established pursuant to Rule 6h–1 would be filed with the Commission as proposed rule changes pursuant to Section 19(b) of the Act and would be published in the **Federal Register**.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: *www.reginfo.gov*. Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

Written comments and recommendations for the proposed information collection should be sent by August 15, 2022 to (i) *www.reginfo.gov/public/do/PRAMain* and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: *PRA_Mailbox@sec.gov*.

Dated: July 11, 2022.

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2022–15129 Filed 7–14–22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95256; File No. SR–FICC–2022–005]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of a Proposed Rule Change to Revise the Formula Used to Calculate the VaR Charge for Repo Interest Volatility

July 12, 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 June 29, 2022, Fixed Income Clearing Corporation (''FICC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

FICC is proposing to amend the GSD Methodology Document—GSD Initial Market Risk Margin Model (''QRM Methodology Document'') [3] in order to revise the formula used to calculate the VaR Charge (as defined below) for repo interest volatility and make conforming changes to the description of this formula. In addition, FICC is proposing to amend the QRM Methodology Document to make certain technical changes, as described in greater detail below.[4]

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

FICC is proposing to amend the QRM Methodology Document to revise the formula used to calculate the VaR Charge for repo interest volatility and make conforming changes to the description of this formula. In addition, FICC is proposing to amend the QRM Methodology Document to make certain technical changes.

(1) Revise the Formula Used To Calculate the VaR Charge for Repo Interest Volatility and Make Conforming Changes

FICC, through GSD, serves as a central counterparty (''CCP'') and provider of clearance and settlement services for the U.S. government securities market. A key tool that FICC uses to manage its credit exposures to its Members is the daily collection of margin from each Member. The aggregated amount of all Members' margin constitutes the Clearing Fund, which FICC would be able to access should a defaulted Member's own margin be insufficient to satisfy losses to FICC caused by the liquidation of that Member's portfolio. Each Member's margin consists of a number of applicable components, including a value-at-risk (''VaR'') charge (''VaR Charge'') designed to capture the potential market price risk associated with the securities in a Member's portfolio. The VaR Charge is typically the largest component of a Member's margin requirement. The VaR Charge is designed to cover FICC's projected liquidation losses with respect to a defaulted Member's portfolio at a 99% confidence level.

The VaR Charge includes a component that addresses repo interest volatility, which the QRM Methodology Document refers to as the ''repo interest volatility charge.'' Interest on a repurchase (''repo'') transaction, hereinafter referred to as ''repo interest,'' is the difference between the repurchase settlement amount and the start amount paid on the repo inception date. In its role as a CCP in clearing a repo transaction, FICC guarantees that the borrowers receive their repo collateral back at the close of the repo transaction while lenders receive the start amount paid on the repo inception date plus repo interest. The market value of interest payments for the remaining life of the repo trades are subject to the risk of movements of the market repo interest rates. Since FICC guarantees the repo interest payment to the lenders, this risk needs to be mitigated. The repo interest volatility charge is designed to mitigate such risk, *i.e.,* the risk arising out of fluctuations in market repo interest rates during the margin period of risk (''MPOR''). MPOR is currently set at 3 days for FICC. It represents the duration of time when a CCP is exposed to market risk post-member default, starting from the time of the last successful margin collection to the time the market risk exposure is effectively mitigated. The repo interest volatility charge is a small component of the total GSD margin (currently about 3% at CCP level).

The QRM Methodology Document contains the formula for the calculation of the repo interest volatility charge and describes the components and calculation thereof.

Currently, the repo interest volatility charge is assessed through application of a haircut schedule with a single haircut rate applied to each risk bucket after netting short and long repo interest

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

[2] 17 CFR 240.19b–4.

[3] The GSD QRM Methodology Document was filed as a confidential exhibit in the rule filing and advance notice for GSD sensitivity VaR. *See* Securities Exchange Act Release Nos. 83362 (June 1, 2018), 83 FR 26514 (June 7, 2018) (SR–FICC–2018–001) and 83223 (May 11, 2018), 83 FR 23020 (May 17, 2018) (SR–FICC–2018–801).

[4] Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the FICC Government Securities Division (''GSD'') Rulebook (''Rules''), *available at http://www.dtcc.com/legal/rules-and-procedures.aspx*.

positions within the relevant risk bucket. Specifically, under the current formula, the repo interest positions for a given Member portfolio are put into different risk buckets based on (a) whether the underlying repo trade is a generic repo trade or a special repo trade and (b) the time to settlement of the underlying repo trade. The total net amount of each risk bucket is calculated as the sum of the product of repo start amount and the time to settlement of each repo interest position in that risk bucket. If the total net amount is positive (long), then the long repo haircut rate for that specific risk bucket is applied to the total net amount for that specific risk bucket to arrive at the repo interest volatility charge for that specific risk bucket. If the total net amount is negative (short), then the short repo haircut rate for that specific risk bucket is applied to the absolute value of the total net amount to arrive at the repo interest volatility charge for that specific risk bucket. The total repo interest volatility charge for the portfolio is the sum of the repo interest volatility charges of all of the risk buckets in the portfolio. As such, the current formula reflects a repo interest rate index driven approach where a single repo haircut rate is applied to the absolute value of the total net amount of each risk bucket of repo interest positions.[5]

In order to provide FICC with more flexibility with respect to the calculation of the repo interest volatility charge so FICC can respond to rapidly changing market conditions more quickly and timely, FICC is proposing revisions to the current formula. The proposed new formula is similar to the current formula in certain respects. For example, the proposed new formula would continue to be repo interest rate index driven and would use a similar mathematical calculation as the current formula. In addition, under the proposed new formula, the repo interest positions for a given Member portfolio would continue to be placed into risk buckets based on (a) whether the underlying repo trade is a generic repo trade or a special repo trade and (b) the time to settlement of the underlying repo trade. However, unlike the current formula, more than one repo haircut rate could apply to each risk bucket. This is because the repo haircut rate that would be applied would no longer be based on whether the total net amount for a specific risk bucket is long or short. Instead, as proposed, the specific repo haircut rate to be applied would be based on whether the individual repo interest position in a specific risk bucket is either long or short. Specifically, as proposed, FICC would apply a long repo haircut rate to all the long positions and a short repo haircut rate to all the short positions in each risk bucket. The long positions and the short positions can offset each other within the same risk bucket but cannot offset each other across different risk buckets. As proposed, the repo interest volatility charge for a specific risk bucket would be the absolute value of the sum of the product of repo start amount, time to settlement, and repo haircut rate of the individual repo interest positions in the risk bucket. However, as is the case with the current formula, the total repo interest volatility charge for the portfolio would still be the sum of the repo interest volatility charges of all of the risk buckets in the portfolio. Doing so would provide FICC the flexibility to use two haircuts for each risk bucket, one for long positions and the other for short positions,[6] thus allowing FICC to respond to rapidly changing market conditions more quickly and timely, particularly when the long and short repo interest positions exhibit very different risk profiles. In turn, the proposed changes would help better ensure that FICC calculates and collects adequate margin from Members and lead to a better risk management practice.

Based on FICC's 2020 and 2021 annual model validation reports, the rolling 12-month backtest coverage on the sub-portfolios of repo interest only positions had been below the 99 percent coverage target from June 2019 to September 2020. In order to improve the backtesting coverage, FICC is also proposing to add a repo bid/ask spread to each repo haircut rate (one for long positions and one for short positions) within the same risk bucket. The repo bid/ask spread would be calculated based on the historical percentile movements of the internally constructed repo interest rate indices. FICC is proposing to add the repo bid/ask spread to each repo haircut rate to account for the difference observed in the repo market between the highest rate a repo participant is willing to pay to borrow money in a repo trade and the lowest rate a repo participant is willing to accept to lend money in a repo trade. FICC believes adding the repo bid/ask spread to each of the repo haircut rates would improve backtesting coverage, particularly with respect to sub-portfolios of repo interest only positions.

For example, assuming a portfolio contains two repo interest positions, both with half a year to settlement, one position has a repo start amount of +$1 million, and the other has a repo start amount of −$0.8 million. In this example, the two repo interest positions have the same time to settlement, so they would fall into the same risk bucket. Let's further assume that for that specific risk bucket, the long repo haircut rate is 40 bps and the short repo haircut rate is 45 bps.

Under the current formula, we first calculate the total net amount of the risk bucket by adding the product of repo start amount and the time to settlement of the two repo interest positions, *i.e.,* (+$1 million*0.5 year) + (−$0.8 million*0.5 year). As calculated, the total net amount is +$100,000. Given that the total net amount is positive (long), we apply the long repo haircut rate of 40 bps, *i.e.,* $100,000*40 bps, and calculate the repo interest volatility charge for the portfolio as $400.

Under the proposed new formula, we would calculate the individual repo interest positions and apply the applicable repo haircut rate at the position level. Specifically, we would first calculate each repo interest position by multiplying the repo start amount and the time to settlement, *i.e.,* (+$1 million*0.5 year) = +$500,000, and then apply the applicable repo haircut rate, *i.e.,* because +$500,000 is a long position, we would apply the long repo haircut rate of 40 bps and calculate the amount for that long position as $2,000. For the second repo interest position, we would first multiply the repo start amount (−$0.8 million) and the time to settlement (0.5 year) and get −$400,000. Given it is a short position, we would apply the short repo haircut rate of 45 bps and calculate the amount for that short position as −$1,800. For the repo interest volatility charge for the portfolio, we would take the absolute value of the sum of the two amounts ($2,000+(−$1,800)) and get $200 as the repo interest volatility charge for the portfolio using the proposed new formula.[7] [8]

[5] FICC has developed its repo interest rate indices using FICC delivery-versus-payment repo transactions.

[6] As an initial matter, FICC would take a streamlined and prudent approach by setting the repo haircut rates for long positions and short positions to be the same rate, *i.e.,* the larger of the two rates, so that the long and short positions in a specific risk bucket would be subject to the same repo haircut rate.

[7] As an initial matter, FICC would set the repo haircut rates for long positions and short positions to be the same rate, *i.e.,* the larger of the two rates, so that the long and short positions in a specific risk bucket would be subject to the same repo haircut rate. *Supra* note 6. Using the new proposed formula under this approach, the repo interest volatility

Continued

The QRM Methodology Document also contains a detailed description of the repo haircut rate calculation for all risk buckets. FICC is proposing to eliminate this detailed description from the QRM Methodology Document and replace it with a more general description of the repo haircut rate calculation. FICC believes that having a more general description would provide FICC with more flexibility to respond to rapidly changing market conditions more quickly and timely by enabling FICC to adjust how the repo haircut rate is calculated without undergoing a rule filing process.[9] By being able to quickly make adjustments to the calculation of the repo haircut rate, FICC would be able to better risk manage the repo interest positions. Specifically, FICC believes this proposed change would enable FICC to make appropriate and timely adjustments to the repo haircut rates based on an evaluation of a number of factors, including, but not limited to, repo interest rate volatility outlook and backtesting coverage results. Furthermore, there are certain known data availability limitations with respect to the current repo interest rate index. That is, the current repo interest rate index is missing data for a volatile period, so repo haircut rates that have been calibrated based on the current repo interest rate index may not be sufficient if the repo market were to experience heightened volatility. FICC believes the proposed changes would therefore also help counterbalance potential data availability limitation issues by enabling FICC to adjust how the repo haircut rate is calculated more quickly and timely and thereby provide FICC with the flexibility to respond to rapidly changing market conditions more quickly and effectively.

FICC would instead describe the detailed calculations of the repo haircut rates in an internal standalone document. Nonetheless, any future changes to the repo haircut rate calculations would continue to follow DTCC's internal model governance procedure as described in the Clearing Agency Model Risk Management Framework.[10] In addition, the repo haircut rates would continue to be tracked in the monthly model parameter report.

Accordingly, FICC believes that revising the formula for the calculation of the repo interest volatility charge as described above and replacing the current specific description with a more general description in the QRM Methodology Document would collectively provide FICC with more flexibility and allow FICC to respond to rapidly changing market conditions more quickly by enabling FICC to adjust how the repo haircut rate is calculated without a rule filing. In addition, FICC believes that the proposed changes would enable FICC to better address the backtest coverage issue and thereby risk manage the repo interest positions more effectively.

Impact Study

FICC conducted an impact study for the period of January 2018 to February 2022 (''Impact Study''). The result of the Impact Study indicates that, at the CCP level, if the proposed changes had been in place, the backtesting coverage ratio for the repo interest volatility charge would have increased from approximately 98.7% to 99.2%.

Specifically, the Impact Study shows that had the proposed changes been in place from January 2018 to February 2022, it would have affected 90 out of 145 (approximately 62%) portfolios of GSD Members per day on average, and the average daily margin increase of the VaR Charge for these Member portfolios would have been approximately $0.7 million (representing approximately 3% of their average daily VaR Charge). For GSD, the proposed changes would have resulted in an average daily VaR Charge increase of approximately $86 million (representing approximately 0.8% of the average daily VaR Charge).

(2) Technical Changes

FICC is also proposing to make certain technical changes to the QRM Methodology Document to enhance clarity.

FICC proposes to revise the term ''GCF Repo'' to ''repo'' in ''2.1 Market risks associated with products cleared by GSD'' and ''3.2.4 Repo Interest Volatility Charge'' sections of the QRM Methodology Document for clarity.

In ''2.5.4. Repo Interest Volatility Charge'' and ''3.2.4 Repo Interest Volatility Charge'' sections of the QRM Methodology Document, FICC proposes to change ''inception date'' to ''repo inception date'' and ''above'' to ''in the above sections'' to enhance clarity. FICC also proposes to clarify and update certain descriptions in the ''2.5.4. Repo Interest Volatility Charge'' and ''3.2.4 Repo Interest Volatility Charge'' sections. For example, FICC is proposing to clarify the description of the risk that the repo interest volatility charge is designed to address and the repo trades that it applies to. In addition, FICC is proposing to update the paragraphs in ''2.5.4. Repo Interest Volatility Charge'' section describing the use of risk buckets to reflect the current practice.

Furthermore, FICC proposes to change ''repurchase price'' to ''repurchase settlement amount'' and ''original sale price'' to ''start amount paid on the repo inception date'' in ''3.2.4 Repo Interest Volatility Charge'' section for clarity. To enhance the clarity of the QRM Methodology Document, FICC also proposes to remove a formula from

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charge for the portfolio would be $450. Instead of using 40 bps for long positions and 45 bps for short positions, we would apply 45 bps (the larger of the two rates) to both the long and short positions in the risk bucket, *i.e.,* (+$500,000*45 bps) and (−$400,000*45 bps), and get $2,250 and −$1,800 as the haircut amounts, respectively. The repo interest volatility charge for the portfolio would then be calculated by adding $2,250 and −$1,800, *i.e.,* $450.

[8] Under the proposed new formula, the repo interest volatility charge would always be a positive number because the calculation thereof is based on the absolute value of the sum of the relevant amounts. For example, assuming a portfolio contains two repo interest positions, both with half a year to settlement, one position has a repo start amount of −$1 million, and the other has a repo start amount of +$0.8 million. In this example, the two repo interest positions have the same time to settlement, so they would fall into the same risk bucket. Let's further assume that for that specific risk bucket, the long repo haircut rate is 45 bps and the short repo haircut rate is 40 bps. Under the proposed new formula, we would first calculate each repo interest position by multiplying the repo start amount and the time to settlement, *i.e.,* (−$1 million*0.5 year) = −$500,000, and then apply the applicable repo haircut rate, *i.e.,* because −$500,000 is a short position, we would apply the short repo haircut rate of 40 bps and calculate the amount for that short position as −$2,000. For the second repo interest position, we would first multiply the repo start amount (+$0.8 million) and the time to settlement (0.5 year) and get +$400,000. Given it is a long position, we would apply the long repo haircut rate of 45 bps and calculate the amount for that long position as +$1,800. For the repo interest volatility charge for the portfolio, we would take the absolute value of the sum of the two amounts, *i.e.,* abs(−$2,000+(+$1,800)) and get $200 as the repo interest volatility charge for the portfolio using the proposed new formula.

[9] Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Rule 19b–4(n)(1)(i) under the Act, if a change materially affects the nature or level of risks presented by FICC, then FICC is required to file an advance notice filing. 12 U.S.C. 5465(e)(1) and 17 CFR 240.19b–4(n)(1)(i).

[10] The Clearing Agency Model Risk Management Framework (''Framework'') sets forth the model risk management practices that FICC and its affiliates The Depository Trust Company (''DTC'') and National Securities Clearing Corporation (''NSCC,'' and together with FICC and DTC, the ''Clearing Agencies'') follow to identify, measure, monitor, and manage the risks associated with the design, development, implementation, use, and validation of quantitative models. The Framework is filed as a rule of the Clearing Agencies. *See* Securities Exchange Act Release Nos. 81485 (August 25, 2017), 82 FR 41433 (August 31, 2017) (File Nos. SR–DTC–2017–008; SR–FICC–2017–014; SR–NSCC–2017–008), 88911 (May 20, 2020), 85 FR 31828 (May 27, 2020) (File Nos. SR–DTC–2020–008; SR–FICC–2020–004; SR–NSCC–2020–008), 92380 (July 13, 2021), 86 FR 38140 (July 19, 2021) (File No. SR–FICC–2021–006), 92381 (July 13, 2021), 86 FR 38163 (July 19, 2021) (File No. SR–NSCC–2021–008) and 92379 (July 13, 2021), 86 FR 38143 (July 19, 2021) (File No. SR–DTC–2021–003).

''3.2.4 Repo Interest Volatility Charge'' section of the QRM Methodology Document that is no longer used but had been included for historical reference.

In addition, FICC is proposing to clarify the description of the repo interest curve in ''3.2.4 Repo Interest Volatility Charge'' section of the QRM Methodology Document, including, among other things, the description the categories that a collateral security in a repo trade can be designated as and how those categories are treated in the repo interest volatility charge calculation, as well as how the repo rate indices are constructed. FICC also proposes to add that any changes or adjustments to the repo haircut rate calculation would need to go through DTCC's model governance process.

Lastly, FICC is proposing certain grammar-related technical changes in ''2.1 Market risks associated with products cleared by GSD'' and ''3.2.4 Repo Interest Volatility Charge'' sections of the QRM Methodology Document.

Implementation Timeframe

Subject to approval by the Commission, FICC would implement the proposed rule changes approximately within 30 days following such approval and would announce the effective date of the proposed change by an Important Notice posted to its website.

2. Statutory Basis

FICC believes this proposal is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to a registered clearing agency. Specifically, FICC believes that the proposed changes to the Rules and the QRM Methodology Document described above are consistent with Section 17A(b)(3)(F) of the Act, for the reasons described below.[11]

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed 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.[12]

FICC believes that the proposed changes to the QRM Methodology Document described in Item II.(A)1(1) above to revise the formula used to calculate the VaR Charge for repo interest volatility and make conforming changes to the description of this formula are designed to assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible, consistent with Section 17A(b)(3)(F) of the Act.[13] As described above, FICC believes these proposed changes would provide FICC with more flexibility with respect to the calculation of the repo interest volatility charge and thus allow FICC to respond to rapidly changing market conditions more quickly and timely, particularly when the long and short repo interest positions exhibit very different risk profiles. FICC believes that having more flexibility with respect to this calculation would help better ensure that FICC calculates and collects adequate margin from Members and thereby would assure the safeguarding of securities and funds which are in the custody and control of FICC or for which it is responsible, consistent with Section 17A(b)(3)(F) of the Act.[14]

FICC believes that the proposed technical changes described in Item II.(A)1(2) above would enhance the clarity of the QRM Methodology Document for FICC. As the QRM Methodology Document is used by FICC Risk Management personnel regarding the calculation of margin requirements, it is therefore important that FICC Risk Management has a clear description of the calculation of the margin methodology. Having a clear description of the calculation of the margin methodology would promote an accurate and smooth functioning of the margining process. Having an accurate and smooth functioning of the margining process would help better ensure that FICC calculates and collects adequate margin from Members and thereby assure the safeguarding of securities and funds which are in the custody and control of FICC or for which it is responsible. As such, FICC believes that enhancing the clarity of the QRM Methodology Document would assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible, consistent with Section 17A(b)(3)(F) of the Act.[15]

Rule 17Ad–22(e)(4)(i) under the Act[16] requires a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those exposures arising from its payment, clearing, and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. FICC believes that the proposed changes in Item II.(A)1(1) above are consistent with the requirements of Rule 17Ad–22(e)(4)(i) under the Act.[17] As described above, FICC believes these proposed changes to revise the formula used to calculate the VaR Charge for repo interest volatility would (i) provide FICC with more flexibility with respect to the calculation of the repo interest volatility charge and (ii) improve backtesting coverage. FICC believes that having more flexibility with respect to the calculation of the repo interest volatility charge would allow FICC to respond to rapidly changing market conditions more quickly and timely. Having the ability to respond to rapidly changing market conditions more quickly and timely would in turn help FICC better measure, monitor, and manage its credit exposures to participants and those exposures arising from its payment, clearing, and settlement processes. Moreover, as the result of the Impact Study indicates, having the proposed changes would increase the backtesting coverage ratio for the repo interest volatility charge beyond 99% and thereby help ensure that FICC maintains sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence. Therefore, FICC believes that the proposed changes described in Item II.(A)1(1) above are consistent with the requirements of Rule 17Ad–22(e)(4)(i) under the Act.[18]

Rule 17Ad–22(e)(6)(i) under the Act[19] requires a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to cover, if the covered clearing agency provides central counterparty services, its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market. FICC believes that the proposed changes in Item II.(A)1(1) above are consistent with the requirements of Rule 17Ad–22(e)(6)(i).[20]

Specifically, FICC believes the proposed new formula to allow FICC the flexibility to apply two separate repo haircut rates (one for long positions and the other for short positions) within the same risk bucket would enable FICC to be better equipped to respond to rapidly changing market conditions,

[11] 15 U.S.C. 78q–1(b)(3)(F).

[12] *Id.*

[13] *Id.*

[14] *Id.*

[15] *Id.*

[16] 17 CFR 240.17Ad–22(e)(4)(i).

[17] *Id.*

[18] *Id.*

[19] 17 CFR 240.17Ad–22(e)(6)(i).

[20] *Id.*

particularly when the long and short repo interest positions exhibit very different risk profiles. FICC believes having this flexibility would help lead to a better risk management practice because it would enable FICC to refine its calculation of the repo interest volatility charge in response to fast changing market conditions. Being able to refine its calculation of the repo interest volatility charge in response to fast changing market conditions would help FICC cover its credit exposures to its participants by allowing FICC to continue to produce margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market. Therefore, FICC believes this proposed change is consistent with Rule 17Ad–22(e)(6)(i) under the Act.[21]

Similarly, FICC believes that the proposed changes to replace the current detailed description of the repo haircut rate calculation for all risk buckets with a more general description, as described above, would also provide FICC with more flexibility to respond to rapidly changing market conditions more quickly and timely because FICC would be able to make adjustments to the repo haircut rate calculation without a rule filing. Having this flexibility would enable FICC to better risk manage the repo interest positions because FICC would then be able to make appropriate and timely adjustments to the repo haircut rates, as described above. Furthermore, as described above, FICC believes these proposed changes would also help counterbalance potential data availability limitation issues by enabling FICC to adjust how the repo haircut rate is calculated more quickly and timely. Being able to adjust its calculation of the repo haircut rate quickly and timely would help FICC cover its credit exposures to its participants by allowing FICC to continue to produce margin levels commensurate with the risks and particular attributes of each relevant product, portfolio, and market. Therefore, FICC believes this proposed change is consistent with Rule 17Ad–22(e)(6)(i) under the Act.[22]

Rule 17Ad–22(e)(6)(v) under the Act [23] requires a covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to cover, if the covered clearing agency provides central counterparty services, its credit exposures to its participants by establishing a risk-based margin system that, at a minimum, uses an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products. FICC believes that the proposed changes in Item II.(A)1(1) above are consistent with the requirements of Rule 17Ad–22(e)(6)(v).[24]

Specifically, FICC believes the proposed new formula to allow FICC the flexibility to apply two separate repo haircut rates (one for long positions and the other for short positions) within the same risk bucket would enable FICC to be better equipped to respond to rapidly changing market conditions, particularly when the long and short repo interest positions exhibit very different risk profiles. FICC believes having this flexibility would help lead to a better risk management practice because it would enable FICC to refine its calculation of the repo interest volatility charge in response to fast changing market conditions. Being able to refine its calculation of the repo interest volatility charge in response to fast changing market conditions would help FICC cover its credit exposures to its participants by allowing FICC to continue to produce margin levels commensurate with relevant product risk factors and portfolio effects across products. Therefore, FICC believes this proposed change is consistent with Rule 17Ad–22(e)(6)(v) under the Act.[25]

Similarly, FICC believes that the proposed changes to replace the current detailed description of the repo haircut rate calculation for all risk buckets with a more general description, as described above, would also provide FICC with more flexibility to respond to rapidly changing market conditions more quickly and timely because FICC would be able to make adjustments to the repo haircut rate calculation without a rule filing. Having this flexibility would enable FICC to better risk manage the repo interest positions because FICC would then be able to make appropriate and timely adjustments to the repo haircut rates, as described above. Furthermore, as described above, FICC believes these proposed changes would also help counterbalance potential data availability limitation issues by enabling FICC to adjust how the repo haircut rate is calculated more quickly and timely. Being able to adjust its calculation of the repo haircut rate quickly and timely would help FICC cover its credit exposures to its participants by allowing FICC to continue to product margin levels commensurate with relevant product risk factors and portfolio effects across products. Therefore, FICC believes this proposed change is consistent with Rule 17Ad–22(e)(6)(v) under the Act.[26]

(B) Clearing Agency's Statement on Burden on Competition

FICC believes that the proposed changes described in Item II.(A)1(1) above may have an impact on competition because these changes could result in Members being assessed a higher margin than they would have been assessed using the current formula in calculation of the repo interest volatility charge. FICC believes that the proposed change could burden competition by potentially increasing these Members' operating costs. Nonetheless, FICC believes any burden on competition imposed by the proposed changes described in Item II.(A)1(1) would not be significant and, regardless of whether such burden on competition could be deemed significant, would be necessary and appropriate, as permitted by Section 17A(b)(3)(I) of the Act for the reasons described in this filing and further below.[27]

FICC believes any burden on competition imposed by the proposed changes described in Item II.(A)1(1) would not be significant. As the result of the Impact Study indicates, had the proposed changes been in place, approximately 62% of the GSD Member portfolios would have had an increase of approximately 3% in their average daily VaR Charge, and at a GSD level the increase would have been approximately 0.8% of the average daily VaR Charge.

However, even if the burden on competition imposed by the proposed changes described in Item II.(A)1(1) were deemed significant, FICC believes that any such burden on competition would be necessary because, as described above, the proposed changes would provide FICC with more flexibility with respect to the calculation of the repo interest volatility charge and allow FICC to respond to rapidly changing market conditions more quickly and timely, particularly when the long and short repo interest positions exhibit very different risk profiles. Having more flexibility with respect to this calculation would thus help better ensure that FICC calculates and collects adequate margin from Members and thereby assure the safeguarding of securities and funds which are in the custody and control of FICC or for which it is responsible,

[21] *Id.*

[22] *Id.*

[23] 17 CFR 240.17Ad–22(e)(6)(v).

[24] *Id.*

[25] *Id.*

[26] *Id.*

[27] 15 U.S.C. 78q–1(b)(3)(I).

consistent with Section 17A(b)(3)(F) of the Act.[28]

In addition, FICC believes the proposed changes described in Item II.(A)1(1) are necessary to support FICC's compliance with Rules 17ad–22(e)(4)(i), (e)(6)(i), and (e)(6)(v) under the Act. Specifically, as described above, FICC believes these proposed changes would provide FICC with more flexibility with respect to the calculation of the repo interest volatility charge. Having more flexibility with respect to the calculation of the repo interest volatility charge would allow FICC to respond to rapidly changing market conditions more quickly and timely. Having the ability to respond to rapidly changing market conditions more quickly and timely would in turn help FICC better measure, monitor, and manage its credit exposures to participants and those exposures arising from its payment, clearing, and settlement processes, consistent with the requirements of Rules 17ad–22(e)(4)(i) under the Act.[29]

FICC also believes these proposed changes would enable FICC to be better equipped to respond to rapidly changing market conditions, particularly when the long and short repo interest positions exhibit very different risk profiles. FICC believes having this flexibility would help lead to a better risk management practice because it would enable FICC to refine its calculation of the repo interest volatility charge in response to fast changing market conditions. Being able to refine its calculation of the repo interest volatility charge in response to fast changing market conditions would help FICC cover its credit exposures to its participants, consistent with the requirements of Rule 17Ad–22(e)(6)(i) and (e)(6)(v) under the Act.[30]

FICC also believes that any burden on competition imposed by the proposed changes described in Item II.(A)1(1) would be appropriate in furtherance of the Act because these proposed changes have been specifically designed to assure the safeguarding of securities and funds which are in the custody and control of FICC or for which it is responsible, as required by Section 17A(b)(3)(F) of the Act. As described above, FICC believes these proposed changes would help better ensure that FICC calculates and collects adequate margin from Member, thus enable FICC to produce margin levels more commensurate with the risks it faces as a CCP. Accordingly, FICC believes these proposed changes are appropriately designed to meet its risk management goals and regulatory obligations.

FICC believes that the proposed changes described in Item II.(A)1(1) above may also promote competition because these changes could also result in Members being assessed a lower margin than they would have been assessed using the current calculation of the repo interest volatility charge, and thereby could potentially lower operating costs for Members.[31]

With respect to the proposed changes described in Item II.(A)1(2) above to make technical changes to the QRM Methodology Document, FICC does not believe these proposed changes would have any impact on competition because these proposed changes would only enhance the clarity of the QRM Methodology Document, which would promote an accurate and smooth functioning of the margining process at FICC and would not affect the substantive rights of Members.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

FICC has not received or solicited any written comments relating to this proposal. If any additional written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b–4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, *available at https://www.sec.gov/regulatory-actions/how-to-submit-comments.* General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the SEC's Division of Trading and Markets at *tradingandmarkets@sec.gov* or 202–551–5777.

FICC reserves the right not to respond to any comments received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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–FICC–2022–005 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–FICC–2022–005. 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

[28] 15 U.S.C. 78q–1(b)(3)(F)

[29] 17 CFR 240.17Ad–22(e)(4)(i).

[30] 17 CFR 240.17Ad–22(e)(6)(i) and (e)(6)(v).

[31] The proposed changes described in Item II.(A)1(1) could result in Members being assessed a lower margin than they would have been assessed using the current calculation of the repo interest volatility charge. As illustrated by the example in Item II.(A)1(1) above, when using the current formula, the repo interest volatility charge for the portfolio in the example is $400, but when using the proposed new formula, the repo interest volatility charge for the portfolio is reduced to $200 instead.

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 FICC 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–FICC–2022–005 and should be submitted on or before August 5, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[32]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2022–15179 Filed 7–14–22; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95257; File No. SR–CboeBZX–2022–031]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To List and Trade Shares of the ARK 21Shares Bitcoin ETF Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares

July 12, 2022.

On May 13, 2022, Cboe BZX Exchange, Inc. (''BZX'') 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 list and trade shares of the ARK 21Shares Bitcoin ETF under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares. The proposed rule change was published for comment in the **Federal Register** on June 1, 2022.[3] The Commission has received no comments on the proposed rule change.

Section 19(b)(2) of the Act[4] provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is July 16, 2022. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change and the issues raised therein. Accordingly, pursuant to Section 19(b)(2) of the Act,[5] the Commission designates August 30, 2022, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–CboeBZX–2022–031).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[6]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2022–15180 Filed 7–14–22; 8:45 am]

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[32] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 94982 (May 25, 2022), 87 FR 33250.

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

[5] *Id.*

[6] 17 CFR 200.30–3(a)(31).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95244; File No. SR–ICC–2022–009]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Risk Management Framework and the Risk Management Model Description

July 11, 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 June 30, 2022, ICE Clear Credit LLC (''ICC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by ICC. ICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(1) thereunder,[4] such that the proposed rule change was immediately effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change, from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the ICC Risk Management Framework (''RMF'') and the ICC Risk Management Model Description (''RMMD'') (collectively, the ''Risk Management Policies''). These revisions do not require any changes to the ICC Clearing Rules (the ''Rules'').

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change, security-based swap submission, or advance notice and discussed any comments it received on the proposed rule change, security-based swap submission, or advance notice. The text of these statements may be examined at the places specified in Item IV below. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

ICC proposes revisions to the Risk Management Policies. The proposed amendments consist of clarifications that are intended to promote consistency across related provisions in ICC's Rules and procedures and would not change any current risk methodologies, practices, or requirements. ICC believes the proposed changes will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. ICC proposes to make such changes effective shortly after filing with the Commission, on or about July 18, 2022. The proposed rule change is described in detail as follows.

ICC proposes language clarifications to the Risk Management Policies to ensure consistency with the ICC Rules. Under ICC Rule 801(a)(ii), the required contribution to the Guaranty Fund

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

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(1).