

#### IV. Conclusion

*It is therefore ordered that*, pursuant to Section 19(b)(2) of the Act,<sup>7</sup> the proposed rule change (SR-Phlx-2019-20) be approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86184; File No. SR-ICEEU-2019-009]

#### Self-Regulatory Organizations; ICE Clear Europe Limited; Order Approving Proposed Rule Change Relating to the ICE Clear Europe Operational Risk Management Policy

June 24, 2019.

#### I. Introduction

On May 1, 2019, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change (SR-ICEEU-2019-009) to formalize its Operational Risk Management Policy (“ORMP” or “Policy”), which consolidates, clarifies, and codifies ICE Clear Europe’s current policies and practices with respect to management of operational risk. The proposed rule change was published for comment in the **Federal Register** on May 10th, 2019.<sup>3</sup> 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

ICE Clear Europe is proposing to formalize its ORMP by consolidating its practices and procedures with respect to management of operational risk. The ORMP defines operational risk as the risk of an event occurring which negatively impacts the achievement of business objectives resulting from inadequate or failed internal operational

controls, people, systems or external events.<sup>4</sup> The Policy notes several non-exhaustive examples of operational risk such as those from internal and external fraud, employment practices and workplace safety, clients, products and business practices, damage to physical assets and business disruption and system failures.<sup>5</sup>

The proposed ORMP would formalize ICE Clear Europe’s existing process for managing operational risks by clarifying and codifying a policy governing the overall process for managing operational risks, the stakeholders responsible for executing those processes, the frequency of review of the Policy, and the governance and reporting lines for the Policy.<sup>6</sup> As clarified in the ORMP, risk identification and assessment is performed by the business areas exposed to the risk (referred to as “risk owners”) at least once each year and is overseen by the Risk Oversight Department.<sup>7</sup> More frequent ad hoc assessments may be necessary if risks emerge or disappear between annual reviews.<sup>8</sup> Risk owners are also responsible for proposing and implementing remedial actions, which are approved by the ICE Clear Europe Executive Risk Committee.<sup>9</sup>

Under the ORMP, risk owners monitor the identified operational risk daily through the use of key performance and risk indicators.<sup>10</sup> The Risk Oversight Department itself monitors risks daily through risk appetite metrics and management thresholds as well as operational incidents raised by the risk owners.<sup>11</sup>

As formalized in the ORMP, overall oversight of the Policy rests with the Audit Committee and Risk Oversight Department.<sup>12</sup> Control assessments and operational incidents must also be regularly reported to senior management, the Audit Committee, the Board Risk Committee, and the Board.<sup>13</sup> The ORMP itself is subject to review on a biennial basis or in the event of a material change.<sup>14</sup>

#### III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act 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.<sup>15</sup> For the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,<sup>16</sup> and Rule 17Ad-22(e)(17)(i) thereunder.<sup>17</sup>

#### A. Consistency With Section 17A(b)(3)(F)

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a registered 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, 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.<sup>18</sup>

As discussed above, the proposed rule change would formalize ICE Clear Europe’s existing policies and process for managing operational risks by clarifying, consolidating, and codifying a policy governing the overall process for managing operational risks, consolidating the existing procedures for operational risk management into a single Policy, and describing the overall process for identifying, monitoring, assessing, responding to, and reporting operational risk through the management chain. By formalizing, consolidating, and clarifying ICE Clear Europe’s existing operational risk management procedures in this way, the Commission believes that ICE Clear Europe will help enhance and more clearly define the specific risk management duties, assessment metrics, and governance oversight that support ICE Clear Europe’s ability to identify and respond to operational risks presented by its clearing activities. This in turn, will enhance ICE Clear Europe’s ability to avoid disruption to clearing operations and address operational risks in a timely fashion, thereby promoting sound operations that facilitate prompt and accurate clearance and settlement as well as the safeguarding of securities and funds which are in the custody or control of ICE Clear Europe or for which it is responsible. Therefore, the Commission finds that the proposed rule change is consistent with the

<sup>4</sup> Notice, 84 FR 20671.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> Notice, at 84 FR 20671–20672.

<sup>14</sup> Notice, at 84 FR 20672.

<sup>15</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>17</sup> 17 CFR 240.17Ad-22(e)(17)(i).

<sup>18</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>7</sup> 15 U.S.C. 78s(b)(2).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 34-85782 (May 6, 2019), 84 FR 20671 (May 10, 2019) (SR-ICEEU-2019-009) (“Notice”).

requirements of Section 17A(b)(3)(F) of the Act.<sup>19</sup>

#### *B. Consistency With Rule 17Ad–22(e)(17)(i)*

Rule 17Ad–22(e)(17)(i) requires, in relevant part, that ICE Clear Europe establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, manage ICE Clear Europe's operational risks by identifying the plausible sources of operational risk, both internal and external, and mitigating their impact through the use of appropriate systems, policies, procedures, and controls.<sup>20</sup>

As described above, by formalizing, consolidating, and clarifying ICE Clear Europe's existing policies and process for managing operational risks, the ORMP is designed to enhance ICE Clear Europe's ability to identify relevant sources of operational risk, monitor them on an ongoing basis, and take appropriate and timely action to respond to such risks. Specifically, as described above, the proposed Policy provides that the business areas and functions within ICE Clear Europe that are exposed to particular operational risks will be the "risk owners" responsible for identifying, monitoring, assessing, and proposing approaches to the remediation of those risks. Further, as described above, these risk owners will be required as part of ongoing reporting as well as routine periodic reporting to inform multiple levels of management, up to and including the Board, of incidents, risk assessments, and plans to remediate operational risks. The Commission believes that these procedures will help ensure that the risk owners who are immediately impacted and who have the requisite expertise will regularly monitor, identify, and assess risks while also keeping ICEEU's management informed of such risks and incidents. As a result, the Commission believes that this is consistent with the obligation under Rule 17Ad–22(e)(17)(i) to identify the plausible sources of operational risk, both internal and external, and to mitigate their impact through the use of appropriate systems, policies, procedures, and controls.<sup>21</sup>

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of Section 17A of the

Act,<sup>22</sup> and Rule 17Ad–(e)(17)(i)<sup>23</sup> thereunder.

*It is therefore ordered* pursuant to Section 19(b)(2) of the Act<sup>24</sup> that the proposed rule (SR–ICEEU–2019–009) change be, and hereby is, approved.<sup>25</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>26</sup>

**J. Lynn Taylor,**

*Assistant Secretary.*

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#### DEPARTMENT OF STATE

##### [Public Notice 10745]

#### 30-Day Notice of Proposed Information Collection: Smart Traveler Enrollment Program

**ACTION:** Notice of request for public comment and submission to OMB of proposed collection of information.

**SUMMARY:** The Department of State has submitted the information collection described below to the Office of Management and Budget (OMB) for approval. In accordance with the Paperwork Reduction Act of 1995 we are requesting comments on this collection from all interested individuals and organizations. The purpose of this Notice is to allow 30 days for public comment.

**DATES:** Submit comments directly to the Office of Management and Budget (OMB) up to July 29, 2019.

**ADDRESSES:** Direct comments to the Department of State Desk Officer in the Office of Information and Regulatory Affairs at the Office of Management and Budget (OMB). You may submit comments by the following methods:

- *Email:* [oir\\_submission@omb.eop.gov](mailto:oir_submission@omb.eop.gov). You must include the DS form number, information collection title, and the OMB control number in the subject line of your message.
- *Fax:* 202–395–5806. Attention: Desk Officer for Department of State.

#### FOR FURTHER INFORMATION CONTACT:

Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents, to Derek A. Rivers, Bureau of Consular

Affairs, Overseas Citizens Services (CA/OCS/PMO), U.S. Department of State, 2201 C St. NW, Washington, DC 20522, who may be reached at [RiversDA@state.gov](mailto:RiversDA@state.gov), or 202–485–6332.

#### SUPPLEMENTARY INFORMATION:

- *Title of Information Collection:* Smart Traveler Enrollment Program.
  - *OMB Control Number:* 1405–0152.
  - *Type of Request:* Reinstatement Without Change of a Previously Approved Collection.
  - *Originating Office:* Bureau of Consular Affairs, Overseas Citizens Services (CA/OCS).
  - *Form Number:* DS–4024, 4024e.
  - *Respondents:* United States Citizens and Nationals.
  - *Estimated Number of Respondents:* 1,010,389.
  - *Estimated Number of Responses:* 1,010,389.
  - *Average Time per Response:* 20 minutes.
  - *Total Estimated Burden Time:* 336,796 hours.
  - *Frequency:* On occasion.
  - *Obligation to Respond:* Voluntary.
- We are soliciting public comments to permit the Department to:
- Evaluate whether the proposed information collection is necessary for the proper functions of the Department.
  - Evaluate the accuracy of our estimate of the time and cost burden for this proposed collection, including the validity of the methodology and assumptions used.
  - Enhance the quality, utility, and clarity of the information to be collected.
  - Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Please note that comments submitted in response to this Notice are public record. Before including any detailed personal information, you should be aware that your comments as submitted, including your personal information, will be available for public review.

#### Abstract of Proposed Collection

The Smart Traveler Enrollment Program (STEP) makes it possible for U.S. nationals to register on-line from anywhere in the world. In the event of a family emergency, natural disaster or international crisis, U.S. embassies and consulates rely on this registration information to provide registrants with critical information and assistance. 22 U.S.C. 2715 is one of the main legal authorities for use of this form.

#### Methodology

99% of responses are received via electronic submission on the internet.

<sup>19</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>20</sup> 17 CFR 240.17Ad–22(e)(17)(i).

<sup>21</sup> 17 CFR 240.17Ad–22(e)(17)(i).

<sup>22</sup> 15 U.S.C. 78q–1.

<sup>23</sup> 17 CFR 240.17Ad–22(e)(17)(i).

<sup>24</sup> 15 U.S.C. 78s(b)(2).

<sup>25</sup> 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).

<sup>26</sup> 17 CFR 200.30–3(a)(12).