

ICC-2021-007 PASSED & APPROVED TODAY !!!!!

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ICC-007 has been approved today:

https://public-inspection.federalregister.gov/2021-10498.pdf?utm_medium=email&utm_campaign=pi+subscription+mailing+list&utm_source=federalregister.gov

This is bigger than ICC-005. This updates margin requirements hedge funds must put up required by brokers to maintain their positions in a trading account, and now the margin requirement can be increased immediately based on the volatility, price fluctuations with their assets (increasing risks in the market, such as risks shorting AMC/GME). These increasing risks could include a predictable short squeeze coming soon.

Mediators between banks and hedge funds are getting wary of the immensely high risks these hedge funds are posing to them.

Based on this ruling, if the account's updated margin (haircut) exceeds the account's capital, the broker can either margin call them or force liquidate their positions until the margin no longer exceeds the capital.

This ruling updates the collateral required for these overleveraged positions, basically they are further mitigating risks, in addition to what they put in ICC-005. Looks like regulators really aren't having it anymore.

They acknowledge in this filing that volatility may be extreme in the near future, and they do not want to be caught holding the bag.

In summary, ICC-007 ensures that even in stressed market conditions, the ICC will continue to collect sufficient collateral from its members and that such collateral could be liquidated in a timely manner to meet financial obligations as a central counterparty (mediator between banks and hedge funds).

ICC-005 was passed and approved just 3 days ago. Now ICC-007 got passed and approved today. Things are moving much quicker than I anticipated.