



February 23, 2018

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 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”) hereby submits a self-certification to amend the ICUS Rules, 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. Certification of the Risk Management Framework pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICUS is amending its Risk Management Framework to ensure compliance with regulatory liquidity requirements by requiring clearing members to maintain 35% of house margin in cash. The components of house margin used to determine the minimum cash requirement will include initial margin, EMIR add-on, concentration charges, delivery margin and any add-on amount.

Currently, ICUS requires clearing members to meet their EMIR add-on, which is \$1.1 billion, and stress loss charge, which is \$1 billion, in cash, thus generating a total cash liquidity requirement of \$2.1 billion. The EMIR add-on is the difference between the one- and two-day holding period margins assessed on financial products held in the house origin (margin requirements on agricultural products in the house origin are based on a one-day holding period).

In the house origin, the one-day holding period initial margin is approximately \$500 million for agricultural products and \$3 billion for financial products. Including the EMIR add-on of \$1.1 billion, the margin requirement for 1 day and 2 day holding periods for the house origin is \$4.6 billion. Therefore, the proposed 35% cash margin requirement for one-day and two-day holding periods is expected to be \$1.61 billion. In addition, shortfall margin¹ is expected to be approximately \$750 million and must be met in cash. Therefore, after implementing the proposed changes, ICUS’s clearing member cash requirement is expected to be \$2.36 billion.

Additionally, the ICUS guaranty fund is increasing from \$400 to \$650 million¹. 50% of each clearing member’s guaranty fund requirement must be met in cash. This will provide ICUS with \$125 million in additional cash resources.

¹ Pending regulatory review, please see ICUS’s filing available at: <https://www.theice.com/clear-us/regulation>



Core Principle Review:

ICUS reviewed the derivatives clearing organization (“DCO”) core principles as set forth in the Act. During this review, ICUS identified the following core principle as being impacted:

Risk Management: The ICUS Risk Management Framework is consistent with the risk management requirements of Core Principle D. ICUS’s Risk Management Framework sets forth ICUS’s margin and guaranty fund procedures, which include the appropriate tools and procedures to manage the risks associated with ICUS’s responsibilities as a DCO.

Amended Rules:

The proposed changes consist of revisions to the ICUS Risk Management Framework related to requiring clearing members to maintain 35% of house margin in cash. ICUS has respectfully requested confidential treatment for the Risk Management Framework revisions which were submitted concurrently with this submission.

Certifications:

ICUS hereby certifies that the ICUS Risk Management Framework complies with the Act and the regulations thereunder. There were no substantive opposing views to the revisions.

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>.

ICUS would be pleased to respond to any questions the Commission or staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 836-6884 or michelle.weiler@theice.com.

Sincerely,

Michelle Weiler
General Counsel and Chief Compliance Officer