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**Re: Updates to ICC Risk Parameter
Setting and Review Policy 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 (the “Act”) and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), a self-certification of changes to the ICC Risk Parameter Setting and Review Policy (“RPSRP”). 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.

This submission includes proposed revisions to the RPSRP. A description of the changes contained in the RPSRP follows. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC proposes to revise its RPSRP, which describes the process of setting and reviewing the risk management model core parameters and the performance of sensitivity analysis related to certain parameter settings. The parameters set and calibrated pursuant to the RPSRP are used in ICC’s risk methodology in certain calculations including, without limitation, initial margin and guaranty fund requirements, as described in the ICC Risk Management Model Description document and the ICC Risk Management Framework. The proposed revisions are described in detail as follows.

ICC proposes to revise the RPSRP to add clarifying language and more detail as to how a particular parameter is calculated in response to a recent independent validator recommendation. Such proposed revisions do not represent a change in the calculation of any parameter set under the RPSRP. Specifically, ICC proposes to revise RPSRP Section 1.7.1. “Univariate Level Parameters,” which contains a description of ICC’s process of setting and reviewing the Univariate Level Parameters, which are the standardized distributions that describe the random fluctuations



of the credit spread log-returns which are calibrated daily. The Univariate Level Parameters are a category of the “Integrated Spread Response Parameters” model component.¹ ICC proposes to provide more details to the Univariate Level Parameters with respect to the estimation of the stress period mean absolute deviation (“MAD”). The proposed revision consists of providing details on the determination of the stress period MAD, which is the period that corresponds to the peak sample MAD estimate based on 250 observations over the most actively traded tenor historical dataset, during which the majority of the Risk Factors² belonging to a “Market (Sub-portfolio) Group”³ exhibited their highest stress MAD levels. The revisions are intended to provide enhanced details of the stress period MAD calculation and how such stress periods are selected across Risk Factors, but such revisions do not represent a change in the calculation of the Univariate Level Parameters.

Also, ICC proposes the addition of Table 2 to Section 1.7.1. of the RPSRP to provide an illustration of Market (Sub-portfolio) Group compositions across several Master Document Transaction Types⁴ (“MDTTs”). The purpose of Table 2 is to provide further details on the composition of the Market (Sub-portfolio) Groups by providing illustrative mapping of various Market (Sub-portfolio) Groups to the applicable MDTTs. Also, ICC has made conforming changes to the RPSRP, to account for the addition of Table 2. Finally, ICC proposes to update the RPSRP revision history to reflect the proposed changes.

Core Principle Review:

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:

Financial Resources: The revisions to the RPSRP are consistent with the financial resources requirements of Core Principle B and the financial resource requirements in Commission Regulation 39.33. The changes provide additional clarity by adding details to the Univariate Level Parameters with respect to the estimation of the stress period MAD and how such stress periods are selected across Risk Factors and, in turn, serves to promote the soundness of ICC’s risk management model, its ability to manage risks and maintain appropriate financial resources. The

¹ The Integrated Spread Response Parameters capture credit spread and recovery rate fluctuations and is computed by creating profit/loss distributions from a set of jointly simulated hypothetical credit spread and recovery rate scenarios, such as Monte Carlo Value at Risk. The Integrated Spread Response Parameters are categorized into Univariate, Multivariate and Anti-Procyclicality Level Parameters.

² With respect to credit default swap contracts, each underlying index, sub-index or single name reference entity is deemed a separate “Risk Factor.”

³ A Market (Sub-Portfolio) Group consists of Risk Factors that share similar market and risk profile characteristics such as geographical locations, hours of trading activity and stress periods.

⁴ Master Document Transaction Types refers to the “Transaction Types” identified by the International Swaps and Derivatives Association, Inc. (ISDA) in the publication of their Credit Derivatives Physical Settlement Matrix.



updates would thus support ICC's ability to maintain its financial resources and withstand the pressures of defaults, consistent with the financial resource's requirements of Core Principle B and Commission Regulation 39.33.

Risk Management: The revisions to the RPSRP are consistent with the risk management requirements of Core Principle D and the risk management requirements in Commission Regulation 39.13 and 39.36. The revisions are limited to clarification changes and would not amend the methodology. As described above, for Univariate Level Parameters, ICC proposes to clarify the estimation and selection across Risk Factors of the stress period MAD. Such changes would ensure transparency and clarity in the RPSRP with respect to ICC's Univariate Level Parameters, to support the effectiveness of ICC's risk management system. ICC believes that such updates to the RPSRP 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.

Amended Rules:

The proposed changes consist of clarifications to the RPSRP. ICC has respectfully requested confidential treatment for the RPSRP, which was submitted concurrently with this self-certification submission.

Certifications:

ICC hereby certifies that the changes comply with the Act and the regulations thereunder. There were no substantive opposing views to the changes.

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 (904) 855-5580.

Sincerely,

A handwritten signature in black ink, appearing to be 'OB' or similar initials.

Olivia Bazor
Staff Attorney