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Sarah Williams
Staff Attorney

October 30, 2014

Re: Revisions to the ICC Risk Management Framework Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

VIA E-MAIL
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 and Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), a self-certification of revisions to the ICC Risk Management Framework to incorporate certain risk model enhancements. ICC is registered with the Commission as a derivatives clearing organization ("DCO"). ICC intends to make the Risk Management Framework revision effective 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 revisions to ICC's Risk Management Framework are intended to incorporate risk model enhancements related to anti-procyclicality, devolatilization, liquidity charges, and concentration charges. This submission includes a description of the ICC Risk Management Framework revisions. Certification of the revisions to the ICC Risk Management Framework pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC proposes revising the ICC Risk Management Framework to facilitate compliance with requirements under the European Market Infrastructure Regulations, specifically anti-procyclicality conditions described in Article 28 of the Regulatory Technical Standards[1]. Currently, ICC considers three levels of volatility in its Risk Management Framework to account for stable but prudent margin requirements. ICC proposes adding a fourth volatility scale that assigns a 25% weight to a stress period (currently the stress period is set to January 14, 2008 to December 31, 2008) and the remaining 75% to the immediate most recent 250 observations, consistent with Article 28(b) of the Regulatory Technical Standards. The revised initial margin requirements are expected to result in more conservative initial margin figures for some risk factors. In addition, ICC proposes introducing devolatilization enhancements to describe spread log-return time series that span market periods associated with different volatility regimes.

Additionally, ICC proposes a revised approach to computing index liquidity charges. The enhancement consists of reducing the portfolio liquidity benefits across different index series. As part of its product offering, ICC clears credit default swap ("CDS") index series. A new series of CDS indices is issued every six months, and the new series is referred to as being "on-the-run," while previous series is referred to as being "off-the-run." The revised calculation establishes series-specific liquidity charges by considering the

[1] Commission Delegated Regulation (EU) No. 153/2013 of 19 December 2012 Supplementing Regulation (EU) No. 648/2012 of the European Parliament and of the Council with regard to Regulatory Technical Standards on Requirements for Central Counterparties (the "Regulatory Technical Standards").

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series-specific positions and establishing series-specific position directionality based on the corresponding 5-year equivalent notional amount directionality. Further, to capture the market behavior around index rolls when the bid/offer width for index-roll transactions (i.e. trading the on-the-run vs. first off-the-run indices) is typically smaller than the bid/offer width of each individual leg, ICC proposes implementing time-dependent long/short liquidity charge portfolio benefits for the on-the-run and the first off-the run series. The proposed revisions to the liquidity charges are expected to result in more conservative requirements than the ones associated with the current approach.

ICC also proposes enhancements to the calculation of its concentration charges by introducing index series-specific concentration charges. The revised calculation establishes series-specific concentration charges for positions exceeding series-specific concentration threshold limits based on the direction of the 5-year equivalent notional amount or the net notional amount. Under the revised calculation, ICC will estimate series-specific concentration charge threshold limits based on the distribution of series-specific open interest information at the clearing house. The estimated series-specific concentration charge threshold limits reflect the average open interest over a 5-day period. The proposed revisions to the concentration charge are expected to result in more conservative requirements than the ones associated with the current approach.

Core Principle Review:

ICC reviewed the DCO core principles ("Core Principles") as set forth in the Commodity Exchange Act. During this review, ICC identified the following Core Principles as being impacted:

Financial Resources: The revisions to the ICC Risk Management Framework are consistent with the financial resources requirements of Core Principle B.

Risk Management: The revisions to the ICC Risk Management Framework are consistent with the risk management requirements of Core Principle D.

Amended Rules:

The proposed change consists of revisions to the ICC's Risk Management Framework to incorporate risk model enhancements related to anti-procyclicality, devolatilization, liquidity charges, and concentration charges. ICC has respectfully requested confidential treatment for the ICC Risk Management Framework which was submitted concurrently with this self-certification submission.

Certifications:

ICC hereby certifies that the revisions to the ICC Risk Management Framework comply with the Act and the regulations thereunder. There were no substantive opposing views to the revisions.

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

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) 836-6883.

Sincerely,

Sarah Williams

Sarah Williams
Staff Attorney

cc: Brian O'Keefe, Commodity Futures Trading Commission (by email)
Kate Meyer, Commodity Futures Trading Commission (by email)
Tad Polley, Commodity Futures Trading Commission (by email)
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