



July 25, 2022

**VIA CFTC PORTAL**

Mr. Christopher Kirkpatrick  
Secretary of the Commission  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, NW  
Washington, DC 20581

**Re: Amendments to the ICE Clear U.S., Inc. Risk Management Framework - Removing and Replacing Certain Scenarios Used in Stress Tests - 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,<sup>1</sup> 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 scenarios used by ICUS when performing stress tests. These stress test scenarios are based on both historical data and hypothetical market conditions. As more fully described below, ICUS is proposing to adjust 2 subsets of these stress scenarios that use hypothetical market conditions (collectively, the “2 Stress Scenarios”).<sup>2</sup> The 2 Stress Scenarios, among others, are used by ICUS when performing stress tests related to ICUS’s financial resources, consistent with applicable CFTC regulations, as well as in establishing certain initial margin requirements, specifically shortfall margin and stress loss charges.

**2. Details of Rule Changes**

The 2 Stress Scenarios are designed to shock the correlation between contract months (or inter-month spreads) and between products (or inter-commodity spreads). The scenarios are generated from hypothetical price change data. ICUS’s ongoing analysis has established that the

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

<sup>2</sup> ICUS will retain and continue to use other stress scenarios that use hypothetical market conditions.



2 Stress Scenarios can sometimes produce implausible results. As a result, ICUS is proposing amendments to the Risk Management Framework that would remove these 2 hypothetical scenarios and replace them with the worst historical spread for the relevant contract months and products. Consistent with applicable CFTC regulations, the proposed changes to the 2 Stress Scenarios have been independently validated and found to be appropriate.

ICUS has respectfully requested confidential treatment for the foregoing 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 changes to the 2 Stress Scenarios will result in ICUS maintaining financial resources that are more closely aligned with the actual risk ICUS has to manage. Overall, these amendments will strengthen ICUS’s ability to more accurately establish its financial resources and ensure that they are adequate and appropriate, as such they are consistent with the requirements of Core Principle B and Commission Regulations 39.11 and 39.33.

**Risk Management (Core Principle D):** The proposed changes to the 2 Stress Scenarios will result in a clearer identification of the actual risks to which ICUS is exposed. This will enhance ICUS’s ability to monitor and manage those risks. Finally, these changes will enhance the accuracy of the stress tests ICUS performs on its financial resources. 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 proposed Risk Management Framework 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](mailto: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