



Maria Alarcon
Manager, Legal

July 15, 2022

Re: Updates to Clearing Rules and End-of-Day Price Discovery Policies and Procedures Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

VIA ELECTRONIC PORTAL

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 (“ICE Clear Credit” or “ICC”) hereby submits, pursuant to Section 5c(c)(1) of the Commodity Exchange Act (the “Act”) and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), a self-certification of changes to its Clearing Rules (the “Rules”) and End-of-Day Price Discovery Policies and Procedures (the “EOD Policy”). 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 to implement certain amendments to its Rules and EOD Policy to establish an additional class of clearing participant. This submission includes a description of the changes. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

The purpose of the proposed changes is to modify certain provisions of the Rules and the EOD Policy to permit the establishment of an additional class of clearing participant at ICC, the “Associate Clearing Participant”, or “ACP”.¹ In general, an ACP would have the same rights, obligations and responsibilities as other Participants (referred to as “Full Participants”), with defined exceptions. Specifically, an ACP will be permitted to provide pricing submissions with respect to certain North American CDS products as of the end of the London trading day, rather than the end of the New York trading day. This change is intended to facilitate United Kingdom and European institutions becoming clearing participants in ICC where they may not have the global operational or other resources to support price submissions for North American instruments outside of London trading hours. The amendments would make a number of corresponding changes and impose certain limitations on ACPs intended to assist ICC in mitigating any additional risks resulting from these changes in the price submission process for ACPs. For example, the amendments allow ICC to impose a different clearing cut-off time for ACPs (intended to coincide with the end of the London trading day, such that ACPs may not submit new trades for clearing at a time when they are not able to provide price submissions). ACPs also will not be permitted to submit trades on behalf of customers.² In addition, ICC may, but is not obligated to, impose additional or alternative margin requirements for ACPs if it determines that is appropriate from a risk management perspective. It is

¹ ICC does not intend to implement this additional class of clearing participant until ICC is permitted to implement the changes described herein and ICC completes any other required governance or internal processes. ICC will issue a circular notification in advance of the operative date.

² It is accordingly not expected that ACPs would be registered futures commission merchants.



expected that ACPs will be required to satisfy the same initial and ongoing membership standards and requirements as Full Participants, although ICC will have the authority to modify membership standards for ACPs if it determines it is appropriate to do so. ACPs will be required to make contributions to the General Guaranty Fund and participate in default management (including through mandatory auctions, if applicable) to the same extent as Full Participants.

A number of provisions of the Rules would be amended to implement the ACP category. In Rule 102, definitions for “Associate Clearing Participant”, “Full Participant”, “NA Instruments” and “NA Instrument EU EOD Submission” (defined in Rule 212 as discussed below) would be added.

ICC would adopt a new Rule 212 authorizing it to establish ACPs as a new category of clearing participant, on the terms set out in the Rule. Subsection (a) would provide that ACPs constitute Participants for all purposes under the Rules, except as provided in Rule 212 or the ICE Clear Credit Procedures. Subsection (b) would authorize ICC to establish separate price submission requirements for ACPs, including for Contracts with North American reference entities or indices (or such other Contracts as ICC determines), referred to as “NA Instruments”. For such contracts, ICC would establish a new price submission window at the end of the London trading day during which ACPs would be required to make price submissions for NA Instruments (referred to as “NA Instrument EU EOD Submissions”). ACPs would not be required to make the standard end-of-day price submissions at the end of the New York trading day for NA Instruments, however. ICC would also be permitted to establish firm trade requirements between ACPs with respect to NA Instrument EU EOD Submissions (as discussed further below in connection with the EOD Policy). Full Participants would be permitted, but not required to make NA Instrument EU EOD Submissions (and would not be subject to firm trade requirements with respect to such submissions). For all other Contracts, ACPs would be subject to the same end-of-day price submission requirements as Full Participants.

Subsection (c) would permit ICC to establish different daily deadlines for submission of trades by ACPs as compared to Full Participants. ICC expects to impose such a deadline for ACPs at the close of the London trading day. Subsection (d) would permit ICC to establish different or supplemental margin requirements (or margin parameters) applicable to ACPs. ICC does not at this time plan to implement such margin requirements but believes it is appropriate to have the authority to do so to manage any incremental risk that may arise from the activity of ACPs.

Pursuant to subsection (e), ACPs would be permitted to submit trades for clearing only for their own accounts or the account of affiliates, as House Positions. ICC believes that clearing participants that engage in clearing on behalf of customers should be Full Participants, with the operational and other resources to submit pricing at all relevant times for the full spectrum of products that they or their customers may submit.

ICC would have the authority to establish additional or alternative membership standards, specifically as to business integrity, financial capacity, creditworthiness, operational capability, experience and competence for ACPs, pursuant to subsection (f). Except to the extent of any such alternative or additional standards, the existing membership standards in Rule 201 would apply to ACPs. Under subsection (g), ICC may adopt a separate form of participant agreement for ACPs reflecting their status as such.

Under Rule 212(h), an affiliate of an existing Participant would not be eligible to be an ACP. Rule 212(i) would add, for clarification, that Rule 212 does not affect the rights or obligations of Full Participants.

ICC would also make related changes to the EOD Policy addressing the price submission requirements applicable to ACPs, and differentiating the requirements for ACPs and Full Participants relating to NA Instruments. Specifically, the amendments would add an additional submission window for the ICC end-of-day price submission process, covering NA Instruments but determined at the end of the London trading day (referred to as the “NA Instrument EU Submission Window”). The amendments would provide that the NA Instrument EU Submission Window is intended primarily to support ACPs, and further that all elements



of the price discovery process for that window would follow those for the EU submission window. Certain other clarifying and conforming drafting changes would be made to distinguish the NA Instrument EU Submission Window from other submission windows.

The provisions of the EOD Policy relating to the use of intraday quotes received by ICC would be amended to provide that if a Participant fails to make a required end-of-day submission during the applicable window, ICC may use the last intraday quote received prior to the close of that window (if one has been received on that day) to serve as that Participant's end-of-day submission.

The submission requirement section would be revised to provide that (i) ACPs must provide submissions for NA Instruments during the NA Instrument EU Submission Window, but would not be required to provide submissions for the end-of-NY trading day NA submission window, and (ii) Full Participants may, but will not be obligated to, provide submissions for the NA Instrument EU Submission Window. The amendments would also state, consistent with the Rule amendments, that ACPs have the same obligations with respect to daily end-of-day submissions as Full Participants, except as set out in the amended EOD Policy. Conforming changes would be made throughout this section.

The provisions of the EOD Policy relating to firm trades would be revised to provide that for the NA Instrument EU Submission Window, ICC will only designate firm trades between ACPs (and, for the avoidance of doubt, voluntary submissions by Full Participants in that window will not be subject to firm trades). Further, firm trades between ACPs originating from the NA Instrument EU Submission Window would not be eligible for reversing transactions.

The revised EOD Policy would also provide that prices established in the NA Instrument EU Submission Window will not be published externally by ICC. Such prices would be used only for ICC risk management purposes.

The timetables for the end-of-day submission process in the appendix to the EOD Policy would also be updated to include the NA Instrument EU Submission Window (with timing and deadlines consistent with the EU submission window, as noted above).

Core Principle Review:

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

Financial Resources: The revisions to the Rules and EOD Policy are consistent with the financial resources requirements of Core Principle B and Commission Regulation 39.33. ACPs will, with the limited exceptions identified herein, be required to perform all obligations of Participants, including contributions to the General Guaranty Fund and default management. ICC will further maintain ACP margin and guaranty fund contributions in the same manner it holds margin and guaranty fund contributions of Full Participants. ICC will continue to maintain sufficient financial resources to withstand, at minimum, the default of the two Clearing Participant Affiliate Groups to which it has the largest exposure in extreme but plausible market conditions, consistent with the requirements of Commission Regulation 39.33.

Participant and Product Eligibility: The amendments would create a new category of participant, ACPs, and set out rights, obligations and responsibilities of such participants. ACPs would largely have the same rights and obligations as Full Participants, with certain exceptions designed to facilitate participation by persons that may not have the full global operational capability to provide prices for NA Instruments at the close of the New York trading day. ICC believes that the revisions to the Rules and EOD Policy are consistent with the participant eligibility requirements of Core Principle C and Commission Regulation 39.12.



Risk Management: The revisions to the Rules and EOD Policy are consistent with the risk management requirements of Core Principle D and Commission Regulations 39.13 and 39.36. ACPs would be required to submit prices in NA Instruments at the end of the London trading day (instead of the New York trading day), to facilitate the risk management by ICC of ACP positions. Further, the proposed rules will impose certain limitations on ACPs, as compared to Full Participants, including allowing ICC to limit the ability of ACPs to submit new trades for clearing after the close of the London trading day and to limit the ability of ACPs to submit trades for customers. ICC also retains the ability to impose additional or alternative margin requirements on ACPs to the extent appropriate from a risk management perspective. In ICC's view, the ACP category thus provides an ability for ICC to potentially expand the pool of clearing participants, while maintaining the clearing house's ability to conduct risk management. ICC believes that the amendments, as well as ICC's existing risk management procedures, would ensure that ICC continues to possess the ability to manage the risks associated with discharging its responsibilities, consistent with the risk management requirements of Core Principle D. ICC's risk management practices will also continue to be performed in accordance with the standards and practices set forth in Commission Regulations 39.13 and 39.36.

Settlement Procedures: The amendments, including the changes to the EOD Policy, are designed, consistent with the goal of admitting ACPs that may not have global operational capability to submit prices outside of London trading hours, to continue to provide ICC with robust pricing to support its margin model. ACPs would be required, for NA Instruments, to submit prices in a new submission window at the end of the London trading day. ICC would use such prices for risk management purposes, including for purposes of the margin model. ICC would use the same procedures for other price submissions, including requiring firm trades among ACPs, to ensure the robustness of submitted prices. ICC believes that the proposed changes are appropriately designed to promote and maintain the effectiveness and integrity of the EOD Policy and the end-of-day price discovery process used to determine daily settlement prices. In ICC's view, the revisions to the Rules and EOD Policy are consistent with the settlement procedures requirements of Core Principle E and Commission Regulation 39.14.

Amended Rules:

The proposed changes consist of revisions to the Rules and EOD Policy to establish an additional class of clearing participant. ICC has respectfully requested confidential treatment for the EOD Policy, which was submitted concurrently with this self-certification submission.

Annexed as an Exhibit hereto is the following:

- A. Proposed amendments to 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) 836-6854.

Sincerely,

A handwritten signature in black ink that reads "Maria Alarcon". The signature is written in a cursive, flowing style.

Maria Alarcon
Manager, Legal