

Sarah Williams
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June 29, 2017

Re: Update to ICC's Clearing Rules and Treasury Operations Policies and Procedures Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

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), a self-certification of changes to the ICC Clearing Rules ("ICC Rules") and the ICC Treasury Operations Policies and Procedures ("Treasury Policy") to remove eligibility of Japanese yen ("JPY"), Great British pounds ("GBP"), and Canadian dollars ("CAD") to meet Initial Margin and Guaranty Fund requirements. ICC is registered with the Commission as a derivatives clearing organization ("DCO"). ICC intends to implement the changes 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 the ICC Rules and ICC Treasury Policy to remove eligibility of JPY, GBP, and CAD to meet Initial Margin and Guaranty Fund requirements. This submission includes a description of the changes to the ICC Rules and the ICC Treasury Policy. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC Clearing Participants are required to post Initial Margin and contribute to the Guaranty Fund to collateralize their individual credit exposure to ICC. Currently, a Clearing Participant may meet the final 35% of their Initial Margin and Guaranty Fund requirements with JPY, GBP, or CAD, in aggregate. To date, ICC has never received GBP and CAD, and has received small deposits of JPY from a limited number of Clearing Participants (i.e. less than 1% of total margin deposits). JPY, GBP, and CAD are not considered to be 'liquid' resources from an ICC perspective, as they must be converted to another currency (USD or Euro). JPY additionally has a significant timing issue related to conversion. Further, ICC has found securitization for these currencies impractical, especially for the small balances of JPY received.

For the aforementioned reasons, ICC proposes revising the ICC Rules and ICC Treasury Policy to remove eligibility of JPY, GBP, and CAD to meet Initial Margin and Guaranty Fund requirements. Clearing Participants will continue to be able to meet their Initial Margin and Guaranty Fund requirements using Euro cash, US cash and/or US Treasuries, in accordance with the collateral thresholds set forth in Schedule 401 of the ICC Rules. The proposed revisions to the ICC Rules and ICC Treasury Policy are described in detail as follows.

ICC Rules

ICC proposes updates to Schedule 401 of the ICC Rules. Specifically, ICC proposes removing references to G7 cash¹, and defining 'All Eligible Collateral' for both Non-Client Initial Margin and Guaranty Fund Liquidity Requirements and Client-Related Initial Margin Liquidity Requirements to be US cash, Euro cash, and/or US Treasuries. Under the proposed changes, US cash, Euro cash, and/or US Treasuries will be eligible for meeting the final 35% of Initial Margin and Guaranty Fund requirements for all Non-Client Initial Margin and Guaranty Fund Liquidity Requirements and Client-Related USD denominated Initial Margin Requirements; and US cash, Euro cash, and/or US Treasuries will be eligible for meeting a maximum of 100% of Initial Margin requirements for Client-Related Euro Denominated Product Requirements.

ICC Treasury Policy

ICC also proposes updates to the ICC Treasury Policy to remove references to CAD, GBP, and JPY as eligible collateral. ICC proposes removing references to CAD, GBP, and JPY in the 'Collateral Liquidation Assumptions' tables (for both Euro and US Dollar denominated requirements). Under the proposed changes, the tables will set forth collateral liquidity assumptions for US cash, Euro cash, and US Treasuries only.

ICC proposes updating the House Initial Margin and Guaranty Fund Liquidity Requirements (for Non-Client US Dollar and Euro denominated requirements) chart to remove reference to G7 cash and to define 'All Eligible Collateral' to be US cash, Euro cash, and/or US Treasuries. ICC proposes updating the list of acceptable forms of collateral for Initial Margin to specifically include US Treasury Securities, US cash, and Euro cash, and to remove the general reference to G7 currencies. ICC also proposes updating the list of acceptable forms of collateral for the Guaranty Fund to include US Treasury Securities, US cash, and Euro cash, and to remove the general reference to G7 currencies. ICC proposes updates to the 'Eligible Client Collateral' section of the Treasury Policy to note that ICC's eligible collateral for client Initial Margin includes US cash, Euro cash, and US government securities in line with current eligible collateral for House exposures (i.e. US Treasuries). ICC also proposes updates to the 'Client-Related Initial Margin Liquidity Requirements' section of the Treasury Policy to reflect the proposed liquidity requirement changes, namely US denominated product requirements of 65% US cash and/or US Treasuries, and 35% remainder eligible US cash, US Treasuries, and/or Euro cash; and Euro denominated product requirements of 100% US cash, Euro cash, and/or US Treasuries.

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:

Financial Resources: The proposed changes are consistent with the financial resources requirements of Principle B and Commission Regulation 39.33. The proposed changes will promote the liquidity of ICC collateral. Further, the proposed changes will have minimal impact on ICC's financial resource composition, as such currencies have been rarely utilized by Clearing Participants to meet Initial Margin and Guaranty Fund requirements. ICC will continue to accept US cash, Euro cash, and US Treasuries as eligible collateral, in accordance with Schedule 401 of the ICC Rules. Such collateral will continue to be held in a manner whereby risk of loss or of delay in access to them is minimized.

Treatment of Funds: The proposed changes are consistent with the treatment of funds requirements of Principle F. ICC will continue to use safe and secure banking arrangements for Clearing Participants collateral deposits, and such collateral will continue to be held in a manner whereby risk of loss or of delay in access to them is minimized.

¹ G7 cash includes US cash, Euro cash, JPY, GBP, and CAD.

Amended Rules:

The proposed changes consist of amendments to the ICC Rules and the ICC Treasury Policy to remove eligibility of JPY, GBP, and CAD to meet Initial Margin and Guaranty Fund requirements. ICC has respectfully requested confidential treatment for the ICC Treasury Policy which was submitted concurrently with this self-certification submission.

Annexed as an Exhibit hereto is the following:

- A. Amendments to Schedule 401 of the ICC Rules

Certifications:

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

ICC further certifies that, concurrent with this filing, a copy of the submission was posted on ICC's website, and 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
Staff Attorney