



October 25, 2019

(Submitted electronically via the CFTC Portal)

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 U.S., 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 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 methodologies used by ICUS to monitor and manage the adequacy of its qualifying liquidity resources and to monitor trades at off-market prices. ICUS is proposing to amend both methodologies as part of its regular review of and updates to the Risk Management Framework.

2. Details of Rule Changes

With respect to the methodology or model used by ICUS to monitor and manage the adequacy of its qualifying liquidity resources, ICUS is proposing to amend the scenarios that are tested in order to memorialize a scenario that is currently being tested but which is not explicitly documented in the Risk Management Framework. In addition, ICUS is adding a sensitivity analysis report to the stress testing of its liquidity resources.

With respect to the methodology used by ICUS to monitor trades at off-market prices, ICUS is proposing new threshold metrics which, if breached, would trigger an automatic alert that a transaction significantly diverged from the last settlement price. This off-market trade alert is supplemented by an existing automatic alert that monitors each Clearing Member’s initial and variation margin requirement intra-day. ICUS has respectfully requested confidential treatment for the Risk Management Framework amendments which were submitted concurrently with this submission.

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



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 and determined that the amendments are potentially relevant to the following core principles and the applicable regulations of the Commission thereunder:

Financial Resources (Principle B): The proposed amendments to the ICUS Risk Management Framework related to the methodology used by ICUS to monitor and manage the adequacy of its qualifying liquidity resources will enhance ICUS's ability to perform those management and monitoring procedures, as such they are consistent with the requirements of Core Principle B and Commission Regulations 39.11 and 39.33.

Risk Management (Principle D): The proposed amendments to the ICUS Risk Management Framework related to the methodology used by ICUS to monitor and manage the adequacy of its qualifying liquidity resources, by memorializing a scenario that is currently being tested, will enhance ICUS's Risk Management Framework documentation. In addition, the sensitivity analysis report on the liquidity management and monitoring model could help to enhance it. The changes to the way in which ICUS monitors off market trades will enhance ICUS's ability to identify and monitor potential risks. Depending on the circumstances, a bad trade alert could prompt ICUS to reach out to the affected Clearing Member to establish that the trade was intentional and not the result of human error and/or result in heightened monitoring of ICUS's exposure to that Clearing Member. Overall, these amendments will strengthen ICUS's ability to identify 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 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,

A handwritten signature in black ink that reads "Eamonn Hahessy".

Eamonn Hahessy
General Counsel and Chief Compliance Officer