Maria Alarcon
Associate General Counsel

September 1, 2026

Re: Updates to ICC Model Validation Framework and Treasury Operations Policies and Procedures Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

<u>VIA ELECTRONIC PORTAL</u>
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 (the "Act") and Commodity Futures Trading Commission ("Commission") Regulation 40.6(a), a self-certification of changes to the Model Validation Framework ("MVF") and the Treasury Operations Policies and Procedures ("Treasury Operations Policy") for the CDS Clearing Service. ICC is registered with the Commission as a derivatives clearing organization ("DCO"). ICC intends to implement the changes 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 purpose of the proposed rule change is to amend the MVF and Treasury Operations Policy for the CDS Clearing Service. The MVF provides assurances that ICC Models[1] for the CDS Clearing Service are performing as expected, in line with their design objectives and business use. The Treasury Operations Policy describes the policies and procedures used to support ICC's Treasury functions for the CDS Clearing Service, including funds management, cash settlement, collateral management, and investment strategy. The proposed changes consist of clarification and clean-up changes to the MVF and Treasury Operations Policy to reflect current practices. This submission includes a description of the changes. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

Model Validation Framework

ICC proposes clarifications and clean-up changes to the MVF, including clarifying its applicability to the CDS Clearing Service and updating references to existing committees and a working group. Such changes are designed to reflect current practices. ICC proposes to re-title the MVF from "Model Validation Framework" to "CDS Clearing Service Model Validation Framework" to clarify its applicability to the CDS Clearing Service.

ICC proposes revisions to more specifically identify the CDS Risk Committee and reflect its existing model validation responsibilities in the MVF. In particular, the MVF assigns various model validation responsibilities to the "Risk Committee" throughout the document. ICC proposes to replace references to the "Risk Committee" with more specific references to the "CDS Risk Committee." These changes do not represent a departure in existing practice, as the CDS Risk Committee currently performs these functions. Rather, these changes clarify that such provisions refer to the CDS Risk Committee, given the recent

[1] A model refers to a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative estimates ("Model").

establishment of the Board Risk Committee, to more clearly distinguish between the two committees.[2] Specifically, ICC proposes to make the following changes:

- Under amended Section 1.2, ICC consults with the CDS Risk Committee when adding or retiring a Model, or adding, enhancing, or retiring its components ("Model Components").
- Under amended Section 1.3, the CDS Risk Committee reviews materiality classifications and provides feedback as necessary.
- Under amended Section 2.2, the ICC Risk Oversight Officer ("ROO") maintains a list of pre-approved independent model validators, which the CDS Risk Committee reviews; presents new model validators to the CDS Risk Committee for consultation; and is responsible for reassessing selected model validators' continued independence and presenting this assessment to the CDS Risk Committee.
- Under amended Section 2.4, the Model Inventory (i.e., central repository holding key information about ICC Models, Model Components and Model Changes[3]) includes the date the initial validation report was reviewed by the CDS Risk Committee and the date the CDS Risk Committee recommended Board approval.
- Under amended Section 3.2, the ICC Chief Risk Officer ("CRO") describes Model Changes to the CDS Risk Committee.
- Under amended Subsection 3.2.1.a, the Board approves the final methodology for a Model Change after review and recommendation by the CDS Risk Committee.
- Under amended Subsection 3.2.1.b, ICC obtains approval from the Board after review by the CDS Risk Committee with respect to changes to certain elements of ongoing monitoring and validation ("OM&V").
- Under amended Subsection 3.2.2.b, ICC, in consultation with the CDS Risk Committee, may determine certain low priority issues do not reflect a potential deficiency.
- Under amended Subsection 3.2.2.c, ICC obtains a no-objection to the independent validation from the CDS Risk Committee, and the ROO and CRO (or designee) present the independent validation report to the CDS Risk Committee.
- Under amended Section 3.4, the CRO informs the CDS Risk Committee regarding OM&V results triggering an investigation.
- Under amended Section 3.5, the ROO, in consultation with the CDS Risk Committee, sets an established periodicity for independent periodic review.
- Under amended Subsection 3.5.2, ICC agrees on timeframes with the CDS Risk Committee on remediation; ICC, in consultation with the CDS Risk Committee, may determine that low priority issues do not reflect a potential deficiency; the ROO and CRO (or designee) present the independent periodic review report to the CDS Risk Committee for acceptance; and ICC consults with the CDS Risk Committee regarding closure of items.

ICC also proposes to incorporate references to a recently established committee and working group. In amended Section 2.4, ICC would specify that the Model Inventory includes the date the Board Risk Committee recommended Board approval. Under amended Subsection 3.2.1, the Board would approve the final methodology for a Model Change after review and recommendation by the Board Risk Committee, and ICC would obtain approval from the Board after review by the Board Risk Committee with respect to changes to certain elements of OM&V. Additionally, under amended Subsection 3.2.1, Model Changes that rise to a certain level of materiality are subject to peer review through ICC's Risk Advisory

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2 ICC previously filed with the Commission a self-certification to establish the Board Risk Committee. *See* Submission No. 2505-2009-5329-88 dated May 20, 2025.

3 For each Model, ICC distinguishes between new, enhanced, and retired Model Components (collectively "Model Change").

Working Group. The proposed changes are intended to memorialize the roles of the Board Risk Committee and Risk Advisory Working Group with respect to model validation governance.[4]

Treasury Operations Policies and Procedures

ICC proposes clarifications and clean-up changes to the Treasury Operations Policy, including clarifying its applicability to the CDS Clearing Service, updating references to existing committees, and updating a reporting line. Such changes are intended to reflect current practices. ICC proposes to re-title the Treasury Operations Policy from "ICE Clear Credit LLC Treasury Operations Policies & Procedures" to "ICE Clear Credit LLC CDS Clearing Service Treasury Operations Policies & Procedures" to clarify its applicability to the CDS Clearing Service. Similarly, ICC proposes to amend Section I to specify that the Treasury Operations Policy describes the policies and procedures used to support the Treasury functions of the CDS Clearing Service.

ICC proposes to amend Section II to update a reporting line. The current language states that ICC's Treasury function is overseen by the Treasury Director who reports to the ICC Chief Operating Officer ("COO"). ICC proposes to remove reference to the COO, as the Treasury Director currently reports directly to the ICC President.

ICC proposes additional changes to reference existing committees. ICC proposes to amend Section X of the Treasury Operations Policy, which contains the Revision History and sets out the governance process applicable to the document's annual review. The proposed amendments reflect that the Treasury Operations Policy is subject to review by both the CDS Risk Committee and the Board Risk Committee at least annually. The amendments add an express reference to the Board Risk Committee and clarify that the existing reference to the "Risk Committee" refers to the "CDS Risk Committee". ICC also proposes changes to Appendix 1 of the Treasury Operations Policy to specify that the CDS Risk Committee and the Board Risk Committee will review proposed changes to the investment policy and make recommendations to the Board. These revisions similarly add an express reference to the Board Risk Committee and clarify that the existing reference to the "Risk Committee" refers to the "CDS Risk Committee". Such changes are intended to reflect existing practices in line with the existing responsibilities of such committees.[5]

<u>Core Principle Review</u>:

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

Risk Management: The revisions to the MVF and Treasury Operations Policy are consistent with the risk management requirements of Core Principle D. The proposed changes to the MVF and the Treasury Operations Policy consist of clarification and clean-up changes to reflect current practices. Such changes include clarifying the applicability of these documents to the CDS Clearing Service, updating references to existing committees and a working group, and updating a reporting line. ICC believes that having policies and procedures that clearly and accurately document its model validation practices and Treasury operations are an important component to ICC's risk management and support ICC's ability to maintain adequate financial resources. ICC believes that the amended MVF and Treasury Operations Policy will continue to 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.

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[4] The Board Risk Committee is tasked with assisting the Board in fulfilling its oversight responsibilities with respect to the risk management of ICC. *See* supra note 2. The Risk Advisory Working Group reviews matters that could materially affect the risk profile of ICC. *See* Submission No. 2407-0310-0811-31 dated July 3, 2024.

[5] *See* supra note 2.

Treatment of Funds: The revisions are consistent with the treatment of funds requirements of Core Principle F. The proposed changes continue to ensure that the documentation of ICC's Treasury Operations Policy is up-to-date, transparent, and focused on clearly articulating the policies and procedures used to support ICC's treasury functions and thus serve to promote and ensure the safety of funds and assets belonging to ICC's Clearing Participants and their customers.

Amended Rules:

The proposed changes consist of changes to the MVF and Treasury Operations Policy. ICC has respectfully requested confidential treatment for these documents, which were submitted concurrently with this self-certification submission.

Certifications:

ICC hereby certifies that the changes to the MVF and Treasury Operations Policy comply with the Act and the regulations thereunder. There were no substantive opposing views to the changes, as described in Commission Regulation 40.6. Public comments on such changes filed with the SEC, if any, may be viewed on the SEC's website.

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.ice.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) 836-6547 or Maria.Alarcon@ice.com.

Sincerely,

Maria Alarcon

Maria Alarcon
Associate General Counsel