I of the ICC rules, namely the Republic of Ireland, the Italian Republic, the Portuguese Republic, and the Kingdom of Spain.

ICC proposes minor revisions to Subchapter 26I (Standard Western European Sovereign ("SWES") Single Name) to provide for clearing the additional SWES Contracts. Rule 26I-102 will be modified to include the Kingdom of Belgium and the Republic of Austria in the list of specific Eligible SWES Reference Entities to be cleared by ICC. Additionally, in ICC Rule 26D-102 (Definitions), the definition of "Eligible SES Reference Entity" will be modified to correct a typographical error and correctly identify the reference entity for a cleared product as Hungary (as opposed to the Republic of Hungary).

<sup>5</sup> See Exchange Act Release No. 34-72941 (Nov. 5, 2014), 79 FR 67213 (Nov. 12, 2014) (File No. SR-ICC-2014-14) (order approving rule change to clear other Western European sovereign CDS contracts) (the "Prior WES Order").

#### III. Comments

The Commission received one comment supporting approval of the proposed rule change. In this anonymous comment, the author expressed general support for the proposal but did not opine on any particular aspects of the proposal or offer any specific comment beyond a statement of general support.

#### IV. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act<sup>6</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act<sup>7</sup> requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible and, in general, to protect investors and the public interest.

The Commission finds that clearing of the Additional SWES Contracts is consistent with the requirements of Section 17A of the Act<sup>8</sup> and regulations thereunder applicable to it, including the standards under Rule 17Ad-22.<sup>9</sup> The proposed change will provide for clearing of Additional SWES Contracts in the same manner as other SWES Contracts. Specifically, the new contracts will be cleared, and the risk associated with clearing the new contracts will be appropriately managed, pursuant to ICC's existing margin and guaranty fund methodology, operational and managerial procedures, settlement procedures and default management policies. The Commission believes that the proposal is therefore designed to promote the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts and transactions cleared by ICC, to assure the safeguarding of securities and funds in the custody or control of ICC, and to protect investors and the public interest, within the meaning of is designed to promote the prompt and accurate

<sup>6</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 15 U.S.C. 78q-1.

<sup>9</sup> 17 CFR 240.17Ad-22.

clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.<sup>10</sup>

## V. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>11</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>12</sup> that the proposed rule change (SR-ICC-2014-21) be, and hereby is, approved.<sup>13</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Brent J. Fields,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74254; File No. SR-EDGA-2015-06]

### Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 1.5, 2.3, 2.5, and 2.6 Related to the Registration Requirements for Members of EDGA Exchange, Inc.

February 11, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 30, 2015, EDGA Exchange, Inc. (the “Exchange” or “EDGA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 filed a proposal to amend Rules 1.5, 2.3, 2.5, and 2.6 related to the registration requirements for Members of the Exchange.

The text of the proposed rule change is available at the Exchange’s Web site at [www.batstrading.com](http://www.batstrading.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the 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 parts of such statements.

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

##### 1. Purpose

The Exchange proposes to amend the various Exchange rules related to the registration requirements on the Exchange in order to make the Exchange’s registration requirements substantively identical to the corresponding rules on BATS Exchange, Inc. (“BZX”) and BATS Y-Exchange, Inc. (“BYX”), as further described below. Earlier this year, the Exchange and its affiliate, EDGX Exchange, Inc. (“EDGX”), received approval to effect a merger (the “Merger”) of the Exchange’s parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BZX and BYX (together with BZX, EDGA, and EDGX, the “BGM Affiliated Exchanges”).<sup>5</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align certain system and regulatory functionality, retaining only intended differences between the BGM Affiliated Exchanges. Thus, the proposal set forth below is intended to amend Rules 1.5, 2.3, 2.5, and 2.6 to make such Rules

substantively identical to corresponding rules on BZX and BYX<sup>6</sup> related to registration requirements in order to provide a consistent regulatory approach across each of the BGM Affiliated Exchanges.<sup>7</sup>

Currently, Rule 1.5(n) defines the term “Member” as meaning any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act. The Exchange is proposing, however, to delete “or any person associated with a registered broker or dealer” from the rule text, as such phrase is not contained in corresponding BZX and BYX rules (*i.e.*, Rule 1.5(n)) and because the Exchange no longer believes that this language is necessary. The Exchange is also proposing to amend the rule text such that Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange, language which is currently included in Rule 2.3(a), which, as described below, the Exchange is proposing to delete in order to further align Exchange rules with BZX and BYX 1.5(n).

The Exchange is also proposing to delete the definition of “Principal” from Rule 1.5(t), which will instead be defined in the proposed changes to paragraph (d) of Interpretation and Policy .01 to Rule 2.5, which are further described below. Currently, the term principal means persons associated with a member who are actively engaged in the management of the member’s securities business, including supervision, solicitation, conduct of business or the training of persons associated with a Member for any of these functions. Such persons shall include sole proprietors, officers, partners, managers of business offices engaged in such functions, and directors of corporations. The Exchange is proposing to add the text “(Reserved)” to the rule text in order to maintain the current paragraph numbering within Rule 1.5. The proposed new definition for principal will be discussed below.

The Exchange intends to consolidate its registration requirements in Rule 2.5

<sup>6</sup> See BZX and BYX Rules 1.5, 2.3, 2.5, and 2.6.

<sup>7</sup> The Exchange notes that EDGX intends to file a proposal very similar to this proposal that will align the rules related to registration requirements across each of the BGM Affiliated Exchanges.

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>11</sup> 15 U.S.C. 78q-1.

<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</sup> 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).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>15</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>5</sup> See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-043; SR-EDGA-2013-034).