

options by accounting for the costs facing options market participants. Further, the move to a LR binomial tree in the Vanilla Option Model would allow OCC to generate additional risk data relevant to the products that OCC clears. The Commission believes, therefore, that adoption of the proposed changes designed to align OCC's models assumptions with market dynamics are consistent with Exchange Act Rule 17Ad-22(e)(6)(i).³³

C. Consistency With Rule 17Ad-22(e)(6)(i) Under the Exchange Act

Rule 17Ad-22(e)(6)(iii) under the Exchange Act requires that a covered clearing agency 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, calculates margin sufficient to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default.³⁴

As discussed above, certain changes that OCC proposes to make to the Vanilla Option Model and the Smoothing Algorithm would address model design issues. OCC proposes to change the way the Smoothing Algorithm addresses unacceptably high volatilities to ensure that theoretical option prices satisfy certain arbitrage-free conditions (*i.e.*, eliminating butterfly arbitrage opportunities). OCC also proposes to enhance model consistency by using the same binomial tree in both the Vanilla Option Model and the Smoothing Algorithm. Further, the proposal to replace the binomial tree's fixed number of steps with a variable number of steps would allow the Vanilla Option Model to more accurately price long-dated options. Finally, the use of basis futures, as opposed to index futures, to generate theoretical spot prices for indices underlying options could avoid problems in OCC's margin calculations arising from market volatility between 3 p.m. and 3:15 p.m.

The Commission believes that changes proposed to reduce model risk generally facilitate the effective functioning of the relevant models. The Vanilla Option Model and the Smoothing Algorithm estimate prices that OCC uses to set margin requirements. Better price estimates would allow OCC to better calculate

margin sufficient to cover its potential future exposure to Clearing Members. The Commission believes, therefore, that adoption of the changes proposed to address design issues in OCC's margin methodology are consistent with Exchange Act Rule 17Ad-22(e)(6)(iii).³⁵

IV. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act, and in particular, the requirements of Section 17A of the Exchange Act³⁶ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,³⁷ that the Proposed Rule Change (SR-OCC-2019-005) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁸

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2019-18481 Filed 8-27-19; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission Investor Advisory Committee will hold a telephonic meeting on Thursday, September 5, 2019.

PLACE: The meeting will be open to the public *via* telephone at 1-800-260-0719 in the United States or (651) 291-1170 outside the United States, participant code 470756.

STATUS: This meeting will begin at 11:00 a.m. (ET) and conclude at 12:30 p.m. and will be open to the public *via* telephone. The meeting will be webcast by audio-only on the Commission's website at www.sec.gov.

MATTERS TO BE CONSIDERED: On August 12, 2019, the Commission issued notice of the Committee meeting (Release No. 33-10670), indicating that the meeting is open to the public *via* telephone, and inviting the public to submit written comments to the Committee. This

³⁵ *Id.*

³⁶ In approving this Proposed Rule Change, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³⁷ 15 U.S.C. 78s(b)(2).

³⁸ 17 CFR 200.30-3(a)(12).

Sunshine Act notice is being issued because a quorum of the Commission may attend the meeting.

The agenda for the meeting includes: Welcome remarks; a discussion regarding the proxy process (including a recommendation from the Investor as Owner Subcommittee).

CONTACT PERSON FOR MORE INFORMATION:

For further information and to ascertain what, if any, matters have been added, deleted or postponed; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551-5400.

Dated: August 26, 2019.

Vanessa A. Countryman,
Secretary.

[FR Doc. 2019-18719 Filed 8-26-19; 4:15 pm]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86729; File No. SR-ICC-2019-010]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice Relating to the ICC Clearing Rules

August 22, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 8, 2019, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission the proposed rule change, security-based swap submission, or advance notice as described in Items I, II and III below, which Items have been prepared by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change, security-based swap submission, or advance notice from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice

The principal purpose of the proposed rule change is to make changes to the ICC Clearing Rules (the "ICC Rules") to address the treatment of certain investment losses, custodial losses and other non-default losses.

³³ *Id.*

³⁴ 17 CFR 240.17Ad-22(e)(6)(iii).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.