

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79197; File No. SR-ICC-2016-012]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change To Provide for the Clearance of Additional Credit Default Swap Contracts

October 31, 2016.

I. Introduction

On August 29, 2016, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act (“Act”) ¹ and Rule 19b-4 thereunder, ² a proposed rule change to provide for the clearance of additional Standard Emerging Market Sovereign CDS contracts (collectively, “EM Contracts”), 2003 ISDA Definitions of Standard Western European Sovereign CDS contracts (collectively, “SWES Contracts”), and an additional Asia/Pacific Sovereign CDS contract (the “Asia/Pacific Contract”). The proposed rule change was published for comment in the **Federal Register** on September 16, 2016.³ The Commission did not receive comments on 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 purpose of the proposed rule change is to adopt rules that will provide the basis for ICC to clear additional credit default swap contracts.

ICC has proposed amending Subchapter 26D of its Rules to provide for the clearance of additional EM Contracts, specifically the Republic of Panama, Abu Dhabi, Dubai, the State of Israel and the State of Qatar. ICC plans to offer these additional EM Contracts on the 2003 and 2014 ISDA Credit Derivatives Definitions.

ICC represents that these additional EM Contracts have terms consistent with the other EM Contracts approved for clearing at ICC and governed by Subchapter 26D of the Rules. Minor revisions to Subchapter 26D (Standard Emerging Market Sovereign (“SES”) Single Name) will also be made to provide for clearing the additional EM Contracts. Specifically, in Rule 26D-102 (Definitions), “Eligible SES Reference

Entities” will be modified to include the Republic of Panama, Abu Dhabi, Dubai, the State of Israel and the State of Qatar in the list of specific Eligible SES Reference Entities to be cleared by ICC.

Additionally, ICC has proposed amending Subchapter 26I of its Rules to provide for the clearance of 2003 ISDA Definitions of SWES Contracts. ICC currently clears the 2014 ISDA Definitions of ten SWES Contracts, namely the Republic of Ireland, the Italian Republic, the Portuguese Republic, the Kingdom of Spain, the Kingdom of Belgium, the Republic of Austria, the Kingdom of the Netherlands, the Federal Republic of Germany, the French Republic and the United Kingdom of Great Britain and Northern Ireland. The proposed changes to Subchapter 26I will allow ICC to offer clearing for the 2003 ISDA Definitions of these SWES Contracts.

Minor revisions to Subchapter 26I (Standard Western European (“SWES”) Single Name) will be made to provide for clearing the 2003 ISDA Definitions of SWES Contracts. Specifically, in Rule 26I-102 (Definitions), the definitions of “Eligible SWES Reference Obligations”, “List of Eligible SWES Reference Entities” and “SWES Contract Reference Obligations” will be updated to distinguish between the 2003- and 2014-Type CDS Contracts, and the corresponding Applicable Credit Derivatives Definitions.⁴ Rule 26I-309 (Acceptance of SWES Contracts by ICE Clear Credit) will be revised in part (c) to note that a CDS Participant may not submit a Trade for clearance as a SWES contract, and any such Trade shall not be a Confirming Trade, if the *acceptance* would be at a time when the CDS Participant (or any Non-Participant Party for whom such CDS Participant is acting) is, or is an Affiliate of, the Eligible SWES Reference Entity for such SWES Contract or is subject to an agreement under which it is reasonably likely that the CDS Participant (or any such Non-Participant Party) will become, or will become an Affiliate of, the Eligible SWES Reference Entity for such SWES Contract. Rule 26I-309 will also be revised in part (e) to address and distinguish between relevant successor or other events under both 2003- and 2014-Type CDS Contracts, and the corresponding Applicable Credit Derivatives Definitions.

Rule 26I-315 (Terms of the Cleared SWES Contract) will be revised to provide reference to provisions of the proper ISDA Definitions, and corresponding changes to provision

numbering will be made as necessary. Rule 26I-315(h) will be revised to refer to the Applicable Credit Derivatives Definitions and eligible Seniority Level, as appropriate.

Defined terms in Rule 26I-316 (Physical Settlement Matrix Updates) will be updated to refer specifically to SWES contracts. Rule 26I-616 (Contract Modification) will be revised to note that it shall not constitute a Contract Modification if the Board (or its designee) updates the List of Eligible SWES Reference Entities (and modifies the terms and conditions of related SWES Contracts) to give effect to determinations of Succession Events.

Finally, ICC has proposed amending Subchapter 26L of its rules to provide for the clearance of an additional Asia/Pacific Contract, namely the Kingdom of Thailand. ICC plans to offer this contract on the 2003 and 2014 ISDA Credit Derivatives Definitions.

ICC represents that the additional Asia/Pacific Contract has terms consistent with the other Asia/Pacific Contracts approved for clearing at ICC and governed by Subchapter 26L of the Rules. Minor revisions to Subchapter 26L (Asia/Pacific Sovereign (“SAS”) Single Name) will be made to provide for clearing the additional Asia/Pacific Contract. Specifically, in Rule 26L-102 (Definitions), “Eligible SAS Reference Entities” will be modified to include the Kingdom of Thailand in the list of specific Eligible SAS Reference Entities to be cleared by ICC.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act ⁵ directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act ⁶ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to the extent applicable, derivative agreements, contracts and transactions, 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 and, in general, to protect investors and the public interest.

ICC has represented that the additional EM Contracts, Asia/Pacific

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34-78818 (Sept. 12, 2016), 81 FR 63831 (Sept. 19, 2016) (SR-ICC-2016-012).

⁴ As defined in Rule 20-102 (Applicable Credit Derivatives Definitions).

⁵ 15 U.S.C. 78s(b)(2)(C).

⁶ 15 U.S.C. 78q-1(b)(3)(F).

Contract and the 2003 ISDA Definitions of SWES Contracts proposed for clearing are similar to the EM, SWES and Asia/Pacific Contracts that are currently cleared by ICC. ICC also represents that these contracts will be cleared pursuant to ICC's existing clearing arrangements and related financial safeguards, protections and risk management procedures. The Commission therefore finds that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and 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 and, in general, to protect investors and the public interest.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act⁷ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (File No. SR-ICC-2016-012) be, and hereby is, approved.⁹

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

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79198; File No. SR-MIAX-2016-37]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule

October 31, 2016.

Pursuant to the provisions of 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 October 17, 2016, Miami International Securities Exchange LLC

("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a 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

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the "Fee Schedule"). While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on October 17, 2016.

The text of the proposed rule change is available on the Exchange's Web site at http://www.miaxoptions.com/filter/wotitle/rule_filing, 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 the MIAX Options Fee Schedule (the "Fee Schedule") to offer two (2) additional Limited Service MIAX Express Interface ("MEI") Ports to Market Makers.³

Currently, MIAX assesses monthly MEI Port Fees on Market Makers based upon the number of MIAX matching engines⁴ used by the Market Maker.

³ The term "Market Makers" refers to Lead Market Makers ("LMMs"), Primary Lead Market Makers ("PLMMs"), and Registered Market Makers ("RMMs") collectively. See Exchange Rule 100.

⁴ A "matching engine" is a part of the MIAX electronic system that processes options quotes and trades on a symbol-by-symbol basis. Some matching engines will process option classes with multiple root symbols, and other matching engines will be dedicated to one single option root symbol (for example, options on SPY will be processed by one

Market Makers are allocated two (2) Full Service MEI Ports⁵ and two (2) Limited Service MEI Ports⁶ per matching engine to which they connect. The Exchange currently assesses the following MEI Port fees: (i) \$5,000 for Market Maker Assignments in up to 5 option classes or up to 10% of option classes by volume; (ii) \$10,000 for Market Maker Assignments in up to 10 option classes or up to 20% of option classes by volume; (iii) \$14,000 for Market Maker Assignments in up to 40 option classes or up to 35% of option classes by volume; (iv) \$17,500 for Market Maker Assignments in up to 100 option classes or up to 50% of option classes by volume; and (v) \$20,500.00 for Market Maker Assignments in over 100 option classes or over 50% of option classes by volume up to all option classes listed on MIAX.⁷ In each of the foregoing categories, the stated fee applies if the less of the two applicable measurements is met. For example, a Market Maker that wishes to make markets in just one symbol would require the two (2) MEI Ports in a single matching engine; a Market Maker wishing to make markets in all symbols traded on MIAX would require the two (2) MEI Ports in each of the Exchange's matching engines. The Exchange also currently charges \$50 per month for each additional Limited Service MEI Port per matching engine for Market Makers over and above the two (2) Limited Service MEI Ports per matching engine that are allocated with the Full Service MEI Ports. The Full Service MEI Ports, Limited Service MEI Ports, and the additional Limited Service MEI Ports all include access to MIAX's primary and secondary data centers and its disaster recovery center.

The Exchange originally added the Limited Service MEI Ports to enhance the MEI Port connectivity made available to Market Makers, and has subsequently made additional Limited Service MEI Ports available to Market

single matching engine that is dedicated only to SPY). A particular root symbol may only be assigned to a single designated matching engine. A particular root symbol may not be assigned to multiple matching engines.

⁵ Full Service MEI Ports provide Market Makers with the ability to send Market Maker quotes, eQuotes, and quote purge messages to the MIAX System. Full Service MEI Ports are also capable of receiving administrative information. Market Makers are limited to two Full Service MEI Ports per matching engine.

⁶ Limited Service MEI Ports provide Market Makers with the ability to send eQuotes and quote purge messages only, but not Market Maker Quotes, to the MIAX System. Limited Service MEI Ports are also capable of receiving administrative information. Market Makers initially receive two Limited Service MEI Ports per matching engine.

⁷ See MIAX Fee Schedule, Section 5)d)ii).

⁷ 15 U.S.C. 78q-1.

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).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.