



January 29, 2019

BY ELECTRONIC TRANSMISSION

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

Re: Amendment to ICE Clear US, Inc. Rules - Submission Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), ICE Clear US, Inc. (“ICUS”) is submitting this self-certification to amend the ICUS Rules,¹ specifically the ICUS Risk Management Framework. ICUS intends to revise the Risk Management Framework no sooner than the tenth business day following the filing of this submission with the Commission, or such later date as ICUS may determine.

1. Overview

ICUS’s Risk Management Framework uses a Watch List system as part of its on-going procedures to monitor Clearing Member credit worthiness. ICUS has determined that it can enhance the Watch List system by providing some more granular guidance on the factors that would result in a Clearing Member being added to a Watch List and elaborating on the governance of the Watch List system.

2. Details of Rule Changes

The proposed amendments consist of revisions to the ICUS Risk Management Framework to provide some more granular guidance on the factors that could or would result in a Clearing Member being added to a Watch List, while still retaining discretion to take a holistic view of a Clearing Member’s overall financial, managerial and operational standing. Specifically, the amendments introduce a tiered Watch List system and elaborate on some of the factors that can lead to a Clearing Member being added to a Watch List and the consequence that can flow from a Clearing Member being added to a Watch List. In addition, the proposed amendments elaborate on the governance of the Watch List system, including the governance that could result in a decision to remove a Clearing Member from a Watch List, and the factors that can be taken into account in making that decision. ICUS has respectfully requested confidential treatment for the Risk Management Framework revisions which were submitted concurrently with this submission.

¹ Capitalized terms used and not defined in this submission have the meaning set forth in the ICUS Rules.



3. Compliance with the Act and Regulations

ICUS reviewed the foregoing amendments and determined that they comply with the requirements of the Act and the rules and regulations promulgated by the Commission in implementing the Act. In this regard, ICUS reviewed the derivatives clearing organizations (“DCO”) Core Principles and determined that the amendments are potentially relevant to the following Core Principles and the applicable regulations of the Commission thereunder:

Participant and Product Eligibility (Principle C): The proposed amendments to the ICUS Risk Management Framework are consistent with the participant eligibility requirements of DCO Core Principle C. In particular, the proposed amendments enhance the procedures, as well as the manner in which those procedures are implemented, for monitoring and verifying Clearing Member compliance with ICUS’s participation eligibility requirements.

Risk Management (Principle D): The proposed amendments to the ICUS Risk Management Framework are consistent with the risk management requirements of DCO Core Principle D. In particular, the proposed amendments, consistent with DCO Core Principle D, elaborate on ICUS’s authority to take additional actions with respect to a particular Clearing Member, when appropriate, based on objective and prudent risk management standards. The amendments also elaborate on the governance process that will apply to the exercise of that authority.

Rule Enforcement (Principle H): The proposed amendments to the ICUS Risk Management Framework are consistent with the rule enforcement requirements of DCO Core Principle H. In particular, the proposed amendments enhance how ICUS’s monitoring and enforcement of compliance with the ICUS Rules is documented. In addition, the amendments elaborate on ICUS’s authority and ability to limit the activities of a Clearing Member if, among other things, it is in violation of ICUS’s Rules.

4. Certifications

ICUS certifies that the amendments to the ICUS Risk Management Framework comply with the Act and the rules and regulations promulgated by the Commission thereunder. ICUS is not aware of any substantive opposing views expressed regarding the amendments. ICUS further certifies that, concurrent with this filing, a copy of the submission was posted on ICUS’s website, and may be accessed at <https://www.theice.com/clear-us/regulation>.

If you or your staff have any questions or require further information regarding this submission, please do not hesitate to contact the undersigned at (212) 748-3964 or eamonn.hahessy@theice.com.

Sincerely,

Eamonn Hahessy
General Counsel and Chief Compliance Officer