the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to File Number SR–MSRB–2024–01 and should be submitted on or before May 17, 2024. Rebuttal comments should be submitted May 31, 2024.

For the Commission, pursuant to delegated authority.[89]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024–08943 Filed 4–25–24; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99996; File No. SR–MIAX–2024–23]

Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 404, Series of Option Contracts Open for Trading To Amend the Short Term Option Series Program

April 19, 2024.

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 April 18, 2024, Miami International Securities Exchange, LLC (''MIAX'' or ''Exchange'') 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 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 is filing a proposal to amend the Short Term Option Series Program.

The text of the proposed rule change is available on the Exchange's website at *https://www.miaxglobal.com/markets/us-options/miax-options/rule-filings,* at MIAX's principal office, 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 Interpretations and Policies .02 of Exchange Rule 404, ''Series of Options Contracts Open for Trading.'' The Exchange proposes to expand the Short Term Option Series program to permit the listing and trading of options series with Tuesday and Thursday expirations for options on iShares Russell 2000 ETF (''IWM''), specifically permitting two expiration dates for the proposed Tuesday and Thursday expirations in IWM. These proposed rule changes are based on a similar proposal submitted by Nasdaq ISE, LLC (''ISE'') and approved by the Commission.[3] MIAX notes that Exchange Rule 404 as proposed to be amended by this filing, is incorporated by reference into the MIAX Emerald, LLC (''MIAX Emerald'') rulebook, and is thus a MIAX Emerald rule applicable to MIAX Emerald members.

Currently, Table 1 in Interpretations and Policies .02 of Exchange Rule 404 specifies each symbol that qualifies as a Short Term Option Daily Expiration.[4] Today, Table 1 permits the listing and trading of Monday Short Term Option Daily Expirations and Wednesday Short Term Option Daily Expirations for IWM. At this time, the Exchange proposes to expand the Short Term Option Series Program to permit the listing and trading of no more than a total of two IWM Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations at one time.[5] The listing and trading of Tuesday and Thursday Short Term Option Daily Expirations would be subject to Interpretations and Policies .02 of Exchange Rule 404.

Today, Tuesday Short Term Option Daily Expirations in SPDR S&P 500 ETF Trust (''SPY'') and Invesco QQQ Trust℠ (''QQQ'') may open for trading on any Monday or Tuesday that is a business day series of options on the symbols provided in Table 1 that expire at the close of business on each of the next two Tuesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (''Tuesday Short Term Option Expiration Date'').[6] Also, today, Thursday Short Term Option Daily Expirations in SPY and QQQ may open for trading on any Tuesday or Wednesday that is a business day series of options on the symbols provided in Table 1 that expire at the close of business on each of the next two Wednesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options

---

[89] 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. 99946 (April 11, 2024), File No. SR–ISE–2024–06 (Order Approving a Proposed Rule Change to Amend the Short Term Option Program).

[4] The Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which standard expiration options series, Monthly Options Series, or Quarterly Options Series. Of these series of options, the Exchange may have no more than a total of five Short Term Option Expiration Dates. In addition, the Exchange may open for trading series of options on certain symbols that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (''Short Term Option Daily Expirations''). See Interpretations and Policies .02 of Exchange Rule 404.

[5] The Exchange would amend the Tuesday and Thursday expirations for IWM in Table 1 in Interpretations and Policies .02 of Exchange Rule 404 from ''0'' to ''2'' to permit Tuesday and Thursday expirations for options on IWM listed pursuant to the Short Term Option Series. The Exchange notes that Cboe Exchange, Inc. (''Cboe'') began listing Tuesday and Thursday expirations in the Russell 2000 Index Weeklys® (''RUTW'') and Mini-Russell 2000 Index Weeklys® (''MRUT'') on January 8, 2024. *See* Securities Exchange Act Release No. 98621 (September 28, 2023), 88 FR 68896 (October 4, 2023) (SR–CBOE–2023–054) (a Proposed Rule Change To Amend Rule 4.13); Securities Exchange Act Release No. 98957 (November 15, 2023), 88 FR 81130 (November 21, 2023) (SR–CBOE–2023–054) (Order Approving a Proposed Rule Change To Amend Rule 4.13 To Expand the Nonstandard Expirations Program To Include P.M.-Settled Options on Broad-Based Indexes That Expire on Tuesday or Thursday); *See also* Cboe Global Markets, Inc., Cboe To Offer Daily Expiries For Russell 2000 Index Options Suite, Beginning January 8, 2024, *available at https://ir.cboe.com/news/news-details/2023/Cboe-T-OOFFER-DAILY-EXPIRIES-FOR-RUSSELL-2000-INDEX-OPTIONS-SUITE-BEGINNING-JANUARY-8-2024/default.aspx* (last visit February 14, 2024).

[6] *See* Interpretations and Policies .02 of Exchange Rule 404.

Series expire (''Wednesday Short Term Option Expiration Date'').

In the event that options on IWM expire on a Tuesday or Thursday and that Tuesday or Thursday is a business day in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire, the Exchange would skip that week's listing and instead list the following week; the two weeks would therefore not be consecutive. With this proposal, the Exchange would be able to open for trading series of options on IWM that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.[7]

The interval between strike prices for the proposed Tuesday and Thursday IWM Short Term Option Daily Expirations will be the same as those for Tuesday and Thursday Short Term Option Daily Expirations in SPY and QQQ, applicable to the Short Term Option Series Program.[8] Interpretations and Policies .10 of Exchange Rule 404 provides that, notwithstanding any other provision regarding the interval of strike prices of series of options on Exchange-Traded Fund Shares in Exchange Rule 404, the interval of strike prices on options on IWM will be $1 or greater.[9] Further, Interpretations and Policies .02(e) of Exchange Rule 404 provides that the strike price interval for Short Term Option Series may be $0.50 or greater for option classes that trade in $1 strike price intervals and are in the Short Term Option Series Program. Therefore, the Tuesday and Thursday IWM Short Term Option Daily Expirations will have a $0.50 strike interval minimum. As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Tuesday and Thursday IWM Short Term Option Daily Expiration series will be P.M.-settled.

Pursuant to Exchange Rule 100,[10] with respect to the Short Term Option Series Program, a Tuesday or Thursday expiration series shall expire on the first business day immediately prior to that Tuesday or Thursday, *e.g.,* Monday or Wednesday of that week, respectively, if the Tuesday or Thursday is not a business day.

Currently, for each option class eligible for participation in the Short Term Option Series Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.[11] The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective weekly rules; the Exchange may list these additional series that are listed by other options exchanges.[12] This thirty (30) series restriction would apply to Tuesday and Thursday IWM Short Term Option Daily Expiration series as well.

With this proposal, Tuesday and Thursday IWM Expirations would be treated the same as Tuesday and Thursday Expirations in SPY and QQQ. With respect to standard expiration option series, Short Term Option Daily Expirations may expire in the same week in which standard expiration option series on the same class expire. In the case of Monthly Options Series and Quarterly Options Series, no Short Term Option Series may expire on the same day as an expiration of a Monthly Options Series or Quarterly Options Series, respectively, in the same class.[13] Therefore, all Short Term Option Daily Expirations would expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.

The Exchange does not believe that any market disruptions will be encountered with the introduction of P.M.-settled Tuesday and Thursday IWM Short Term Option Daily Expirations. The Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Tuesday and Thursday Short Term Option Daily Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Tuesday and Thursday for SPY and QQQ and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Tuesday and Thursday for SPY and QQQ.

Impact of Proposal

The Exchange notes that listings in the Short Term Option Series Program comprise a significant part of the standard listing in options markets. The below diagram taken from the Nasdaq ISE proposal demonstrates the percentage of weekly listings as compared to monthly, quarterly, and Long-Term Option Series in 2023 in the options industry.[14] The Exchange notes that during this time period all options exchanges mitigated weekly strike intervals.

[7] Today, IWM may trade on Mondays and Wednesdays in addition to Fridays, as is the case for all options series.

[8] *See* Interpretations and Policies .10 of Exchange Rule 404.

[9] Options on SPY, iShares Core S&P 500 ETF (''IVV''), QQQ, IWM, and the SPDR Dow Jones Industrial Average ETF (''DIA'') are also subject to Interpretations and Policies .10 of Exchange Rule 404.

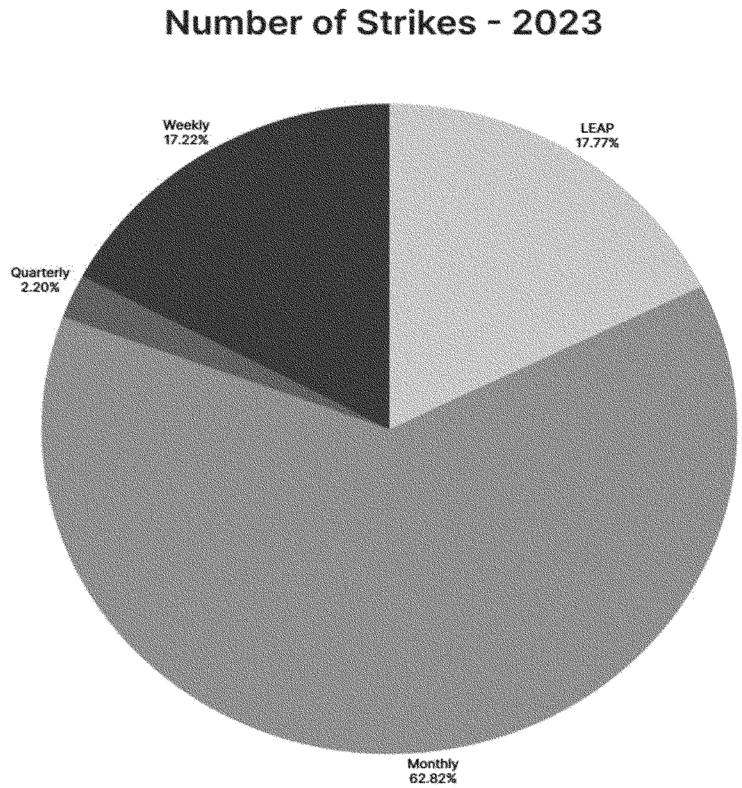
[10] The term ''Short Term Option Series'' means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday. *See* Exchange Rule 100.

[11] *See* Interpretations and Policies .02(c) and (d) of Exchange Rule 404.

[12] *See* Interpretations and Policies .02 of Exchange Rule 404.

[13] *See* Interpretations and Policies .02(b) of Exchange Rule 404.

[14] *See* Securities Exchange Act Release No. 99604 (February 26, 2024), 89 FR 15235 (March 1, 2024) (SR–ISE–2024–06) (Notice of Proposed Rule Change to Amend the Short Term Option Series Program). (ISE sourced this information from The Options Clearing Corporation (''OCC''). The information includes time averaged data (the number of strikes by maturity date divided from the number of trading days) for all 17 options markets through December 8, 2023.)



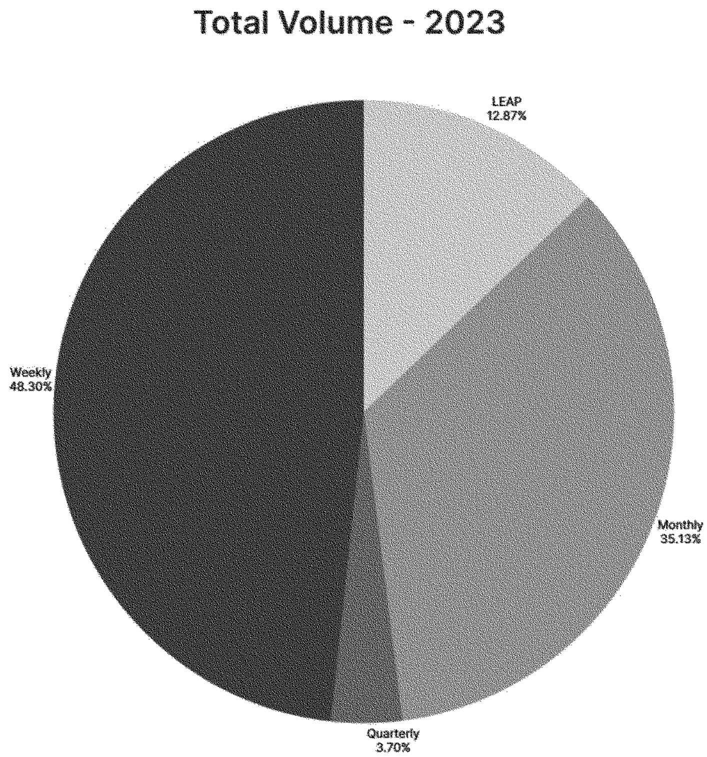
Similar to SPY and QQQ, the Exchange would limit the number of Short Term Option Daily Expirations for IWM to two expirations for Tuesday and Thursday expirations while expanding the Short Term Option Series Program to permit Tuesday and Thursday expirations for IWM. Expanding the Short Term Option Series Program to permit the listing of Tuesday and Thursday expirations in IWM will account for the addition of 6.77% of strikes for IWM.[15] With respect to the impact to the Short Term Option Series Program on IWM overall, the impact would be a 20% increase in strikes.[16] With respect to the impact to the Short Term Options Series Program overall, the impact would be a 0.1% increase in strikes.[17]

Members will continue to be able to expand hedging tools because all days of the week would be available to permit Members to tailor their investment and hedging needs more effectively in IWM.

[15] *See supra* note 14. (ISE sourced this information, which are estimates, from LiveVol®. The information includes data for all 17 options markets as of January 3, 2024.)

[16] *See supra* note 14. (ISE sourced this information, which are estimates, from LiveVol®. The information includes data for all 17 options markets as of January 3, 2024.)

[17] *See supra* note 14. (ISE sourced this information, which are estimates, from LiveVol®. The information includes data for all 17 options markets as of January 3, 2024.)



Weeklies comprise 48.30% of the total volume of options contracts.[18] The Exchange believes that inner weeklies (first two weeks) represent high volume as compared to outer weeklies (the last three weeks) and would be more attractive to market participants.

The introduction of IWM Tuesday and Thursday expirations will, among other things, expand hedging tools available to market participants and continue the reduction of the premium cost of buying protection. The Exchange believes that IWM Tuesday and Thursday expirations will allow market participants to purchase IWM options based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[19] in general, and furthers the objectives of Section 6(b)(5) of the Act,[20] in particular, in that it is designed to promote just and equitable principles of trade, 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.

The Exchange believes that IWM Tuesday and Thursday Short Term Daily Expirations will allow market participants to purchase IWM options based on their timing as needed and allow them to tailor their investment and hedging needs more effectively. Further, the proposal to permit Tuesday and Thursday Short Term Daily Expirations for options on IWM listed pursuant to the Short Term Option Series Program, subject to the proposed limitation of two nearest expirations, would protect investors and the public interest by providing the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in IWM options, thus allowing them to better manage their risk exposure.

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that Tuesday and Thursday IWM Short Term Daily Expirations should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series Program has expanded the landscape of hedging. Similarly, the Exchange believes Tuesday and Thursday IWM Short Term Daily Expirations should create greater trading and hedging opportunities and provide customers the flexibility to tailor their investment objectives more effectively. The Exchange currently lists SPY and QQQ Tuesday and Thursday Short Term Daily Expirations.[21]

With this proposal, Tuesday and Thursday IWM Expirations would be treated similar to existing Tuesday and Thursday SPY and QQQ Expirations and would expire in the same week that standard monthly options expire on Fridays.[22] Further, today, Tuesday and Thursday Short Term Option Daily Expirations do not expire on a business day in which monthly options series or Quarterly Options Series expire.[23] Today, all Short Term Option Daily Expirations expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days and are not business days in which monthly options series or Quarterly Options Series expire. There are no material differences in the treatment of Tuesday and Thursday SPY and QQQ Short Term Daily Expirations as compared to the proposed Tuesday and Thursday IWM Short Term Daily Expirations.

Finally, the Exchange represents that it has an adequate surveillance program

[18] *See supra* note 14. (The chart represents industry volume in terms of overall contracts. Weeklies comprise 48.30% of volume while only comprising 17.22% of the strikes. ISE sourced this information from OCC. The information includes data for all 17 options markets through December 8, 2023.)

[19] 15 U.S.C. 78f(b).

[20] 15 U.S.C. 78f(b)(5).

[21] *See* Interpretations and Policies .02 of Exchange Rule 404.

[22] *See* Interpretations and Policies .02(b) of Exchange Rule 404.

[23] *See* Interpretations and Policies .02 of Exchange Rule 404.

in place to detect manipulative trading in the proposed Tuesday and Thursday IWM Short Term Daily Expirations, in the same way that it monitors trading in the current Short Term Option Series and trading in Tuesday and Thursday SPY and QQQ Expirations. The Exchange also represents that it has the necessary systems capacity to support the new options series. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of Tuesday and Thursday IWM Short Term Daily Expirations.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Similar to SPY and QQQ Tuesday and Thursday Expirations, the introduction of IWM Tuesday and Thursday Short Term Daily Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand hedging tools available to market participants and continue the reduction of the premium cost of buying protection. The Exchange believes that IWM Tuesday and Thursday Short Term Daily Expirations will allow market participants to purchase IWM options based on their timing as needed and allow them to tailor their investment and hedging needs more effectively. The Exchange notes that Cboe began listing Tuesday and Thursday expirations in RUTW and MRUT on January 8, 2024.[24]

The Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents other options exchanges from proposing similar rules to list and trade Short-Term Option Series with Tuesday and Thursday Short Term Daily Expirations. The Exchange notes that having Tuesday and Thursday IWM expirations is not a novel proposal, as SPY and QQQ Tuesday and Thursday Expirations are currently listed on the Exchange.[25]

Further, the Exchange does not believe the proposal will impose any burden on intramarket competition, as all market participants will be treated in the same manner under this proposal.

[24] *See supra* note 5.

[25] *See* Interpretations and Policies .02 of Exchange Rule 404.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[26] and Rule 19b–4(f)(6) thereunder.[27] Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[28] and subparagraph (f)(6) of Rule 19b–4 thereunder.[29]

A proposed rule change filed under Rule 19b–4(f)(6)[30] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[31] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. According to the Exchange, the proposed rule change is a competitive response to a filing submitted by Nasdaq ISE that was recently approved by the Commission.[32] The Exchange has stated that waiver of the 30-day operative delay would permit the Exchange to implement the proposal at the same time as at least one other exchange, thus enhancing competition among exchanges by allowing Tuesday and Thursday IWM expirations to be traded on multiple exchanges. The Commission believes that the proposed rule change presents no novel issues and that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.[33]

[26] 15 U.S.C. 78s(b)(3)(A)(iii).

[27] 17 CFR 240.19b–4(f)(6).

[28] 15 U.S.C. 78s(b)(3)(A)(iii).

[29] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[30] 17 CFR 240.19b-4(f)(6).

[31] 17 CFR 240.19b-4(f)(6)(iii).

[32] *See supra* note 3.

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or 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 (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–MIAX–2024–23 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to file number SR–MIAX–2024–23. 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 (*https://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

[33] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–MIAX–2024–23 and should be submitted on or before May 17, 2024.

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

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024–08806 Filed 4–25–24; 8:45 am]

BILLING CODE 8011–01–P

[34] 17 CFR 200.30–3(a)(12), (59).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–100008; File No. SR–ICC–2024–003]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC Collateral Risk Management Framework

April 22, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,[1] and Rule 19b–4,[2] notice is hereby given that on April 16, 2024, ICE Clear Credit LLC (''ICC'') 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 primarily by ICC. 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 Collateral Risk Management Framework (''CRMF''). These revisions do not require any changes to the ICC Clearing Rules[3] (the ''Rules'').[4]

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 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. 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 to revise its CRMF. The CRMF describes ICC's collateral assets risk management methodology, including a description of ICC's quantitative risk management approach that accounts for the risk associated with fluctuations of collateral asset prices. ICC believes the proposed revisions 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 following Commission approval of the proposed rule change. The proposed revisions are discussed in detail as follows.

The primary purpose of the proposed revisions is to address an internal audit recommendation to remove the 2-day 99.9% Value-at-Risk (''VaR'') risk measure from ICC's ''haircut'' model approach as such measure does not contribute to the determination of the collateral ''haircut'' factors and re-scale certain figures to accompany changes in the axis'.[5] In addition, ICC proposes revisions to the CRMF to correct errors in certain figures contained in the CRMF, typographical errors, and to update the revision history.

Under the current CRMF, the computation of the ''haircut'' factors is achieved by comparing two risk measures: (i) the 5-day 99% Expected Shortfall risk measure and (ii) the 2-day 99.9% VaR risk measure, and then utilizing the more conservative of these two risk measures to determine the ''haircut'' factors that capture potential collateral value losses.[6] In general, the 5-day 99% Expected Shortfall risk measure is a more conservative measurement than the 2-day 99.9% VaR risk measure, given the nature of the calculation (*i.e.,* expected shortfall versus VaR) and the longer measurement period (*i.e.,* 5 days versus 2 days). As a result, the 5-day 99% Expected Shortfall risk measure is the more conservative risk measurement as compared to the 2-day 99.9% VaR risk measure, and it is expected that the 5-day 99% Expected Shortfall risk measure will continue to be the more conservative of these two risk measures. Therefore, the inclusion of the 2-day 99.9% VaR risk measure has not in the past contributed to the determination of collateral ''haircut'' factors, nor is it expected to in the future. As a result, removal of the 2-day 99.9% VaR risk measure will not impact ICC's determination of collateral ''haircut'' factors and the removal of this unnecessary risk measure will simplify the CRMF.

Furthermore, the 2-day 99.9% VaR risk measure is inspired by the general regulatory margin-period-of-risk[7] (''MPOR'') for exchange-traded instruments, while the 5-day 99% Expected Shortfall risk measure is inspired by the MPOR for over-the-counter traded instruments. As ICC clears only over-the-counter swaps with a minimum MPOR of five days and does not clear exchange-traded instruments (with a 2-day MPOR), references to 2-day MPOR in the CRMF are not necessary.

To achieve the foregoing, ICC proposes revisions to the CRMF to remove all references to the 2-day 99.9% VaR risk measure and references

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

[2] 17 CFR 240.19b–4.

[3] A copy of the ICC Clearing Rules can be found here: *https://www.ice.com/publicdocs/clear_clear/ICE_Clear_Credit_Rules.pdf.*

[4] Capitalized terms used but not defined herein have the meanings specified in the Rules.

[5] Haircuts are a risk management tool where assets are priced and posted as collateral at a discount, otherwise known as the 'haircut' for the purpose of taking into account their native market risks (*i.e.,* the risk of a decrease in value of the asset posted as collateral) as well as cross-currency risks (*i.e.,* the risk of the change in value of one currency as compared to the value of another currency) when the collateral is to be used to cover an obligation denominated in a different currency.

[6] The 1-day 99% VaR and the 1-day 99% ES risk measures are preserved in current figures 10, 24, 25 and 37. This is because under the statistical model, underpinning the 2-day 99.9% VaR and the 5-day 99% ES risk measures, are calibrated on the 1-day changes as discussed further in Section I, Paragraphs 2 and 3 of the CRMF, which summarizes (that the above-named current figures are still relevant as they preserve the 1-day risk horizon along with the 99% VaR back-testing results since they reflect the same quantile that is ultimately used to estimate collateral haircuts, namely the 99% quantile.

[7] Margin-period-of-risk or 'MPOR' is a maturity factor that is applied to reflect the length of exposure period over which the defaulted portfolio is exposed to changes in value.