



March 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 an Internal Rating System to monitor both Clearing Members and Financial Service Providers.² In the interests of greater efficiency and consistency, ICUS harmonized its approach to monitoring both entity types. ICUS is proposing additional amendments to further harmonize its approach to monitoring Clearing Members and Financial Service Providers.

2. Details of Rule Changes

The proposed amendments provide standards that will apply to Financial Service Providers. In addition, the amendments introduce a tiered Watch List system for Financial Service Providers (similar to the one that applies to Clearing Members) that could potentially pose additional risks to ICUS. Financial Service Providers will receive additional scrutiny if they are placed on a Watch List. The revisions provide some granular guidance on the factors that could or would result in a Financial Service Provider being added to a Watch List, while still retaining discretion to take a holistic view of a Financial Service Provider’s overall financial, managerial and operational standing. In addition, the proposed amendments elaborate on the governance of the Watch List system that applies to Financial Service Providers, including the governance that could result in a decision to remove a Financial Service Provider from a Watch List, and the factors to be taken into account in making that decision. ICUS has respectfully requested

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

² Settlement banks, custodians, repo/reverse repo counterparties, foreign exchange providers, investment administrators and line of credit lenders are considered to be Financial Service Providers.



confidential treatment for the Risk Management Framework revisions 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 (“DCO”) Core Principles and determined that the amendments are potentially relevant to the following Core Principle and the applicable regulations of the Commission thereunder:

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 monitoring and management of the risks posed to it by its Financial Service Providers. The amendments also elaborate on the governance process that will apply to the monitoring and management of those risk.

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 Mahessy
General Counsel and Chief Compliance Officer