

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70849; File No. SR-ICC-2013-07)

November 12, 2013

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change to Provide for the Clearance of Standard Emerging European and Middle Eastern Sovereign Single Names

I. Introduction

On September 17, 2013, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-ICC-2013-07 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the Federal Register on October 1, 2013.³ The Commission did not receive any comments on the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

ICC proposes to adopt rules that will provide the basis for ICC to clear additional credit default swap contracts. Specifically, ICC is proposing to amend Section 26D of its Rules to provide for the clearance of additional Standard Emerging Sovereign Single Name constituents of the CDX Emerging Markets Index (“SES Contracts”). Currently, ICC clears four Standard Latin America Sovereign Single Name constituents of the CDX Emerging Markets Index. The proposed changes to the ICC Rules would provide for the clearance of Standard Emerging European and Middle Eastern Sovereign Single Name constituents of the CDX Emerging Markets Index, specifically the Republic of Turkey and the Russian Federation (the “SEEME

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Exchange Act Release No. 34-70496 (Sep. 25, 2013), 78 FR 60357 (Oct. 1, 2013) (SR-ICC-2013-07).

Contracts”). ICC believes the addition of the SEEME Contracts will allow market participants an increased ability to manage risk.

SEEME Contracts have similar terms to the Standard Latin America Sovereign Single Name constituents of the CDX Emerging Markets Index currently cleared by ICC and governed by Section 26D of the ICC rules. Accordingly, the proposed changes to Section 26D of the ICC rules include the addition of “Standard Emerging European and Middle Eastern Sovereign” as a Transaction Type for SES Contracts and the addition of the European Region as the CDS Region for SEEME Contracts.

Rule 26D-102 would be modified to indicate the specific Eligible SES Reference Entities to be cleared by ICC, namely the Federative Republic of Brazil, the United Mexican States, the Bolivian Republic of Venezuela, the Argentine Republic, the Republic of Turkey and the Russian Federation. Rules 26D-303 (SES Contract Adjustments) and 26D-315 (Terms of the Cleared SES Contract) would be modified to incorporate SEEME Contracts as a Transaction Type for SES Contracts. Rule 26D-309 would be modified to state specifically that ICC will not accept a trade for clearance and settlement if at the time of submission or acceptance of the trade or at the time of novation the CDS Participant submitting the trade is domiciled in the country of the Eligible SES Reference Entity for such SES Contract. Rule 26D-315(b) also would be modified to indicate that for purposes of the CDS Committee Rules, for SEEME Contracts the CDS Region is the European Region.

ICC believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, Section 17(A)(b)(3)(F) of the Act,⁴ because ICC believes that the clearance of SEEME Contracts will facilitate the

⁴ 15 U.S.C. 78q-1(b)(3)(F).

prompt and accurate settlement of securities, specifically security-based swaps, and contribute to the safeguarding of securities and funds associated with security-based swap transactions in ICC's custody or control, or for which ICC is responsible.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act⁵ 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. Section 17A(b)(3)(F) of the Act⁶ requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible. After careful review, the Commission finds that the proposed rule change is consistent with these requirements because the clearance of SEEME Contracts pursuant to ICC's proposal will promote the prompt and accurate clearance and settlement of securities transactions, and ICC's proposal, in combination with its existing rules, policies, and procedures for clearing SES Contracts, is designed to assure the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act⁷ and the rules and regulations thereunder.

⁵ 15 U.S.C. 78s(b)(2)(C).

⁶ 15 U.S.C. 78q-1(b)(3)(F).

⁷ 15 U.S.C. 78q-1.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (SR-ICC-2013-07) be, and hereby is, approved.⁹

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Kevin M. O'Neill
Deputy Secretary

⁸ 15 U.S.C. 78s(b)(2).

⁹ 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).

¹⁰ 17 CFR 200.30-3(a)(12).