



Olivia Bazor
Staff Attorney

June 08, 2023

Re: Changes to update the ICC New Initiatives Approval Policy and Procedural Framework 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 and Commodity Futures Trading Commission (“Commission”) Regulation 40.6, a self-certification of changes to the ICC New Initiatives Approval Policy and Procedural Framework (the “NIA Policy”). ICC is registered with the Commission as a derivatives clearing organization (“DCO”). ICC intends to make the amended Rules 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.

This submission proposes updates to the NIA Policy. A description of the principal changes contained in the NIA Policy follows. Certification of the updated NIA Policy pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

The NIA Policy sets forth ICC’s policies and procedures for the review and approval of certain new initiatives to be offered or implemented by ICC (“New Initiatives”). New Initiatives are any new project approved by the Steering Committee (i.e., an ICC management committee responsible for prioritizing the implementation of initiatives and monitoring and guiding delivery) and identified by the New Initiative Approval Committee (the “NIAC”) as requiring its approval prior to launch. The intention of the NIA Policy is to notify all relevant departments of the introduction of the New Initiative, provide for information sharing between departments, ensure prior to the launch of a New Initiative that all required governance and regulatory filings have been completed and New Initiative risks are considered, and establish requirements for the pre-launch verification and testing of the New Initiative.

ICC proposes to update its NIA Policy with the addition of Exhibit B, Approvals Matrix Review and Approval Process. The addition of the procedures set forth in Exhibit B, Approvals Matrix Review and Approval Process to Section IV Procedural Framework - Activity Steps is designed to formalize ICC’s current New Initiatives review and approval process. Specifically, Exhibit B formalizes and describes ICC’s procedures regarding the use of an “Approvals Matrix” in its review and approval of a given New Initiative. The lifecycle of an Approvals Matrix for a given New Initiative is set forth in Exhibit B and, in general, consists of three activity steps described below.

The first step is “Creation” of the Approvals Matrix. Upon the request of the NIAC Chair, the ICC Legal Department prepares an initial draft Approvals Matrix related to the particular New Initiative. An initial draft may be requested prior to the completion of the New Initiative, and in any case prior to ICC being granted all required approvals. Should the initial draft be requested prior to being granted all required approvals, a complete list of requires approvals (both granted and to be granted) will be incorporated in the Approvals Matrix. Furthermore, the Approvals Matrix will include the following information: (i) items requiring approval



(e.g., ICC Clearing Rules, ICC procedures), (ii) required filings/approvals related to each item (e.g., ICC Risk Committee recommendation to the ICC Board of Managers, ICC Board of Managers, the Commission, Securities Exchange Commission (“SEC”)), and (iii) the applicable dates such requests were made, regulatory filings were filed and/or approvals were granted. The ICC Compliance Department and ICC Risk Oversight Officer (“ROO”) both review the initial draft Approvals Matrix and provide their feedback and confirmation that the information captured in the Approvals Matrix is accurate.

The purposed second step is “Review/Maintenance” of the Approvals Matrix. With respect to a particular New Initiative, the NIAC Chair may include a review of the applicable Approvals Matrix at NIAC meetings and must include a review of the Approvals Matrix in the relevant Pre-Launch Verification meeting.¹ Should either type of review result in modifications to the applicable Approvals Matrix, the ICC Legal Department will update the applicable Approvals Matrix with the modifications.

The purposed third step is “Finalization” of the Approvals Matrix. Prior to Pre-Launch Verification of the given New Initiative by the NIAC, the NIAC Chair will confirm with the ICC Legal Department that all required approvals have been received, including by the ICC Compliance Department and the ROO.

Furthermore, ICC proposes to update its NIA Policy with the addition of Exhibit C, Risk Assessment Review and Approval Process to Section IV Procedural Framework - Activity Steps. Exhibit C is designed to formalize ICC’s current New Initiatives risk review and approval process. Proposed Exhibit C provides that a “Risk Assessment” associated with a given New Initiative must be created, maintained and updated in accordance with procedures include in Exhibit C.²

The purposed first step is “Creation” which describes the initial risk assessments performed by the ICC President and ICC Functional Area Heads,³ which is documented on the Risk Assessment of the applicable New Initiative. The draft Risk Assessment document is then reviewed/edited by all Functional Area Heads. Each Functional Area Head considers the universe of key risks for their functional area when completing the Risk Assessment, and documents in the Risk Assessment their view on the main risks and any related mitigations. For each of the main risks identified, the following information is provided; a description of the risk, a description of any expected / implemented risk mitigations and a High / Medium / Low rating of the residual risk after considering the expected / implemented risk mitigations. Each Functional Area Head includes references to any work logs or other supporting materials used by the Functional Area Head when performing the Risk Assessment. All Functional Area Heads return their section of the initial draft Risk Assessment to the NIAC Chair. The NIAC Chair compiles all returned sections of the initial draft Risk Assessment into a single document. The NIAC Chair circulates the compiled initial draft Risk Assessment to all Functional Area Heads. Each Functional Area Head reviews all the risks identified in the initial draft Risk Assessment by the other Functional Area Heads, provides any revisions / additions to the document, and provides a residual risk rating for each identified risk. At the discretion of the NIAC Chair, the review and residual risk rating of each Functional Area Head’s identified risks by the other Functional Area Heads can be performed collaboratively during a NIAC meeting. The NIAC Chair circulates to the Functional Area Heads the finalized initial draft of the Risk Assessment.

¹ The purpose of the Pre-Launch Verification meeting, with respect to a particular New Initiative, is to review the applicable Approvals Matrix, the risk assessments and any post-launch stipulations in advance of the approval of the New Initiative.

² A Risk Assessment is a document (in the form of the template attached as **Attachment B** to the NIA Policy) reviewed by the NIAC that describes key risks identified by the ICC Functional Area Heads and includes mitigation plans, residual impact ratings and other comments.

³ ICC Functional Area Heads include the General Counsel, Chief Compliance Officer, Chief Operating Officer, Chief Risk Officer and Head of ICC Technology.



The proposed second step is “Review/Maintenance” of the Risk Assessment. In NIAC meetings pertaining to the relevant New Initiative, the NIAC Chair may include a review of the Risk Assessment and must include a review of the Risk Assessment in the Pre-Launch Verification meeting. Functional Area Heads may adjust their risk ratings as mitigation plans evolve to eliminate or reduce risk. Following any review of the Risk Assessment (whether in NIAC meetings or otherwise), the NIAC Chair coordinates the update and re-circulation of the Risk Assessment to the Functional Area Heads. The NIAC Chair will date or mark the Risk Assessment accordingly to indicate what is the most current version of the Risk Assessment as it moves through the new initiatives process.

The proposed third step is “Finalization” of the Risk Assessment. During the Pre-Launch Verification NIAC meeting for the given New Initiative, the NIAC reviews and discusses the latest Risk Assessment and residual risk ratings; any further revisions are noted to the NIAC Chair prior to the NIAC voting to approve the New Initiative. After the Pre-Launch Verification NIAC meeting for the given New Initiative, the NIAC Chair circulates to the NIAC the final Risk Assessment and the Functional Area Heads provide their sign-off via email to the NIAC Chair.

Furthermore, ICC proposes to update Section IV.A. of the NIA Policy by changing the name of Step 1 from “Submission” to “Creation”. The purpose of this minor change is to better describe ICC’s actual process, which is first the creation of a new project proposal by the ICC Steering Committee, which is subsequently submitted to the NIAC for review pursuant to the NIA Policy.

In addition to the forgoing proposed modifications to the NIA Policy, ICC also proposes to formalize a series of non-material updates to the NIA Policy which were reviewed and approved by the NIAC in 2019 and 2020. Such proposed changes, which are described below, concern the administration of ICC and were made to update the NIA Policy to reflect changes in ICC’s officer positions and titles which were made within the organization.

In 2019 the NIAC approved changes to the NIA Policy⁴ to update the composition of the NIAC in response to changes to officer positions and titles made within ICC. Specifically, revisions were made to Section II.G., “New Initiative Approval Committee”, to remove references of two out-of-date ICC officer titles (“Senior Director, Products and Services” and “Head of Special Projects”) from the list of individuals comprising the NIAC. In addition, as the Head of Special Projects at ICC use to serve as the Chairman of the NIAC, Section II.G. also was revised to indicate that the Chairman of the NIAC will no longer automatically be the Head of Special Projects as such position no longer exists within ICC. Rather, Section II.G. was modified to indicate that the Chair of the NIAC will be the individual so designated. In addition, Section II.H., which defines the “New Initiative Approval Committee Chair,” was modified to delete the identification of the “Head of Special Projects” as that officer title no longer exists at ICC, and to insert the new definition of “the individual designated to serve as the Chair of the New Initiative Approval Committee by ICE Clear Credit management.” Furthermore, Section III.B. of the NIA Policy which identified the “Head of Special Projects” as serving at the NIAC Chair was deleted and the remainder of Section III was re-lettered to reflect the deletion of Section III.B. Similarly, the outdated title “Head of Special Projects” was removed from Attachment C and Attachment F to the NIA Policy, as the title is no longer in use at ICC.

In 2020 the NIAC approved additional changes to the NIA Policy⁵ to correct Attachment D which contains the NIAC Charter. Specifically, Section III, “Membership” of Attachment D was modified to indicate that the Chair of the NIAC will be designated by ICC management. Similarly, Exhibit A to Attachment D which lists

⁴ Version 2.1 of the NIA Policy was reviewed and approved by the NIAC on December 12, 2019.

⁵ Version 2.1.1. of the NIA Policy was reviewed and approved by the NIAC on March 04, 2020.



the members of the NIAC was modified to delete the “Head of Special Projects” as the NIAC Chair and modified the definition of the “Committee Secretary” to indicate that such position will be designated by the NIAC Chair rather than the outdated “Head of Special Projects.”

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:

Risk Management: The changes to the NIA Policy are consistent with the risk management requirements of Core Principle D. The NIA Policy sets forth appropriate procedures for the review and approval of New Initiatives to be offered or implemented by ICC. The additional procedural details in the NIA Policy regarding the Approvals Matrix review and approval process, and the Risk Assessment review and approval process improves ICC’s ability to assess and manage the risks, financial impact, legal and regulatory concerns, and the strategic direction of ICC. Such enhanced procedures ensure that ICC possesses the ability to manage the risks associated with discharging its responsibilities, consistent with the risk management requirements of Core Principle D.

System Safeguards: The changes to the NIA Policy are consistent with the system safeguards requirements of Core Principle I. The additional procedural details to the NIA Policy regarding the Approvals Matrix review and approval process, and the Risk Assessment review and approval process improves ICC’s processes with respect to the notification to all relevant departments to ensure a thorough understanding and assessment of potential risks associated with New Initiatives. The additional procedural details also enhance ICC procedures regarding the approval of New Initiatives by all relevant departments, reducing the likelihood of a disruption in ICC’s operations from a New Initiative, thereby improving ICC’s ability to identify and minimize sources of operational risk, consistent with the requirements of Core Principle I.

Amended Rules:

The proposed change consists of updates to the ICC NIA Policy. ICC has respectfully requested confidential treatment for the amended NIA Policy, which was submitted concurrently with this self-certification submission.

Certifications:

ICC hereby certifies that the amended NIA Policy complies with the Act and the regulations thereunder. There were no substantive opposing views to the rules.

ICC certifies that, concurrent with this filing, a copy of the submission was posted on ICC’s website, which 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 olivia.bazor@ice.com or 904-855-5580.

Sincerely,

A handwritten signature in black ink, appearing to be the initials "OB" in a cursive style.

Olivia Bazor
Staff Attorney