



September 08, 2022

VIA CFTC PORTAL

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

Re: Amendments to the ICE Clear U.S., Inc. Risk Management Framework - Changes to the Collateral Asset Haircut Methodology - 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,¹ 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 methodology² that ICUS uses to determine the haircuts that are applied to certain collateral, specifically currencies other than USD and non-cash collateral.³ As described in more detail below, one of the proposed amendments will make that methodology more conservative. The second proposed amendment will streamline the methodology, making it more efficient.

2. Details of Rule Changes

First, ICUS is proposing to amend the collateral haircut methodology to add an anti-procyclicality component to the Exponentially Weighted Moving Average (or EWMA) analysis which is embedded in the collateral haircut methodology to ensure that it is appropriately calibrated. This amendment, which will impact all forms of collateral, is a conservative enhancement that adds additional sensitivity to the methodology. Second, with respect to the haircuts ICUS applies to

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

² The methodology is set forth in Appendix B to the Risk Management Framework, titled: “Collateral Risk Management; Collateral Asset Haircut Methodology.”

³ USD is valued, without a haircut, at 100%.



collateral in the form of sovereign debt, the amendments consolidate the return types used in the time series of return from 2 to 1. This will streamline the methodology, making it more efficient to operate, without having a material impact on the size of the actual haircuts. 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): Streamlining and enhancing the sensitivity of the collateral haircut methodology as proposed will strengthen ICUS’s ability to maintain financial resources that are appropriately calibrated with the actual risk ICUS must manage. These amendments will also strengthen ICUS’s ability to establish its financial resource requirements 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 more accurately.

Risk Management (Core Principle D): The proposed changes to the collateral haircut methodology will result in collateral haircuts that provide more appropriate reductions in value that reflect credit, market, and liquidity risks. Overall, these amendments will enhance 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Eamonn Hahessy", written over a horizontal line.

Eamonn Hahessy
General Counsel and Chief Compliance Officer