



February 3, 2021

**VIA CFTC PORTAL**

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

**Re: Amendment to ICE Clear U.S., 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 U.S., Inc. (“ICUS”) is submitting this self-certification to amend the ICUS Rules,<sup>1</sup> specifically the ICUS Risk Management Framework and Default Management Procedures. ICUS intends to revise its Rules 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 contains the model used by ICUS to determine the shortfall initial margin requirement for contracts that reference bitcoin.<sup>2</sup> ICUS is proposing to amend the bitcoin shortfall margin model (“RMF Amendments”) to reflect recommendations from the model’s annual revalidation. ICUS’s Clearing Member Default Management Procedures set forth the procedures ICUS would follow in order to address an actual or potential default by an ICUS Clearing Member. ICUS is proposing to amend the Clearing Member Default Management Procedures (“DMP Amendments”), following their annual review and approval by the ICUS Board, in order to move default insurance up in the waterfall of resources that could be deployed in the event of a Clearing Member default. This change conforms the Clearing Member Default Management Procedures to ICUS’s rule book.

**2. Details of Rule Changes**

ICUS determines the shortfall margin requirement for contracts that reference bitcoin separately from the shortfall margin requirement for all other contracts that it clears. The most recent annual revalidation of the bitcoin shortfall margin model recommended that the Risk Management

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

<sup>2</sup> ICUS currently lists futures and options on futures that reference bitcoin.



Framework be amended to clarify the business purpose for the bitcoin shortfall margin requirement and also to require that the appropriateness of the stress test scenario movements used in the bitcoin shortfall margin model shall be reviewed on an annual basis by the ICUS Risk Department. ICUS's Clearing Member Default Management Procedures, among other things, specify the resources that are available in order to address a Clearing Member default, after the defaulting Clearing Member's own resources have been exhausted, and the order in which those resources are used. ICUS is proposing amendments to the Clearing Member Default Management Procedures that will conform them to ICUS's rule book by moving Clearing Member default insurance up in the waterfall of available resources. ICUS has respectfully requested confidential treatment for these amendments to the Risk Management Framework and Clearing Member Default Management Procedures which were submitted concurrently with this submission.

### **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 core principles ("Core Principles") and determined that the amendments are potentially relevant to the following core principles and the applicable regulations of the Commission thereunder:

**Risk Management (Core Principle D):** The proposed RMF Amendments will enhance ICUS's Risk Management Framework documentation by clearly stating the business purpose for the bitcoin shortfall margin requirement. In addition, the bitcoin shortfall margin model's accuracy will be enhanced by requiring that, on an annual basis, the appropriateness of the stress test scenario movements used in the model shall be reviewed by the ICUS Risk Department. Overall, these amendments will strengthen ICUS's ability to monitor and manage potential risks, as such they are consistent with the requirements of Core Principle D and Commission Regulations 39.13 and 39.36.

**Default Rules and Procedures (Principle G):** The proposed DMP Amendment, by clarifying ICUS's Clearing Member Default Management Procedures and conforming them with the ICUS rule book, will enhance ICUS's ability to efficiently, fairly and safely manage a Clearing Member default when ICUS is the beneficiary of default insurance, the proceeds of which are part of the resources available to ICUS to cover any resulting unsatisfied Defaulted Obligations, as such they are consistent with the requirements of Core Principle G and Commission Regulation 39.16.

### **4. Certifications**

ICUS certifies that the RMF Amendments and the DMP Amendments 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](mailto:Eamonn.Hahessy@theice.com).

Sincerely,

A handwritten signature in black ink that reads "Eamonn Hahessy". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Eamonn Hahessy  
General Counsel and Chief Compliance Officer