

that this reference facilitates ICC's ability to more effectively identify plausible sources of operational risk, monitor them on an ongoing basis, and thus take appropriate and timely action to mitigate the impact of these risks. The proposal would further note that ERM provides risk assessment guidelines. The Commission believes this change also enhances ICC's ability to manage risks by providing clear and specific guidance in how to assess and mitigate a particular risk's impact once identified.

The Commission also believes that the regulatory update in Appendix 1 will strengthen ICC's ability to manage and mitigate operational risk by specifically noting the legal standards with respect to operational risk applicable to it as a covered clearing agency. In particular, the covered clearing agency standards added to the Operational Risk Framework address the obligation of ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, manage operational risk through a system for identification and mitigation of risk, ensuring that systems have a high degree of operational reliability, and establishment of a business continuity plan, as well as procedures for regularly reviewing the efficiency and effectiveness of its clearing and settlement arrangements, operating structure, products, and use of technology.

For the reasons stated above, the Commission believes that the proposed rule change is consistent with the obligation under Rule 17Ad-22(e)(17)(i).²²

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of Section 17A of the Act,²³ and Rule 17Ad-(e)(17)(i)²⁴ thereunder.

It is therefore ordered pursuant to Section 19(b)(2) of the Act²⁵ that the proposed rule change (SR-ICC-2021-003), be, and hereby is, approved.²⁶

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-91278; File No. SR-ICC-2021-002]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the Clearance of an Additional Credit Default Swap Contract

March 8, 2021.

I. Introduction

On January 15, 2021, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to revise the ICC Rulebook (the "Rules")³ to provide for the clearance of an additional Standard Emerging Market Sovereign CDS contract (the "EM Contract"). The proposed rule change was published for comment in the **Federal Register** on February 1, 2021.⁴ The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the Rules to provide for the clearance of an additional EM Contract.⁵ Specifically, the proposed rule change would amend Subchapter 26D of the Rules to provide for the clearance of the additional EM Contract, Ukraine. The proposed rule change would make a minor revision to Subchapter 26D (Standard Emerging Market Sovereign Single Name) of the

Rules to provide for clearing the additional EM Contract. Specifically, the proposed rule change would amend the term "Eligible SES Reference Entities" in Rule 26D-102 (Definitions) to include Ukraine in the list of specific Eligible SES Reference Entities to be cleared by ICC. ICC represents that this additional EM Contract has terms consistent with the other EM Contracts approved for clearing at ICC and governed by Subchapter 26D of the Rules, and that clearance of this additional EM contract would not require any changes to ICC's Risk Management Framework.⁶

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.⁷ Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of ICC be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, as well as to assure the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible.⁸

The Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.⁹ The Commission has reviewed the terms and conditions of the additional EM Contract proposed for clearing and has determined that those terms and conditions are substantially similar to the terms and conditions of the other contracts listed in Subchapter 26D of the ICC Rules, all of which ICC currently clears, with the key difference being that the underlying reference obligations will be issuances by Ukraine. Moreover, after reviewing the Notice and ICC's Rules, policies and procedures, the Commission finds that ICC would clear the additional EM Contract pursuant to its existing clearing arrangements and related financial safeguards, protections and risk management procedures.

In addition, based on its own experience and expertise, including a review of data on volume, open interest, and the number of ICC Clearing

²⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms used but not defined herein have the meanings specified in the Rules.

⁴ Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice Relating to the Clearance of an Additional Credit Default Swap Contract; Exchange Act Release No. 90989 (Jan. 26, 2021); 86 FR 7751 (Feb. 1, 2021) ("Notice").

⁵ The description that follows is excerpted from the Notice, 86 FR at 7751.

⁶ See Notice, 86 FR at 7751.

⁷ 15 U.S.C. 78s(b)(2)(C).

⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁹ 15 U.S.C. 78q-1(b)(3)(F).

²² 17 CFR 240.17Ad-22(e)(17)(i).

²³ 15 U.S.C. 78q-1.

²⁴ 17 CFR 240.17Ad-22(e)(17)(i).

²⁵ 15 U.S.C. 78s(b)(2).

²⁶ 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).

Participants (“CPs”) that currently trade in the additional EM Contract as well as certain model parameters for the additional EM Contract, the Commission finds that ICC’s rules, policies, and procedures are reasonably designed to price and measure the potential risk presented by the additional EM Contract, collect financial resources in proportion to such risk, and liquidate this product in the event of a CP default. This should help ensure ICC’s ability to maintain the financial resources it needs to provide its critical services and function as a central counterparty, thereby promoting the prompt and accurate settlement of the additional EM Contract and other credit default swap transactions. For the same reasons, the Commission believes that the proposed rule change should help assure the safeguarding of securities or funds in the custody or control of ICC.

Therefore, the Commission finds that clearance of the additional EM Contract would promote the prompt and accurate clearance and settlement of securities transactions and would help assure safeguarding of securities and funds in the custody or control of ICC, consistent with Section 17A(b)(3)(F) of the Act.¹⁰

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act.¹¹

It is therefore ordered pursuant to Section 19(b)(2) of the Act¹² that the proposed rule change (SR-ICC-2021-002), be, and hereby is, approved.¹³

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

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-91275; File No. SR-CBOE-2021-013]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Amend Rule 5.52(d) in Connection With a Market-Maker’s Electronic Volume Transacted on the Exchange

March 8, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 22, 2021, 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 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 to amend Rule 5.52(d) in connection with a Market-Maker’s electronic volume transacted on the Exchange. The text of the proposed rule change is provided in Exhibit 5.

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

The Exchange proposes to amend Rule 5.52(d) in connection with a Market-Maker’s electronic volume transacted on the Exchange. Rule 5.52(d)(1) provides that if a Market-Maker never trades more than 20% of the Market-Maker’s contract volume electronically in an appointed class during any calendar quarter (“Electronic Volume Threshold”),³ a Market-Maker will not be obligated to quote electronically in any designated percentage of series within that class pursuant to subparagraph (d)(2) (which governs the continuous electronic quoting requirements for Market-Makers in their appointed classes). That is, once a Market-Maker surpasses the Electronic Volume Threshold in an appointed class, the Market-Maker is required to provide continuous electronic quotes in that appointed classes going forward. Neither Rule 5.52(d)(1) nor (d)(2) permit a Market-Maker to reduce its electronic volume after surpassing the Electronic Volume Threshold in order to reset the electronic volume trigger or otherwise undo the resulting obligation to stream electronic quotes once the Electronic Volume Threshold is triggered in an appointed class.

Market-Makers accustomed to executing volume on the trading floor have sophisticated and complicated risk modeling associated with their floor trading activity, including quoting, monitoring, and responding to the trading crowd. However, the Exchange understands that while such Market-Makers do have separate systems or third-party platforms for quoting, monitoring and responding to electronic markets, because these Market-Makers are almost exclusively floor-based, their technology or other platforms enabling them to quote electronically do not achieve the level of sophistication or complexity as the systems used by Market-Makers accustomed to quoting electronically. Indeed, to satisfy the continuous electronic quoting requirements, a Market-Maker must provide continuous bids and offers for 90% of the time the Market-Maker is required to provide electronic quotes in an appointed option class on a given trading day and must provide continuous quotes in 60% of the series

³ The proposed rule change provides additional clarity within Rule 5.52(d)(1) by defining this threshold and adding the defined term throughout Rule 5.52(d)(1).

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

¹² 15 U.S.C. 78s(b)(2).

¹³ 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).

¹⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.