



April 7, 2020

VIA CFTC PORTAL

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 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,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 contains the model used by ICUS to determine the initial margin requirement for Clearing Members. ICUS is proposing to amend this model (“IM RMF Amendments”) to reflect recommendations from the annual revalidation of its initial margin model. In addition, ICUS’s Risk Management Framework contains the methodology used to monitor Clearing Members and financial services providers. ICUS is proposing changes to this methodology (“CM and FSP Monitoring RMF Amendments”) in order to harmonize it with affiliated clearing houses. Finally, ICUS’s Risk Management Framework specifies that Clearing Members must meet their Shortfall Margin requirement using cash in the form of U.S. dollars. ICUS is proposing to expand this to include U.S. treasuries with a remaining maturity of 1 year or less (“SF Margin RMF Amendments”).

2. Details of Rule Changes

With respect the IM RMF Amendments, the annual initial margin model revalidation identified some areas where the Risk Management Framework could be revised or clarified in order to more accurately document the model’s implementation in practice. There is no substantive change to the model or the initial margin requirement. These amendments are part of ICUS’s regular review of, and updates to, ICUS’s Risk Management Framework.

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



With respect to the CM and FSP Monitoring RMF Amendment, the proposed changes do not result in a substantive change to the watch list process, the changes are designed to streamline the process by merging separate watch lists in order to harmonize with affiliated Intercontinental Exchange, Inc. clearing houses, but there is effectively no substantive change. These amendments are also part of ICUS's regular review of, and updates to, ICUS's Risk Management Framework.

With respect to the SF Margin RMF Amendments, ICUS is proposing to provide its Clearing Members with greater flexibility by allowing them to meet this requirement with, in addition to cash in the form of U.S. dollars, U.S. treasuries with a remaining term to maturity of 1 year or less. ICUS has respectfully requested confidential treatment for the Risk Management Framework amendments 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:

Financial Resources (Core Principle B): The proposed SF Margin RMF Amendments will provide greater flexibility for Clearing Members by allowing them to meet their Shortfall Margin obligation with U.S. treasuries with a remaining term to maturity of 1 year or less, in addition to cash in the form of U.S. dollars. U.S. treasuries with a remaining term to maturity of 1 year or less are high quality and liquid, as a result this amendment is consistent with the requirements of Core Principle B and Commission Regulations 39.11 and 39.33.

Risk Management (Core Principle D): The proposed IM RMF Amendments, and CM and FSP Monitoring RMF Amendments, will enhance ICUS's Risk Management Framework documentation by, respectively, more accurately documenting the initial margin model's implementation in practice and streamlining and harmonizing the methodology used to monitor Clearing Members and financial services providers. 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.

4. Certifications

ICUS certifies that the 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.

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