

Sarah Williams
Staff Attorney

January 17, 2017

Re: Update to ICC's Liquidity Thresholds for Euro Denominated Products Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

VIA E-MAIL

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

Dear Mr. Kirkpatrick:

ICE Clear Credit LLC ("ICC") hereby submits, pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), a self-certification of amendments to the ICC Clearing Rules ("ICC Rules"), the ICC Treasury Operations Policies and Procedures, and the ICC Liquidity Risk Management Framework to update ICC's liquidity thresholds for Euro denominated products. ICC is registered with the Commission as a derivatives clearing organization ("DCO"). ICC intends to implement the collateral fee changes no sooner than the tenth business day following the filing of this submission with the Commission at its Washington, D.C. headquarters and with its Chicago regional office.

ICC proposes to update its liquidity thresholds for Euro denominated products. This submission includes a description of the related changes to the ICC Rules, the ICC Treasury Operations Policies and Procedures, and the ICC Liquidity Risk Management Framework. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

Currently, for Euro denominated products, 65% of Clearing Participant Non-Client Initial Margin and Guaranty Fund Liquidity Requirements ("Non-Client Liquidity Requirements") must be posted in Euro cash and the next 35% may be posted in Euro cash, United States ("US") Dollar cash, US Treasury securities, and/or other G7 cash. ICC proposes updating the liquidity thresholds for Euro denominated products, set forth in Schedule 401 of the ICC Rules, to require the first 45% of Non-Client Liquidity Requirements to be satisfied with Euro cash. The next 20% may be posted in Euro cash or US Dollar cash, and the final 35% may be posted in Euro cash, US Dollar cash, US Treasury securities and/or other G7 cash.

The proposed revisions will provide Clearing Participants with the option to cover 20% of the current Euro liquidity threshold with either Euro cash or US Dollar cash. ICC's Euro liquidity will not be negatively impacted by the proposed changes as ICC's committed foreign exchange ("FX") facility provides for same day settled spot FX transactions. The facility allows ICC to use available US Dollar cash to convert into Euro cash to meet a Euro liquidity need, for example in the unlikely event of a Clearing Participant default when Euro is needed for liquidity but only US Dollar cash is available.¹

The ICC Treasury Operations Policies and Procedures and ICC Liquidity Risk Management Framework have also been updated to reflect the update to ICC's Non-Client Liquidity Requirements for Euro

¹ See ICC Submission 1607-1813-0459-81.

denominated products. The changes to the Euro cash Non-Client Liquidity Requirements do not require any operational changes.

Core Principle Review:

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

Financial Resources: The update to ICC’s liquidity thresholds for Euro denominated products is consistent with the financial resources requirements of Principle B and Commission Regulation 39.33. ICC’s Euro liquidity or financial resources will not be negatively impacted by the proposed changes as ICC’s committed FX facility provides for same day settled spot FX transactions, to convert US Dollar cash into Euro cash.

Treatment of Funds: The update to ICC’s liquidity thresholds for Euro denominated products is consistent with the treatment of funds requirements of Principle F. The proposed update to ICC’s liquidity thresholds for Euro denominated products provides incentive for Clearing Participants to post US Dollar cash, which, to the extent possible, ICC deposits in its account at the Federal Reserve Bank of Chicago. Such changes promote liquidity, as well as the continued use of safe and secure banking arrangements for Clearing Participants deposits.

Amended Rules:

The proposed change consists of amendments to the ICC Rules, the ICC Treasury Operations Policies and Procedures, and the ICC Liquidity Risk Management Framework to update ICC’s liquidity thresholds for Euro denominated products. ICC has respectfully requested confidential treatment for the ICC Treasury Operations Policies and Procedures and the ICC Liquidity Risk Management Framework which were submitted concurrently with this self-certification submission.

Annexed as an Exhibit hereto is the following:

- A. Amendments to Schedule 401 of the ICC Rules

Certifications:

ICC hereby certifies that the changes comply with the Act and the regulations thereunder. 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) 836-6883.

Sincerely,



Sarah Williams
Staff Attorney