



October 27, 2022

**VIA CFTC PORTAL**

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

**Re: Amendments to the ICE Clear U.S., Inc. Risk Management Framework - Concentration Charge Methodologies for ICE Risk Models 1.0 and 2.0 and Minor Conforming Changes - 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,<sup>1</sup> 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 models used by ICUS to determine the initial margin requirements for its Clearing Members. Specifically, ICE Risk Model 1.0 (“IRM 1.0”) and ICE Risk Model 2.0 (“IRM 2.0”).<sup>2</sup> ICUS is proposing to enhance and clarify the Risk Management Framework’s documentation of the methodologies used to determine the concentration charge component of IRM 1.0 and IRM 2.0 (respectively, the “IRM 1.0 CC Determination” and the “IRM 2.0 CC Determination”), following, in the case of the former, an annual revalidation and, in the case of the latter, the ongoing, regular review by ICUS of its Risk Management Framework and related policies and procedures. In addition, and also as a result of that regular review, ICUS is proposing to amend the Risk Management Framework to reflect a modified approach to measuring 2 inputs used in the IRM 2.0 CC Determination. Finally, ICUS is proposing to make some minor conforming changes to the Risk Management Framework.

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

<sup>2</sup> Currently, IRM 2.0 is used to determine the initial margin requirement for all contracts cleared by ICUS that reference equity and interest rate indices, and IRM 1.0 is used to determine the initial margin requirement for all other contracts cleared by ICUS.



## 2. Details of Rule Changes

**IRM 1.0 CC Determination:** With respect to the IRM 1.0 CC Determination, ICUS is proposing to amend the Risk Management Framework to provide more granular detail and, as a result, greater clarity, on the purpose of a component of the determination and how the associated calculation is performed. This amendment enhances the documentation of existing procedures and does not constitute a substantive change.

**IRM 2.0 CC Determination:** With respect to the IRM 2.0 CC Determination, first ICUS is proposing to amend the Risk Management Framework to provide additional detail and greater clarity by: (i) explicitly adding the concentration threshold factor to the enumerated list of IRM 2.0 parameters; and (ii) specifying the frequency with which the concentration threshold is determined and recalibrated. These amendments are also enhancements to the existing documentation and not substantive changes. In addition, ICUS is proposing to amend the Risk Management Framework to reflect how it measures 2 inputs used in the IRM 2.0 CC Determination, specifically the average daily volume and average open interest (respectively, “ADV” and “AOI”) for a given cleared contract. In the past, when calculating that ADV and AOI, ICUS only used the volume and open interest from the relevant listing exchange, currently ICE Futures U.S., Inc. The proposed amendments to the Risk Management Framework address the inclusion, selectively, of volume and open interest in related markets. This aligns ICUS more closely with both affiliated and non-affiliated derivatives clearing organizations and refines the IRM 2.0 CC Determination so that it better captures the actual risk it is designed to address.

ICUS has respectfully requested confidential treatment for the foregoing Risk Management Framework amendments which were submitted (separately for IRM 1.0 and IRM 2.0) 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 Principle and the applicable regulations of the Commission thereunder:

**Risk Management (Core Principle D):** With respect to the proposed changes to the 2 inputs used in the IRM 2.0 CC Determination, the Risk Management Framework amendments will result in a clearer identification of the actual risks to which ICUS is exposed. In addition, refining how that determination is made will result in enhanced monitoring and management of the risks that ICUS is addressing with the IRM 2.0 CC Determination. The other amendments to the Risk Management Framework will enhance ICUS’s documentation by adding additional details about how both the IRM 1.0 and the IRM 2.0 concentration charges are determined. Overall, these amendments will strengthen ICUS’s ability to monitor and manage potential risks, as well as internal audit’s ability to assess ICUS’s related policies, procedures and controls, 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](mailto:Eamonn.Hahessy@theice.com).

Sincerely,

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

Eamonn Hahessy  
General Counsel and Chief Compliance Officer