ICE CLEAR CREDIT™

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Sarah Williams
Staff Attorney

May 31, 2016

Re: Additions to the ICC Clearing Rules Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6

VIA E-MAIL
Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Dear Mr. Kirkpatrick:

ICE Clear Credit LLC ("ICC") hereby submits, pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commodity Futures Trading Commission ("Commission") Regulation 40.6, a self-certification of changes to the ICC Clearing Rules ("ICC Rules"). ICC is registered with the Commission as a derivatives clearing organization ("DCO"). ICC intends to make the changes effective no sooner than the tenth business day following the filing of this submission with the Commission at its Washington, D.C. headquarters and with its Chicago regional office.

ICC proposes changes to ICC Rules 403 and 801 to add explicit references to certain risk-related policies currently contained in the ICC Risk Management Framework and the ICC Risk Management Model Description document. Certification of the proposed changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6 is also provided below.

ICC proposes restating certain risk-related policies in the ICC Rules related to the minimum time horizon for liquidation, anti-procyclicality conditions, and the maintenance of cover-2 default resources. Currently, such policies are set forth in the ICC Risk Management Framework and the ICC Risk Management Model Description document.

As provided in the ICC Risk Management Model Description document, ICC's initial margin methodology applies a minimum of a 5-day time horizon as the liquidation period for all ICC cleared instruments. ICC proposes amending ICC Rule 403 to explicitly reference this risk policy by stating that ICC's initial margin methodology shall incorporate a minimum 5-day time horizon for the liquidation period (for both house and client-related positions).

Additionally, as provided in the ICC Risk Management Framework, ICC incorporates certain anti-procyclicality measures into its risk methodology to account for stable but prudent margin requirements[1]. ICC proposes amending ICC Rule 403 to explicitly reference its current anti-procyclicality measures and to provide for additional anti-procyclicality measures. Specifically, ICC proposes amending ICC Rule 403 to state that ICC's initial margin methodology shall incorporate one or more measures designed to limit procyclicality, including by avoiding when possible disruptive or big step changes in margin requirements and by establishing transparent and predictable procedures for adjusting margin requirements in response to changing market conditions. Further, consistent with current ICC risk policies, the measures designed to limit procyclicality will demonstrably meet or exceed the requirements of measures designed to limit procyclicality that assign at least 25% weight to stressed observations in a look-back period beginning on April 1, 2007. In

[1] See Submission Number 1410-3012-2400-08, dated October 30, 2014.

Intercontinental Exchange
353 North Clark, Suite 3100
Chicago, IL 60654

addition, changes to ICC Rule 403 also allow ICC to measure procyclicality limits by reference to a ten year historical look-back period for computing Initial Margin[2].

Finally, as provided in the ICC Risk Management Framework, ICC maintains a minimum of cover-2 default resources, in accordance with Commission Regulations 39.11 and 39.33. ICC proposes amending ICC Rule 801(a)(i) to explicitly reference this risk policy and state that ICC shall establish the aggregate amount of required contributions to the Guaranty Fund such that at a minimum ICC will maintain pre-funded financial resources sufficient to enable it to meet its financial obligations to Clearing Participants ("CPs") notwithstanding a default by the two CPs (including any of their affiliated CPs) creating the largest combined loss to ICC in extreme but plausible market conditions.

Core Principle Review:

ICC reviewed the DCO core principles ("Core Principles") as set forth in the Commodity Exchange Act. During this review, ICC identified the following Core Principles as being impacted:

Risk Management: The proposed revisions are consistent with the risk management requirements of Core Principle D. The proposed revisions to add explicit references to certain risk-related policies provide additional clarity regarding ICC's risk management policies and procedures. ICC believes clarity and transparency in its risk management policies and procedures is of value to the market in order to provide a comprehensive understanding of ICC's operations.

Amended Rules:

The proposed changes consist of changes to the ICC Rules to add explicit references to certain risk-related policies.

Annexed as an Exhibit hereto is the following:

A. Proposed amendments to the ICC Rules

Certifications:

ICC hereby certifies that the proposed changes to the ICC Rules comply with the Act and the regulations thereunder. There were no substantive opposing views to the changes to the ICC Rules.

ICC certifies that, concurrent with this filing, a copy of the submission was posted on ICC's website, which may be accessed at: https://www.theice.com/clear-credit/regulation

ICC would be pleased to respond to any questions the Commission or the staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 836-6883.

Sincerely,

Sarah Williams

Sarah Williams
Staff Attorney

Enclosure

[2] Please note that as ICC uses a look-back period beginning on April 1, 2007, this ten year historical period anti-procyclicality measure currently is unavailable to ICC.