Need more eyes on this

By: u/k2fa91

# Need more eyes on this - 154 page Federal Register about Bankruptcy Regulations dated April 13th 2021

Education | Data

https://www.govinfo.gov/content/pkg/FR-2021-04-13/pdf/2020-28300.pdf#page=1 (NOW ARCHIVED IN SEC AND OTHER GOVT FOLDER)

Can someone help skim through this with me...Could be nothing and honestly I was just clicking links on the SEC site and ended up here. Maybe there's a nugget in here, maybe its nothing. **OH AND ITS EFFECTIVE DATE IS MAY 13th 2021**
Literally on page two of this thing and already very interesting:
The Commission is promulgating a new subpart C to part 190, governing the bankruptcy of a clearing organization. In doing so, the Commission is establishing ex ante the approach to be taken in addressing such a bankruptcy, in order to foster prompt action in the event such a bankruptcy occurs, and in order to establish a more clear counterfactual (i.e., ''what would creditors receive in a liquidation in bankruptcy?'')
Dennis Kelleher up in this bitch
Better Markets supported the clarification in § 190.00(c)(5)(ii) that customers relying on letters of credit must carry the same proportional losses as customers posting other forms of acceptable collateral

In response to the concerns raised by OCC, the Commission notes first that, as OCC forthrightly acknowledges, liquidating customer positions may introduce market risk associated with closing out and reopening positions for certain customers. Additionally, liquidating a mass of customer positions may roil the markets, if any, where those positions are concentrated.
Wait guys...**this shit is actually big** I dont want to make this comment to big or it'll get removed.
u/atobitt - Yo what the fuck am I looking at???? You know how to navigate these documents better than me

some screen shots of the little Ive read so far https://imgur.com/a/Irn4BrR

44 results for the phrase "Margin Call" - I gotta go to bed though...hope someone has the wrinkles and time to look through this. Thanks in advance!
Heres the source btw https://www.ecfr.gov/cgi-bin/text-idx?SID=bbce33559d5cdda2dd0f3ba3a849c159&mc=true&tpl=/update.tpl

*u/Longjumping_College adds:*

I found a bit more info about them (POST BELOW)

Ritesh Shah, ***COO for global credit at Citadel, an ICE Clear Credit client,*** added: "Citadel strongly supports the shift to central clearing of single name CDS, which will strengthen the market by increasing participation, fostering liquidity, and addressing counterparty credit risk concerns."

Following the Great Recession, ICE created ***an offshore CDS clearinghouse for what was essentially a coalition of all the largest banks in the U.S., as well as foreign banks Deutsche Bank, UBS and Credit Suisse.***

A clearinghouse adds stability and an extra layer of protection to CDS trades: If one major buyer or seller in the coalition fails, the clearinghouse theoretically shields the rest. Clearinghouses make money mainly by selling and leasing memberships and charging transaction fees.

## New SEC ruling: ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Recovery Plan and the ICC Wind-Down Plan.

By: u/valtani

https://www.federalregister.gov/documents/2021/05/14/2021-10173/self-regulatory-organizations-ice-clear-credit-llc-order-approving-proposed-rule-change-relating-to (ARCHIVED TO SEC AND OTHER GOVT PDFS)

# New SEC ruling: ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Recovery Plan and the ICC Wind-Down Plan.

Discussion

*Ok, this may be huge or it may mean nothing depending how you interpret the content of this ruling, so I will go ahead and summarize this because I think it's relevant to GME.*

https://www.federalregister.gov/documents/2021/05/14/2021-10173/self-regulatory-organizations-ice-clear-credit-llc-order-approving-proposed-rule-change-relating-to

This is a 22 page SEC approval of the proposed changes brought up by ICE Clear Credit LCC ("ICC"), a covered clearing agency. So what is a *Covered clearing agency?* It is a registered clearing agency that provides the services of a central counterparty or central securities depository. In order to address counterparty risk, members must provide collateral to ICE Trust [ICE Clear Credit LLC since July 16, 2011] to cover their obligations under cleared CDS (credit derivatives). Members must also make initial and ongoing contributions to a guaranty fund that can be used by ICE Trust in the event of a member default (Forrester et al 2009).

As published on their website, "*Financial resources held at the clearing house, including margin and clearing member guaranty funds, total more than $33 billion. ICE Clear Credit's current margin on deposit is $46,399,000,000. In the event of a default, only the margin of the defaulting clearing participant and defaulting customer may be used for default management. In the event the resources of a defaulting clearing participant are insufficient to cure the default, the below financial res*ources are available to ICE Clear Credit: Minimum Total Assets available $3,213,000,000".

Back to the SEC approval. ICC was asking the SEC to update and formalize the ICC Recovery Plan and the ICC Wind-Down Plan in case of credit losses, liquidity shortfalls, losses from general business risk, or any other losses **in the event that it comes under severe stress**. The Recovery Plan discusses the tools that are available to ICC to address a situation where ICC experiences liquidity shortfalls triggered by a default of one or more CPs (Citadel and Co?) and has insufficient liquid resources in the proper currency to meet payments obligations. . The first step of the recover plan starts with the Default Committee, which is responsible for assisting ICC during the execution of certain default management and recovery procedures and convenes upon the declaration of default. They basically meet as soon as s*** hits the fan (in this case, a hedge fund/member gets margin called).

Their proposed Wind-Down plan provides a plan for orderly wind-down of ICC in the event the actions described in the Recovery Plan fail. If ICC runs out of money, the obligations are transferred to another clearinghouse, or ICC is sold to another entity.

This is the summary of the 22 page ruling and hopefully others can offer their insights on this.