



August 4, 2017

BY ELECTRONIC TRANSMISSION

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 US, Inc. Rules 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 US, Inc. (“ICUS”) hereby submits a self-certification to amend the ICUS Rules. ICUS intends to revise the ICUS Rules no sooner than the tenth business day following the filing of this submission with the Commission. Certification of the ICUS Rules pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICUS is amending Rule 605 in connection with the commencement of clearing of the Silver Daily Futures Contract (“Silver Contract”), which will be listed for trading on ICE Futures U.S., Inc. (“Exchange”)¹ and cleared by ICUS. ICUS Rule 605 is being amended to add analogous provisions related to the Silver Contract to ICUS Rule 605 which currently establishes certain rules and procedures relating to deliveries under the Daily Gold Futures Contract.

As discussed in the Exchange Rule Submission, the Silver Contract will be based on the London Bullion Market Association (“LBMA”) Silver Price, which is the principal daily global benchmark for the spot price of physical silver deliverables in London vaults and is determined through an auction administered by ICE Benchmark Administration. The Silver Contract will be a physically settled contract that reflects a delivery of five thousand (5,000) fine troy ounces of silver of a quality satisfying the LBMA Good Delivery Rules with a minimum price fluctuation of one-one thousandth of a cent (\$0.00001) per fine troy ounce.

Amended ICUS Rule 605 specifies the mechanism for delivery of unallocated silver under the applicable LBMA Good Delivery Rules in settlement of the Silver Contracts. Under Rule 605, ICUS will take title to silver on a transitory basis as escrow agent for the delivering party, and the Rule specifies ICUS’s obligations with respect to delivery. Rule 605 also sets out certain consequences of a failure to deliver by a clearing member. The rule further limits ICUS’s liability for failures by third party vaults or silver settlement systems.

In addition, Rule 605 provides that ICUS may offer a facility where it will have the option (but will not be obligated) to provide or obtain silver on behalf of delivering clearing members (“Silver Facility”) to facilitate settlement. The Silver Facility will reduce risk as well as operational and

¹ Please see ICE Futures U.S., Inc. Rule Submission No. 17-115 dated July 31, 2017 (“Exchange Rule Submission”).



other costs of settlement failures by clearing members that may otherwise occur. If ICUS extends the Silver Facility and provides silver on behalf of a delivering clearing member to settle a Silver Contract, that member will not be in default, but will be obligated to reimburse ICUS for the silver (or the cost thereof) as well as any costs or expenses incurred by ICUS in providing the Silver Facility or obtaining the silver.

Core Principle Review:

ICUS reviewed the derivatives clearing organization (“DCO”) core principles as set forth in the Act. During this review, ICUS identified the following core principles as being impacted:

Risk Management: ICUS believes that it will be able to manage the risks associated with physical delivery under the Silver Contract. In connection with the Silver Contract, ICUS has established relevant arrangements for the delivery and receipt of unallocated silver in the London market. Through the use of the Silver Facility, ICUS believes that it will further be able to reduce the risk of a settlement failure by a delivering clearing member. ICUS believes that its existing risk management framework, together with these arrangements, will be sufficient for purposes of risk management of the Silver Contracts and deliveries thereunder. As a result, in ICUS’s view, the rule is consistent with DCO Core Principle D and Commission Rule 39.13.

Settlement Procedures: Rule 605 establishes specific delivery procedures for settlement of the Silver Contract. The rule details the obligations of ICUS and clearing members with respect to the delivery and receipt of unallocated silver for physical settlement of Silver Contracts. The Rule also sets out the terms of the Silver Facility, which ICUS may use to facilitate settlement and avoid settlement failures. In addition, Rule 605 sets out certain limitations on ICUS’s liability in connection with the failure of any settlement system or vault. As a result, in ICUS’s view, the rule is consistent with DCO Core Principle E and Commission Rule 39.14

Amended Rules:

The proposed changes consist of changes to the ICUS Rules.

Annexed as an Exhibit hereto is the following:

- A. Proposed amendments to the ICUS Rules

Certifications:

ICUS hereby certifies that the ICUS Rules comply with the Act and the regulations thereunder. There were no substantive opposing views to the revisions.

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>.

ICUS would be pleased to respond to any questions the Commission or staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 836-6884 or michelle.weiler@theice.com.

Sincerely,

Michelle Weiler
General Counsel and Chief Compliance Officer