



September 12, 2023

VIA CFTC PORTAL

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

Re: Amendments to the ICE Clear U.S., Inc. Risk Management Framework - ICE Risk Model 1 and ICE Risk Model 2 Concentration Charges - 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, or such later date as ICUS may determine. ICUS has respectfully requested confidential treatment for these amendments to the Risk Management Framework which were submitted concurrently with this submission.

1. Overview

ICUS’s Risk Management Framework contains the model used by ICUS to determine initial margin requirements for contracts that reference equity and interest rate indices, ICE Risk Model 2 (“IRM 2”), and the model used by ICUS to determine initial margin requirements for all other contracts cleared by ICUS, ICE Risk Model 1 (“IRM 1”). ICUS is proposing to enhance and clarify the Risk Management Framework’s documentation of the Concentration Charge determination for both IRM 1 and IRM 2, 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.

2. Details of Rule Changes

The IRM 1 and IRM 2 Concentration Charges estimate the cost of unwinding the concentrated portion of a given portfolio by making the conservative assumption that only a certain quantity of positions can be liquidated on a given day without significant market impact. Following an annual revalidation, ICUS is proposing amendments to clarify how the IRM 1 Concentration Charge is determined. These amendments are not substantive, they enhance the existing language so that

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



it captures, in more granular detail, how the IRM 1 Concentration Charge is determined in production.

In addition, following a periodic review, ICUS is proposing to amend the Risk Management Framework to clarify that the liquidation period, a component of the IRM 2 Concentration Charge determination, is not capped by the time-to-expiry of the representative instrument for cash-settled instruments. Similarly, this is not a substantive change. It accurately reflects the more conservative way IRM 2 was implemented in practice.

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):

These amendments ensure that the Risk Management Framework is clear and appropriately documented with language that reflects how IRM 1 and IRM 2 are being implemented in production. This will enhance the Risk Management Framework by clearly identifying and documenting the range of risks to which ICUS is exposed, improve the monitoring and management of the entirety of those risks, and facilitate internal audit’s ability to perform its role. As a result, the proposed amendments are consistent with the requirements of Core Principle D and Commission Regulations 39.13 and 39.36.

4. Certifications

ICUS certifies that the proposed amendment to its Risk Management Framework complies 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 amendment. ICUS further certifies that, concurrent with this filing, a copy of this 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@ice.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Eamonn Hahessy", written over a horizontal line.

Eamonn Hahessy
General Counsel and Chief Compliance Officer