



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104867; File No. SR-ICC-2025-014]

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

February 19, 2026.

I. Introduction

On December 29, 2025, 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 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to revise the ICC Collateral Risk Management Framework (the “Proposed Rule Change”). The Proposed Rule Change was published for comment in the *Federal Register* on January 13, 2026.³ On January 29, 2026, the Commission designated a longer period within which to take action on the Proposed Rule Change, until April 13, 2026.⁴ The Commission has not received any 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

ICC is registered with the Commission as a clearing agency for the purpose of clearing CDS contracts for its Clearing Participants.⁵ Clearing CDS contracts for its Clearing Participants exposes ICC to credit risk. To manage and mitigate this credit risk, ICC monitors its credit exposures and requires Clearing Participants to satisfy margin requirements and contribute to a

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 104559 (Jan. 8, 2026), 91 FR 1368 (Jan. 13, 2026) (File No. SR-ICC-2025-014) (“Notice”).

⁴ Securities Exchange Act Release No. 104741 (Jan. 29, 2026), 91 FR 4974 (Feb. 3, 2026).

⁵ Capitalized terms not otherwise defined herein have the meanings assigned to them in ICC’s Clearing Rules or the Collateral Risk Management Framework, as applicable. The Rules are available at <https://www.ice.com/clear-credit/regulation>.

guaranty fund. Clearing Participants, in turn, meet their margin and guaranty fund requirements by posting collateral to ICC.⁶

ICC limits the assets it accepts as collateral to those with low credit, liquidity, and market risks, including cash and certain U.S. Treasury securities. Nevertheless, the price of collateral may fluctuate, leading to the risk that the value of collateral could be less than needed to satisfy margin or guaranty fund requirements. To manage this potential risk, ICC, among other things, values its collateral holdings daily and applies haircut factors to the value of collateral. These haircut factors are designed to account for potential decline in value of collateral during stressed market conditions. The Collateral Risk Management Framework (“CRMF”) describes ICC’s quantitative risk management approach to collateral, including accounting for the risk associated with fluctuations of collateral asset prices through the determination and application of haircut factors to the value of collateral.

ICC proposes revising the CRMF to add further description of how it rounds up final haircut factors and conducts back-testing of the performance of its collateral risk management. ICC also proposes removing and updating outdated references in the CRMF. These changes are intended to address certain recommendations stemming from an independent validator’s review of the CRMF and to make the CRMF consistent with ICC’s Back-Testing Framework.⁷ These changes do not amend ICC’s overall methodology for collateral risk.⁸

A. Haircut Factor Rounding

As described in Section I.c of the CRMF, ICC rounds up its final haircut factors to ensure stability and some conservative bias. ICC does not propose changing the methodology associated with this rounding but rather proposes clarifications to describe its practice of rounding haircut factors.

⁶ For additional information regarding ICC and the operation of its clearing services, *see* ICC Disclosure Framework, https://www.ice.com/publicdocs/clear_credit/ICEClearCredit_DisclosureFramework.pdf

⁷ Notice, 91 FR at 1369.

⁸ *Id.*

ICC proposes clarifying the description of the rounding process by adding background on the execution and review of collateral haircut factor estimations. This background information specifies that collateral haircut factor estimations are executed daily as part of the risk management process. ICC's Risk Department reviews the results and determines any need for updates, at least monthly. ICC proposes to specify that the purpose of rounding estimated haircut factors is to ensure appropriate stability and some conservative bias in between periodic reviews. ICC proposes to describe the rounding interval and the levels within the interval that are considered to achieve stability. ICC also proposes to specify how final haircut factors are set for currency pairs and for sovereign debt collateral to ensure conservative haircuts. As noted above, such changes do not amend ICC's collateral assets risk management methodology and are intended to more clearly reflect current practices, some of which are currently reflected in Section III of the CRMF.⁹

B. Back-Testing

As described in Section III of the CRMF, ICC's Risk Department reviews ICC's collateral haircut model, including by reviewing a statistical performance of the haircut factors through back-testing. ICC does not propose changing the methodology associated with this back-testing but rather proposes clarifications to describe how ICC determines the time periods used in conducting back-testing, consistent with ICC's Back-Testing Framework.¹⁰

Specifically, ICC proposes changes to more clearly describe the back-testing sample size or "lookback period" used in back-testing. ICC proposes to add language clarifying that the maximum back-testing sample-size is not limited to a fixed number of observations to avoid the impact of potential bias and arbitrariness related to a fixed-length rolling back testing window.

⁹ Notice, 91 FR at 1369.

¹⁰ See Securities Exchange Act Release No. 93388 (October 20, 2021), 86 FR 59258 (October 26, 2021) (File No. SR-ICC-2021-018) (amending the Back-Testing Framework to include additional description on the lookback period for back-testing).

ICC also proposes to add language describing ICC’s actions in the event of new observed exceedances, including the consideration of shorter lookback periods, and describe ICC’s rationale for the minimum back-testing window length. ICC proposes to add language stating that in the event of new observed exceedances, ICC may also consider a shorter lookback period.

C. Outdated References

ICC proposes minor changes to remove outdated references to multiple risk measures in the CRMF. Currently, ICC considers one risk measure, Expected Shortfall, to determine haircuts. In prior versions of the CRMF, ICC considered Expected Shortfall and a Value-at-Risk measures to determine haircuts, but ICC removed the Value-at-Risk measure in 2024.¹¹ ICC proposes amending the CRMF to remove any remaining references to Value-at-Risk and change related terminology, such as “risk measures” and “risk horizons”, from plural to singular.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act requires the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the organization.¹² Under the Commission’s Rules of Practice, the “burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization [‘SRO’] that proposed the rule change.”¹³

The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,¹⁴ and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an

¹¹ See Securities Exchange Act Release No. 100274 (June 5, 2024), 89 FR 49252 (June 11, 2024) (File No. SR-ICC-2024-003) (amending the CRMF to remove the Value-at-Risk risk measure from ICC’s haircut model approach).

¹² 15 U.S.C. 78s(b)(2)(C).

¹³ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

¹⁴ *Id.*

affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations.¹⁵ Moreover, “unquestioning reliance” on an SRO’s representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.¹⁶

After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC. More specifically, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act¹⁷ and Rule 17ad-22(e)(5)¹⁸ thereunder, as described in detail below.

A. Consistency with Section 17A(b)(3)(F) of the Act

Under Section 17A(b)(3)(F) of the Act, ICC’s rules, among other things, must be “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”¹⁹ Based on a review of the record, and for the reasons discussed below, the Proposed Rule Change is consistent with Section 17A(b)(3)(F).²⁰

The Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act²¹ because it would clarify the CRMF and make it internally consistent. As discussed above, ICC proposes to update its CRMF by adding more description regarding ICC’s practices for rounding up final haircuts and for determining the sample size used in back-testing, consistent with ICC’s Back-

¹⁵ *Id.*

¹⁶ *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

¹⁷ 15 U.S.C. 78q-1(b)(3)(F).

¹⁸ 17 CFR 240.17ad-22(e)(5).

¹⁹ 15 U.S.C. 78q-1(b)(3)(F).

²⁰ *Id.*

²¹ *Id.*

Testing Framework. Further, ICC proposes to remove outdated references to Value-at-Risk terminology to reflect ICC's current practice of using only an Expected Shortfall risk measure to determine haircuts.

Although these changes would not alter ICC's methodology for determining haircuts, they make ICC's use of the CRMF more effective, by making the application of the CRMF more consistent and reducing the possibility of error in applying the CRMF. In doing so, the Commission believes that the Proposed Rule Change could enhance ICC's ability to set and enforce appropriate haircuts, which, in turn could enhance ICC's ability to manage collateral risk and therefore maintain the financial resources needed to promptly and accurately clear and settle securities transactions.

Moreover, having policies and procedures that clearly and accurately document the way ICC measures risk associated with fluctuations of collateral asset prices is an important component to the effectiveness of ICC's risk management system and supports ICC's ability to maintain adequate financial resources and collateral management resources. The Proposed Rule Change is, consequently, consistent with the prompt and accurate clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions, within the meaning of Section 17A(b)(3)(F) of the Act.²²

Accordingly, the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.²³

B. Consistency with Rule 17ad-22(e)(5)

Under Rule 17ad-22(e)(5), ICC must, establish, implement, maintain, and enforce written policies and procedures reasonably designed to, among other things, set and enforce

²² *Id.*

²³ *Id.*

appropriately conservative haircuts.²⁴ As discussed above, ICC proposes to add to the CRMF more description regarding ICC’s practices for rounding up final haircuts and for determining the sample size used in back-testing the performance of ICC’s haircuts, and proposes to remove outdated references to Value-at-Risk terminology to reflect ICC’s current practice of using only an Expected Shortfall risk measure to determine haircuts.

Although these changes would not alter ICC’s methodology for determining haircuts, they make ICC’s use of the CRMF more effective, by making the application of the CRMF more consistent and reducing the possibility of error in applying the CRMF. In doing so, the Commission believes that the Proposed Rule Change could enhance ICC’s ability to set and enforce appropriately conservative haircuts using the CRMF.

Accordingly, the Proposed Rule Change is consistent with the requirements of and Rule 17ad-22(e)(5).²⁵

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, Section 17A(b)(3)(F) of the Act²⁶ and Rule 17ad-22(e)(5)²⁷ thereunder.

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act²⁸ that the proposed rule change (SR-ICC-2025-014) be, and hereby is, approved.²⁹

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

²⁴ 17 CFR 240.17ad-22(e)(5). Rule 17ad-22(e)(5) requires a covered clearing agency, such as ICC, to “set and enforce appropriately conservative haircuts and concentration limits if the covered clearing agency requires collateral to manage its or its participants’ credit exposure” As noted above, ICC requires its clearing participants to post collateral to manage their credit exposure, and therefore, ICC is required to set and enforce appropriately conservative haircuts and concentration limits for that collateral.

²⁵ 17 CFR 240.17ad-22(e)(5).

²⁶ 15 U.S.C. 78q-1(b)(3)(F).

²⁷ 17 CFR 240.17ad-22(e)(5).

²⁸ 15 U.S.C. 78s(b)(2).

²⁹ In approving the proposed rule change, the Commission considered the proposal’s impacts on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

authority.³⁰

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