



October 15, 2018

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 - 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 US, Inc. (“ICUS”) is submitting this self-certification to amend the ICUS Rules, 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. Certification of the Risk Management Framework amendments pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

Details of Rule Changes:

The proposed amendments consist of the following 3 revisions to the ICUS Risk Management Framework. First, in Section 3.1 of the Risk Management Framework, clarifying edits are being made to the original margin model in order to more clearly capture the calculation that is being performed. These changes do not alter the original margin model. Instead, they provide additional detail by codifying components of the existing model. Second, Sections 2.4.3 and 2.4.4 of the Risk Management Framework are being amended, along with additional conforming amendments, in order to harmonize ICUS’s procedures by replacing the internal rating model used to monitor Clearing Members with a model that is similar to the internal rating model currently used to monitor settlement banks and other financial service providers. This change is intended to streamline our procedures and harmonize the internal rating process; in particular, to provide greater clarity when a Clearing Member and an affiliated ICUS financial service provider are being monitored. Third, Section 3.5 of the Risk Management Framework is being amended to provide additional details on the factors ICUS considers in determining that additional original margin is required and elaborating on the governance that applies to additional original margin determinations. As with the changes to Section 3.1, these changes do not alter the original margin model. Instead, they provide additional detail by codifying many of the factors ICUS currently considers when exercising its discretion to increase the original margin requirement. While many of the factors are codified with these changes, ICUS still retains discretion to consider other factors depending on then applicable circumstances. ICUS is respectfully requesting confidential treatment for these Risk Management Framework revisions which are being submitted concurrently with this submission.



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 (“DCO”) Core Principles and determined that is the amendments are potentially relevant to the following Core Principle and the applicable regulations of the Commission thereunder:

Risk Management (Principle D): The ICUS Risk Management Framework remains consistent with the risk management requirements of Core Principle D. ICUS’s Risk Management Framework sets forth ICUS’s margin and guaranty fund procedures, which include appropriate tools and procedures to manage the risks associated with ICUS’s responsibilities as a DCO. Consistent with Core Principle D, ICUS regularly reviews the models and parameters used in setting margin requirements. As part of this review, ICUS is making clarifying edits in Section 3.1 of the Risk Management Framework in order to codify current practice. ICUS can better monitor the effectiveness of its margin model by capturing these details in writing. The same rational applies to the amendments to Section 3.5 of the Risk Management Framework. Codifying many of the factors ICUS currently considers when exercising its discretion to increase the original margin requirement will help ICUS to monitor the effectiveness of its margin model, while retaining discretion to consider additional factors when unanticipated events or combinations of events occur. Finally, with the changes to Sections 2.4.3 and 2.4.4, ICUS is harmonizing the models used in the ongoing monitoring of Clearing Members and ICUS’s financial service providers. Harmonizing the models will give ICUS greater clarity when monitoring Clearing Members that are affiliated with ICUS’s financial service providers.

Certifications:

ICUS certifies that the amendments to the ICUS Risk Management Framework 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,

Eamonn Hahessy

General Counsel and Chief Compliance Officer