

**Eric Nield**  
*General Counsel*

September 30, 2014

**Re: ICE Clear Credit LLC Advance Notice of  
Proposed Rule Change Pursuant to  
Commission Rule 40.10**

**VIA E-MAIL**

Mr. Christopher Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, D.C. 20581

Dear Mr. Kirkpatrick:

ICE Clear Credit LLC (“ICC”), a registered derivatives clearing organization (“DCO”) under the Commodity Exchange Act, as amended (the “Act”) that has been designated by the Financial Stability Oversight Council as systemically important under Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, hereby submits to the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Rule 40.10, the attached amendments to its clearing rules (the “Amended Rules”). ICE Clear Credit intends to implement these rule amendments upon completion of the review period under Rule 40.10.

ICC proposes changes to ICC Clearing Rules 402 and 802 to clarify ICC’s authority to use, and provide details as to how ICC would use, Guaranty Fund and House Initial Margin as an internal liquidity resource in connection with a Clearing Participant default. As such rule changes clarify ICC’s liquidity resources available in a Clearing Participant default scenario, the proposed rule changes have a reasonable possibility of affecting ICC’s essential clearing and settlement functions during a Clearing Participant default. As a result, notice of the changes to the ICC Rules is being made pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.10.

Currently, under the ICC Rules, ICC has broad authority to use and invest cash, securities, and other property held in the Guaranty Fund or as Initial Margin. In order to provide clarity and transparency in the ICC Rules regarding the use of House Initial Margin and Guaranty Fund assets as a liquidity resource, ICC is proposing to adopt ICC Rule 402(j) and modify ICC Rule 802(f)(iv).

New Rule 402(j) relates to the use of Clearing Participant House Initial Margin as a liquidity resource. Rule 402(j) clarifies that ICC may generally, in connection with a Clearing Participant default, use any Clearing Participant’s cash, securities or other property (whether or not such Clearing Participant is in default) constituting Initial Margin for its House account from time to time to support liquidity arrangements (including borrowing, repurchase transactions, exchange of Initial Margin for other assets or similar transactions, under which equivalent value is provided for such Initial Margin and such equivalent value will be held as Initial Margin and used or applied by ICC solely for the purposes for which Initial Margin in the House Account may be used) relating to payment obligations of ICC, in a manner consistent with

ICC's liquidity policies and applicable law. Specifically, ICC may, in connection with a Clearing Participant default, (i) exchange House Initial Margin held in the form of cash for securities of equivalent value and/or (ii) exchange House Initial Margin held in the form of cash in one currency for cash of equivalent value in a different currency. ICC will reverse any such exchange involving a Clearing Participant's Initial Margin in its House Account as soon as practicable following the conclusion of the event requiring the exchange of a Clearing Participant's Initial Margin for liquidity purposes (i.e. as quickly as possible following the conclusion of the liquidity event). It is likely that the duration of the liquidity event will be significantly shorter than the amount of time necessary to complete the default management process for the event which gave rise to the liquidity need.

Similarly, the proposed modifications to Rule 802(f)(iv) relate to the use of the Guaranty Fund as a liquidity resource. Revised Rule 802(f)(iv) provides that ICC may in connection with a Clearing Participant default (A) exchange cash held in the Guaranty Fund for securities of equivalent value and/or (B) exchange cash in one currency for cash of equivalent value in a different currency, in each case on such terms (including, if applicable, the relevant duration of any such exchange) as ICC may determine in accordance with its liquidity policies and procedures.

The proposed changes to the ICC Rules clarify ICC's authority to use, and provide details as to how ICC would use, Guaranty Fund and House Initial Margin as an internal liquidity resource. ICC believes the proposed revisions provide clarity and transparency in the ICC Rules, which is of value to the market in order to provide a comprehensive understanding of ICC's available liquidity resources and default management procedures related to liquidity.

#### Core Principle Review:

ICC reviewed the DCO core principles ("Core Principles") as set forth in the Act. During this review, ICC identified the following Core Principle as being impacted:

**Treatment of Funds:** The revisions to the ICC Rules are consistent with the treatment of funds requirements of Core Principle F.

**Default Rules and Procedures:** The revisions to the ICC Rules are consistent with the default rules and procedures requirements of Core Principle G.

#### Amended Rules:

The proposed changes consist of clarifications to the ICC Rules regarding ICC's authority to use Guaranty Fund and House Initial Margin as an internal liquidity resource.

Annexed as an Exhibit hereto is the following:

- A. Proposed amendments to the ICC Rules

#### Certifications:

ICC hereby certifies that the proposed changes to the ICC Rules to clarify ICC's authority to use Guaranty Fund and House Initial Margin as an internal liquidity resource comply with the Act and the regulations thereunder. The Amended Rules were unanimously recommended for approval by the ICC Risk Committee and unanimously approved by the ICC Board of Managers. There were no substantive opposing views to the changes.

ICC further certifies that, concurrent with this filing, a copy of the submission was posted on ICC's website, and may be accessed at: <https://www.theice.com/clear-credit/regulation>

ICC would be pleased to respond to any questions the Commission or the staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 836-6742.

Sincerely,



Eric Nield  
General Counsel

Enclosures

cc: Board of Governors of the Federal Reserve System (by email)  
Stuart E. Sperry, Board of Governors (by email)  
Tad Polley, CFTC (by email)  
Brian O'Keefe, CFTC (by email)  
Sarah Josephson, CFTC (by email)  
John C. Lawton, CFTC (by email)  
Phyllis Dietz, CFTC (by email)  
Steve Greska, CFTC (by email)  
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Michelle Weiler, ICE Clear Credit (by email)  
Sarah Williams, ICE Clear Credit (by email)