



August 28, 2019

BY ELECTRONIC TRANSMISSION

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

Re: Amendment to ICE Clear US, Inc. Rules - 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 US, Inc. (“ICUS”) is submitting this self-certification to amend the ICUS Rules,¹ specifically the ICUS Risk Management Framework and related changes to ICUS Rule 301. ICUS intends to revise the Risk Management Framework no sooner than the tenth business day following the filing of this submission with the Commission, or such later date as ICUS may determine.

1. Overview

ICUS’s Risk Management Framework contains the methodology used by ICUS to allocate the ICUS Guaranty Fund requirement across Clearing Members. ICUS is proposing to amend that allocation methodology in order to refine how it captures the risk that Clearing Members introduce to the Guaranty Fund, and to harmonize ICUS’s allocation methodology with other Intercontinental Exchange, Inc. clearing houses. ICUS is not proposing to make any changes to methodology used to determine the aggregate size of the Guaranty Fund. In addition, ICUS is proposing to make conforming changes to ICUS Rule 301.

2. Details of Rule Changes

The proposed amendments will reduce the emphasis placed on initial margin and daily volume, the current metrics. A new metric is being introduced that will take into account each Clearing Member’s uncollateralized stress loss. This more effectively captures the risk that a given Clearing Member is posing to the Guaranty Fund. Daily volume will continue to be a relevant metric but its emphasis is being reduced because volume, in and of itself, is not always indicative of risk. Another new metric, intraday peak initial margin, as distinct from the current end-of-day initial margin, is being introduced. This, among other things, is a more refined way of capturing the risk introduced by high volume activity. ICUS has respectfully requested confidential treatment for the Risk Management Framework revisions, as well as some related explanatory materials and analysis filed at the request of staff, which were submitted concurrently with this submission.

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

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 (“DCO”) 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 (Principle D): The proposed amendments to the ICUS Risk Management Framework are consistent with the risk management requirements of DCO Core Principle D. ICUS’s Risk Management Framework sets forth the methodology used by ICUS to allocate the ICUS Guaranty Fund requirement across Clearing Members. The new allocation methodology establishes a more refined correlation between the risk that a Clearing Member poses to the Guaranty Fund and the portion of the Guaranty Fund allocated to that Clearing Member. As a result, consistent with DCO Core Principle D, this enhances ICUS’s risk control mechanisms because the amended methodology better aligns the risk that a Clearing Member brings to ICUS with that Clearing Member’s Guaranty Fund contribution.

4. Certifications

ICUS certifies that the amendments to the ICUS Risk Management Framework, and ICUS Rule 301, comply with the Act and the rules and regulations promulgated by the Commission thereunder. A copy of the amendments to ICUS Rule 301 is attached to this submission. ICUS is not aware of any substantive opposing views expressed regarding the amendments. ICUS further certifies that, concurrent with this filing, a copy of the 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@theice.com.

Sincerely,



Eamonn Hahessy
General Counsel and Chief Compliance Officer

Rule 301. Guaranty Fund

The Corporation shall establish and maintain a Guaranty Fund.

(a) For the purposes of this Rule 301, the following terms shall have the following meanings:

(i) “Base Guaranty Fund Amount” shall mean the base amount as established by the Board from time to time for the calculation of the Guaranty Fund Deposit Requirements of the Clearing Members.

(ii) “Base Margin Amount” shall mean that portion of each Clearing Member’s Guaranty Fund Deposit Requirement which is based upon its margin requirement, as determined pursuant to the Corporation’s risk policies.

(iii) “Base Volume Amount” shall mean that portion of each Clearing Member’s Guaranty Fund Deposit Requirement which is based upon the volume of Contracts cleared by it, as determined pursuant to the Corporation’s risk policies.

(iv) “Base Uncollateralized Stress Loss Amount” shall mean the portion of each Clearing Member’s Guaranty Fund Deposit Requirement which is based upon the uncollateralized stress loss, as determined pursuant to the Corporation’s risk policies.

(b) Each Clearing Member, shall deposit and maintain in the Guaranty Fund an amount (the “**Guaranty Fund Deposit Requirement**”) equal to the sum of the Clearing Member’s Base Margin Amount, ~~and~~ Base Volume Amount and Base Uncollateralized Stress Loss Amount, as established by the Corporation in light of the Base Guaranty Fund Amount, provided that:

(i) Reserved.

(ii) each Clearing Member shall be required to deposit and maintain in the Guaranty Fund at least two million dollars (\$2,000,000), or such other amount as the Board may fix from time to time;

(iii) Reserved.

(iv) each new Clearing Member shall be required to deposit such amount as determined by the Corporation provided, however, that in no event shall the amount of the deposit be less than the amount set forth in or determined by the Board pursuant to subsection (b)(ii) of this Rule 301. Each new Clearing Member must be a Clearing Member for one calendar month before its Guaranty Fund requirement is calculated as described in this Rule 301(b) (exclusive of this clause (iv)).

Subject to Rule 303 and Rule 212, the Board shall have the authority to cause the Base Margin Amount, ~~and~~ Base Volume Amount and Base Uncollateralized Stress Loss Amount of all Clearing Members to be recalculated at any time, and to require the Clearing Members to immediately deposit in the Guaranty Fund any amounts required to meet the recalculated Guaranty Fund Deposit Requirements, taking into account the minimum deposit requirements set forth in subsection (b)(ii) of this Rule 301. The Corporation shall establish the Base Guaranty Fund Amount such that at a minimum the Corporation will maintain pre-funded financial resources sufficient to enable it to meet its financial obligations to Clearing Members notwithstanding a default by the two Clearing Members (including any of their affiliated Clearing Members) creating the largest combined loss to the Corporation in extreme but plausible market conditions, consistent with the requirements of CFTC Rules 39.11 and 39.33.