

Maria Alarcon
Staff Attorney

October 7, 2020

Re: Updates to ICC Fee Schedule 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 (“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 fee schedule to reflect clearing fees for credit default index swaptions (“Index Swaptions”). 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.

The proposed changes are intended to implement clearing fees for Index Swaptions in connection with the launch of the clearing of Index Swaptions. This submission includes a description of the changes. Certification of the fee schedule changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC has previously filed with the Commission changes to certain other policies and procedures related to clearing Index Swaptions (the “Swaption Rule Filings”).¹ As discussed in the Swaption Rule Filings, pursuant to an Index Swaption, one party (the “Swaption Buyer”) has the right (but not the obligation) to cause the other party (the “Swaption Seller”) to enter into an index credit default swap transaction at a pre-determined strike price on a specified expiration date on specified terms. In the case of Index Swaptions that would be cleared by ICC, the underlying index credit default swap would be limited to certain CDX and iTraxx Europe index credit default swaps that are accepted for clearing by ICC, and which would be automatically cleared by ICC upon exercise of the Index Swaption by the Swaption Buyer in accordance with its terms.² The proposed changes are set forth in Exhibits A and B hereto, and described in detail as follows.

¹ As set out in the Swaption Rule Filings, ICC intends to implement the changes described in the Swaption Rule Filings following completion of the ICC governance process surrounding the Index Swaptions product expansion. Submission Number 1907-1516-4754-53, dated July 15, 2019; Submission Number 2001-1415-3739-55, dated January 14, 2020; Submission Number 2006-1815-5824-31, dated June 18, 2020; Submission Number 2008-1015-2026-64, dated August 10, 2020.

² Index Swaptions are also referred to herein and in the Swaption Rule Filings as “index options” or “index CDS options”, or in similar terms.

ICC maintains a Clearing Participant (“CP”) fee schedule³ and client fee schedule⁴ (collectively, the “fee schedule”) that are publicly available on its website, which ICC proposes to update in connection with the clearing of Index Swaptions. Specifically, ICC proposes to update the fee schedule to establish clearing fees for Index Swaptions, which are intended to come into effect upon the launch of clearing of Index Swaptions, subject to the completion of the ICC governance process surrounding the Index Swaptions product expansion and any regulatory review or approval process. Currently, clearing fees for single name and index credit default swap (“CDS”) contracts are due by CPs and clients in accordance with the product, amount and currency set out in the fee schedule. ICC proposes to incorporate clearing fees for Index Swaptions into the fee schedule, which would similarly be due by CPs and clients in accordance with the product, amount and currency set out in the fee schedule.

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 Principle as being impacted:

Public Information: The changes to the ICC fee schedule are consistent with the public information requirements of Core Principle L. ICC’s fee schedule is publicly available on its website. Moreover, such changes to the fee schedule to incorporate clearing fees for Index Swaptions would also be publicly available on its website and provide market participants sufficient information to enable them to identify and evaluate accurately the risks and costs associated with using ICC’s services.

Amended Rules:

The proposed changes consist of updates to ICC’s fee schedule.

Annexed as Exhibits hereto are the following:

- A. Proposed changes to the CP fee schedule
- B. Proposed changes to the client fee schedule

Certifications:

ICC hereby certifies that the fee schedule changes comply with the Act and the regulations thereunder. There were no substantive opposing views to the fee schedule 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>

³ CP fee details available at: https://www.theice.com/publicdocs/clear_credit/ICE_Clear_Credit_Fees_Clearing_Participant.pdf.

⁴ Client fee details available at: https://www.theice.com/publicdocs/clear_credit/ICE_Clear_Credit_Fees.pdf. As specified, all fees are charged directly to a client’s CP.

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 cursive script that reads "Maria Alarcon".

Maria Alarcon
Staff Attorney