Sarah Williams
Staff Attorney

August 10, 2016

Re: Revisions to the ICC Risk Management Model Description Document 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 revisions to the ICC Risk Management Model Description document to incorporate certain risk model enhancements. 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 revising its risk management framework to incorporate risk model enhancements related to the single name credit default swap ("CDS") liquidity charge methodology. This submission includes a description of the ICC Risk Management Model Description document revisions. Certification of the revisions to the ICC Risk Management Model Description document pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC proposes a revised approach to computing single name CDS liquidity charges. Specifically, ICC proposes to introduce minimum instrument liquidity requirements independent of instrument maturities. ICC's current approach features instrument liquidity requirements that decay with time to maturity for fixed credit spread levels. The proposed approach introduces minimum liquidity requirements for individual instruments, independent of time to maturity for the considered instruments, and thus establishes minimum liquidity charges that do not decay over time as maturity is approached. The revised calculation for single name CDS liquidity charges at the instrument level incorporates a price-based bid-offer width ("BOW") floor component to provide stability of requirements, as well as a dynamic spread-based BOW component to reflect the additional risk associated with distressed market conditions. The values of such price-based BOW and spread-based BOW are fixed factors, which are subject to at least monthly reviews and updates by ICC Risk Management Department with consultation with the Risk Committee.

ICC also proposes enhancements to the liquidity charge calculation at the risk factor level. The current risk factor level liquidity requirements are based on forward CDS spread levels. Under the revised calculation, liquidity charges at the risk factor level are computed by first calculating the liquidity requirements for each individual instrument position in the portfolio, and then summing all instrument liquidity requirements for positions with the same directionality, i.e. bought or sold protection. The risk factor liquidity requirement is the greatest liquidity requirement associated with either the sum of all bought protection position liquidity requirements, or the sum of all sold protection position liquidity requirements. There are no changes to the liquidity charge calculation at the portfolio level.

ICC expects these enhancements will ensure more stable liquidity requirements for instruments across the curve. Further, the enhancements simplify ICC's liquidity charge methodology, which promotes ease of understanding. As stated above, the current risk factor level liquidity requirements are based on forward CDS spread levels and are, in general, more difficult to replicate due to the inherited need for knowledge of spread levels across the entire term structure ("curve"). Additionally, to facilitate replication of the enhanced liquidity charge calculations, ICC will provide end-of-day data for instruments in which clients have open positions, allowing for additional transparency and easier replication for clients who wish to estimate liquidity charges for hypothetical and current positions.

ICC also proposes updating liquidity scaling factors to reflect the methodology enhancements. There is no price based component under the current methodology. To reflect the introduction of a price based component, the liquidity scaling factors have been decomposed and adjusted in order to maintain the same overall composition with both price and spread based components.

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 revisions to the ICC Risk Management Model Description document are consistent with the financial resources requirements of Core Principle B. The proposed changes will enhance the financial resources available to the clearing house by promoting stability and conservative bias of requirements.

Risk Management: The revisions to the ICC Risk Management Model Description document are consistent with the risk management requirements of Core Principle D. The proposed changes provide clarity and enhance risk policies, resulting in enhanced stability and conservative bias of requirements, and thereby ensuring that ICC possesses the ability to manage the risks associated with discharging its responsibilities.

Amended Rules:

ICC has respectfully requested confidential treatment for the ICC Risk Management Model Description document which was submitted concurrently with this submission.

Certifications:

ICC hereby certifies that the revised ICC Risk Management Model Description document complies with the Act and the regulations thereunder. There were no substantive opposing views to the 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