

Eric Nield
General Counsel

May 27, 2014

Re: Guaranty Fund and House Initial Margin Liquidity Rule Change Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

VIA E-MAIL

Ms. Melissa Jurgens
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Dear Ms. Jurgens:

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), a self-certification of changes to the ICC Rules to clarify ICC’s authority to use Guaranty Fund and House Initial Margin as an internal liquidity resource. ICC is registered with the Commission as a derivatives clearing organization (“DCO”). ICC intends to make the revisions to the ICC 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.

ICC has a comprehensive liquidity monitoring program that describes ICC’s liquidity resources as well as the methodology for testing the sufficiency of these resources. The proposed changes to the ICC Rules clarify ICC’s authority to use Guaranty Fund and House Initial Margin as an internal liquidity resource. Certification of the changes to the ICC Rules pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC’s liquidity monitoring program includes a discussion of all resources available to ICC and the order ICC would use these resources if necessary. Additionally, the liquidity monitoring program contains details about ICC’s comprehensive liquidity testing.

ICC will use all available resources to meet its liquidity needs when managing a Clearing Participant default. The liquidity waterfall defines the order, to the extent practicable, that ICC uses its available liquidity resources (“ALR”) to meet its currency-specific cash payment obligations, though the actual order may vary depending on the particular circumstances. ALR consist of the available deposits currently in cash of the required denomination, and the cash equivalent of the available deposits in collateral types that ICC can convert to cash, in the required currency of denomination, rapidly enough to meet the relevant, currency-specific payout deadlines. The liquidity waterfall classifies ALR on any given day into four levels. Level One includes the House Initial Margin and Guaranty Fund cash deposits of the defaulting Clearing Participant. Level Two includes Guaranty Fund cash deposits of: (i) ICC; and (ii) non-defaulting Clearing Participants. Level Three includes House Initial Margin cash deposits of the non-defaulting Clearing Participants. Level Four includes using ICC’s committed credit facility to access additional cash, and contemplates the establishment of other committed facilities to convert U.S. Treasuries to USD cash.

ICC's liquidity monitoring program includes two kinds of testing, a historical analysis based on back testing considerations, and a forward-looking analysis based on stress testing. In the historical analysis based on back testing considerations, ICC uses the currency-specific historical profit/loss associated with cleared portfolios to explore the level of liquid resources required under historical market conditions. In the forward-looking analysis based on stress testing, ICC explores the required level of liquidity resources in forward-looking market conditions by applying a number of liquidity stress scenarios and determining currency-specific hypothetical profits or losses for each Clearing Participant.

Currently, under the ICC Rules, ICC has broad authority to use and invest cash, securities, and other property held in the Guaranty Fund or as Initial Margin. In order to provide clarity and transparency in the ICC Rules regarding the use of House Initial Margin and Guaranty Fund assets as a liquidity resource, ICC is proposing to amend ICC Rules 402(j) and 802(f)(iv).

New Rule 402(j) relates to the use of a Clearing Participant House Initial Margin as a liquidity resource. Rule 402(j) clarifies that ICC may (i) exchange House Initial Margin held in the form of cash for securities of equivalent value and/or (ii) in connection with a Clearing Participant default, exchange House Initial Margin held in the form of cash in one currency for cash of equivalent value in a different currency. In either case, with respect to the use of Initial Margin of non-defaulting Clearing Participants as a liquidity resource, ICC will protect the value of Clearing Participant's Initial Margin deposits through exchange for assets of equivalent value.

Similarly, the proposed modifications to Rule 802(f)(iv) relate to the use of the Guaranty Fund as a liquidity resource. Revised Rule 802(f)(iv) clarifies that ICC may in connection with a Clearing Participant default (A) exchange cash held in the Guaranty Fund for securities of equivalent value and/or (B) exchange cash in one currency for cash of equivalent value in a different currency. In either case, with respect to the use of the Guaranty Fund as a liquidity resource, ICC will protect the value of Clearing Participant's Guaranty Fund deposits through exchange for assets of equivalent value.

ICC's liquidity monitoring program and ICC's management of available liquidity resources (including the use of the Guaranty Fund and House Initial Margin as an internal liquidity resource) are documented in the ICC Liquidity Risk Management Framework.

ICC's liquidity monitoring program describes ICC's liquidity resources as well as the methodology for testing the sufficiency of these resources including the proposed changes to the ICC Rules clarify ICC's authority to use Guaranty Fund and House Initial Margin as an internal liquidity resource. ICC considers the proposed changes to ICC Rules 402(j) and 802(f)(iv) to be clarifications of the broad authority to use and invest cash, securities, and other property held in the Guaranty Fund or as Initial Margin currently included in the ICC Rules. ICC believes the proposed revisions provide clarity and transparency in the ICC Rules, consistent with the ICC liquidity monitoring program regarding the use of House Initial Margin and Guaranty Fund assets as a liquidity resource. ICC believes clarity and transparency in its Rules is of value to the market in order to provide a comprehensive understanding of ICC's liquidity and default management.

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 Principle as being impacted:

Settlement Procedures: The revisions to the ICC Rules are consistent with the settlement procedures requirements of Core Principle E.

Treatment of Funds: The revisions to the ICC Rules are consistent with the treatment of funds requirements of Core Principle F.

Default Rules and Procedures: The revisions to the ICC Rules are consistent with the default rules and procedures requirements of Core Principle G.

Amended Rules:

The proposed change consists of clarifications to the ICC Rules regarding ICC's authority to use Guaranty Fund and House Initial Margin as an internal liquidity resource. ICC has respectfully requested confidential treatment for the ICC Liquidity Risk Management Framework which was submitted concurrently with this self-certification submission.

Annexed as an Exhibit hereto is the following:

- A. Proposed amendments to the ICC Rules

Certifications:

ICC hereby certifies that the proposed changes to the ICC Rules to clarify ICC's authority to use Guaranty Fund and House Initial Margin as an internal liquidity resource comply with the Act and the regulations thereunder. There were no substantive opposing views to the revisions.

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.theice.com/notices/Notices.shtml?regulatoryFilings>

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) 836-6742.

Sincerely,



Eric Nield
General Counsel

Enclosures

cc: Brian O'Keefe (by email)
Tad Polley (by email)
Kate Meyer (by email)
Michelle Weiler, ICE Clear Credit (by email)
Sarah Williams, ICE Clear Credit (by email)



Clearing Rules

Table of Contents

PREAMBLE.....	2
1. INTERPRETATION	3
2. MEMBERSHIP	12
3. CLEARING OF CONTRACTS	24
4. MARGIN	34
5. RISK COMMITTEE.....	52
6. MISCELLANEOUS.....	64
7. DISCIPLINARY RULES.....	78
8. GENERAL GUARANTY FUND	89
9. ARBITRATION RULES	104
10-19. [RESERVED].....	114
20. CREDIT DEFAULT SWAPS.....	115
20A. CDS PORTABILITY RULES.....	131
21. REGIONAL CDS COMMITTEES AND DISPUTE RESOLUTION PROCEDURES 135	
22. CDS PHYSICAL SETTLEMENT	154
23-25. [RESERVED].....	159
26. CLEARED CDS PRODUCTS.....	160
Schedule 401: Eligible Collateral & Thresholds.....	216
Schedule 503: Form of Risk Committee Confidentiality Agreement.....	217
Schedule 511: Form of Risk Management Subcommittee Confidentiality Agreement	222
Schedule 702: Schedule of Assessments for Missed Price Submissions	225

Rules of ICE Clear Credit LLC

PREAMBLE

The Board shall have sole responsibility for the control and management of the operations of ICE Clear Credit, subject only to the prior consultation rights of the Risk Committee and the Risk Management Subcommittee as described in Chapter 5 of, and elsewhere in, these Rules.

Participants shall explicitly contract to be bound by these Rules, and ICE Clear Credit will retain the right to modify these Rules and the ICE Clear Credit Procedures (as defined herein) from time to time in its sole discretion, subject to the prior consultation with the Risk Committee and the Risk Management Subcommittee with respect to only those modifications for which such consultation is prescribed in Chapter 5 of, and elsewhere in, these Rules.

Prior to modifying these Rules or materially modifying the ICE Clear Credit Procedures with respect to matters for which prior consultation with the Risk Committee or the Risk Management Subcommittee is not required, ICE Clear Credit will inform and may consult with the Risk Committee or the Risk Management Subcommittee and, taking into account the legal requirements of the Participants, will use good faith efforts to ensure that such modifications would not result in any Participant failing to be in compliance with laws or regulations applicable to such Participant.

Participant's settlement bank guarantees, in a form acceptable to ICE Clear Credit, Transfer of such Margin prior to the time such Margin would be due in accordance with these Rules and (ii) such Margin is actually Transferred to ICE Clear Credit within a time period established by ICE Clear Credit.

- .02 For the purposes of Chapter 4, the term "Open Positions" shall also include Trades that have been accepted by ICE Clear Credit pursuant to Rule 309 but not yet novated or established because the Novation Time has not yet occurred.

402. Transfer of Title; Liens.

- (a) Each Participant (other than a Participant that is an FCM or a Broker-Dealer) agrees that all right, title and interest in and to any cash Transferred by such Participant to ICE Clear Credit under the terms of these Rules as Margin or Collateral consisting of cash and all cash proceeds of any Margin or Collateral (collectively, "**Cash Margin**") shall vest in ICE Clear Credit free and clear of any liens, claims charges or encumbrances. Upon the occurrence of a Default, ICE Clear Credit shall be entitled to apply such cash Transferred to ICE Clear Credit by such Defaulting Participant and any cash proceeds of the Margin and Collateral of such Defaulting Participant to the Obligations of such Defaulting Participant to ICE Clear Credit in accordance with the provisions herein; provided that cash Transferred in respect of Client-Related Positions and constituting Margin and cash proceeds of Margin provided in respect of Client-Related Positions may only be applied to Obligations in respect of Client-Related Positions as set forth herein and only subject to the limitation set forth in subsection (h) below. Prior to the completion of the requirements under these Rules for the occurrence of a Default, ICE Clear Credit shall also be entitled to apply such cash to the Obligations of a Participant (but subject to the proviso to the preceding sentence) if such Participant has defaulted with respect to making a payment or delivery when due under these Rules or a Contract.
- (b) Each Participant hereby grants to ICE Clear Credit a continuing lien and security interest in and to and right of set-off against all of the Participant's right, title and interest, whether now owned or existing or hereafter acquired or arising, in and to (i) all securities, financial assets and other property (other than cash) Transferred by such Participant to ICE Clear Credit under the terms of these Rules as Margin or Collateral not constituting cash, (ii) all non-cash proceeds of any of the foregoing and (iii) in the case of a Participant that is an FCM or a Broker-Dealer, any cash Transferred by such Participant to ICE Clear Credit under the terms of these Rules as Margin or Collateral consisting of cash and all cash proceeds of any Margin or Collateral, in each case as security for the Obligations of such Participant to ICE Clear Credit (jointly, (i), (ii) and (iii), the "**Pledged Items**"); provided that Pledged Items Transferred in respect of Client-Related Positions

and constituting Margin shall only secure Obligations of such Participant in respect of Client-Related Positions and shall be subject to the limitation set forth in subsection (h) below and applicable law. Upon the withdrawal of Pledged Items by a Participant from its House Margin Account or Client Omnibus Margin Account, as applicable, in accordance with these Rules and the ICE Clear Credit Procedures, the security interest and lien granted hereunder on such Pledged Items will be released immediately without any further action by either party. With respect to Pledged Items in the form of cash credited to the House Account of a Participant and constituting Mark-to-Market Margin, ICE Clear Credit will have the right to sell, pledge, rehypothecate, assign, invest, use or otherwise dispose of or use in its business such Pledged Items, free from any claim or right of any nature whatsoever of the Participant, including any equity or right of redemption by the Participant, subject to any requirements of the Rules, and with respect to other Pledged Items credited to the House Account of a Participant constituting Initial Margin, ICE Clear Credit may use, invest or apply such Pledged Items as permitted by the Rules. With respect to Pledged Items credited to the Client Omnibus Margin Account of a Participant, ICE Clear Credit will only have the right to use, invest or apply such Pledged Items as permitted by the Rules and applicable law.

- (c) Upon the occurrence of a Default, ICE Clear Credit may exercise all rights of a secured party under applicable law and under these Rules. ICE Clear Credit may, without being required to give any notice, except as may be required by law, sell or otherwise apply any Pledged Items Transferred to, or otherwise under the control of, ICE Clear Credit to satisfy the Participant's Obligations. Notwithstanding the foregoing, ICE Clear Credit may only exercise such rights with respect to, or otherwise dispose of or sell, Pledged Items Transferred in respect of Client-Related Positions and constituting Margin (including Pledged Items Transferred to the Client Omnibus Margin Account) for the purposes of satisfying any outstanding Obligations of a Defaulting Participant in respect of Client-Related Positions and subject to the limitation set forth in subsection (h) below. Upon any such sale, ICE Clear Credit shall have the right to deliver, assign and transfer to the purchaser thereof the Pledged Items so sold. Each purchaser at any such sale shall hold the Pledged Items so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Participant which may be waived, and the Participant, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted.
- (d) Each Participant represents that it is the sole owner of or otherwise has the right to Transfer to ICE Clear Credit the Pledged Items subject to the foregoing lien and security interest, free and clear of any security interest, lien, encumbrance or other restrictions in favor of any other person, and agrees not to create or permit to exist any such security interest, lien, encumbrance or other restrictions. The

preceding sentence shall not preclude a Participant from Transferring to ICE Clear Credit Pledged Items that were provided to Participant by a Non-Participant Party and in which the Non-Participant Party has granted the Participant a security interest to secure the Non-Participant Party's obligations to the Participant in respect of Client-Related Positions; provided that Participant agrees that any such security interest in favor of Participant is in all respects subject to the rights of ICE Clear Credit in respect of such Pledged Items hereunder and Participant shall not, and shall not attempt to (i) exercise any rights or remedies or bring any proceeding or action with respect to such Pledged Items until such Pledged Items are released from the lien and security interest of ICE Clear Credit hereunder or (ii) otherwise interfere with, delay the exercise of or take any action to affect ICE Clear Credit's rights hereunder with respect to such Pledged Items. Each Participant agrees to take any action reasonably requested by ICE Clear Credit that may be necessary or desirable for ICE Clear Credit to create, preserve, perfect or validate the foregoing lien and security interest or to enable ICE Clear Credit to exercise or enforce its rights with respect thereto. With respect to any Pledged Items consisting of securities and other financial assets Transferred by ICE Clear Credit under the terms of these Rules, each Participant agrees it will accept securities and financial assets of the same issuer, type, nominal value, description and amount as those securities and financial assets initially Transferred by such Participant to ICE Clear Credit.

- (e) Subject to subsection (f) below, ICE Clear Credit agrees that all right, title and interest in and to any cash Transferred by ICE Clear Credit to a Participant under the terms of these Rules and not used by or on behalf of the Participant to satisfy a Margin Requirement shall vest in such Participant free and clear of any liens, claims, charges or encumbrances.
- (f) With respect to Pledged Items Transferred to the Client Omnibus Margin Account of a Participant under Rule 406, ICE Clear Credit agrees that such Pledged Items, together with any proceeds thereof, shall constitute customer property held for the benefit of the Non-Participant Parties of Participant in accordance with applicable law and Rule 406, subject to the security interest and lien of ICE Clear Credit pursuant to subsection (b). For the avoidance of doubt, each Participant shall be obligated to Transfer Margin to ICE Clear Credit in respect of Client-Related Positions in accordance with these Rules notwithstanding any failure of a Non-Participant Party to provide such Participant with related margin in respect of such Client-Related Position.
- (g) Where a Participant makes a partial Transfer of the Margin required to be Transferred on any date to ICE Clear Credit in respect of both Client-Related Positions and House Positions, such Margin shall be applied first to the outstanding Margin Requirement in respect of the Client-Related Positions until satisfied and thereafter to the outstanding Margin Requirement in respect of the

House Positions, notwithstanding any designation made by the Participant as to the application of such Margin.

- (h) Notwithstanding anything to the contrary herein, ICE Clear Credit shall only be permitted to use, apply or otherwise exercise rights pursuant to subsections (a), (b) and (c) above with respect to Cash Margin and Pledged Items (or the proceeds thereof) posted in respect of Client-Related Positions and constituting Initial Margin to the extent permitted under applicable law, including without limitation CFTC Rule 22.15 (and interpretations of the CFTC or its staff in respect thereof). For the avoidance of doubt, but subject to the foregoing sentence, ICE Clear Credit shall be permitted to select the specific assets so used or applied.

(i) Intentionally omitted.

(j) ICE Clear Credit may (i) invest Initial Margin in the form of cash in accordance with its investment policies and applicable law and (ii) in connection with a Participant default, use any Participant's cash, securities or other property (whether or not such Participant is itself in default) constituting Initial Margin for its House Account from time to time to support liquidity arrangements (including borrowing, repurchase transactions, exchange of Initial Margin for other assets or similar transactions) of ICE Clear Credit relating to payment obligations of ICE Clear Credit, in a manner consistent with ICE Clear Credit's liquidity policies and applicable law, including by way of assignment, transfer, exchange, pledge, repledge or creation of a lien on or security interest in such Initial Margin, under which equivalent value is provided for such Initial Margin and such equivalent value will be held as Initial Margin and used or applied by ICE Clear Credit solely for the purposes for which Initial Margin in the House Account may be used pursuant to these Rules. Without limiting the foregoing, ICE Clear Credit may in connection with a Participant default (A) exchange any Participant's Initial Margin for its House Account held in the form of cash for securities of equivalent value, and/or (B) exchange a Participant's Initial Margin in its House Account held in the form of cash in one currency for cash of equivalent value in a different currency, in each case on such terms (including, if applicable, the relevant duration of any such exchange) as ICE Clear Credit may determine in accordance with its liquidity policies and procedures. Prior to the occurrence of a Default with respect to a Participant, ICE Clear Credit may use, invest or apply the Initial Margin of such Participant only as set forth in this Rule 402(j) or the last sentence of Rule 402(a). This Rule 402(j) shall not be deemed to limit ICE Clear Credit's rights to use or apply a Participant's Initial Margin as permitted in the Rules, under applicable law or otherwise following the occurrence of a Default of that Participant.

403. Initial Margin.

"Initial Margin" shall consist of the Margin Categories listed in this Rule (collectively, the **"Initial Margin Categories"**). With respect to each Initial Margin Category, ICE

- (i) **“Tranche 1”** shall consist of (A) the ICE Clear Credit Pro Rata Contribution (as adjusted, if applicable, by the proviso below) and (B) a portion of the Required Contribution of each Participant other than the Excluded Participant and any Retiring Participant if the relevant Obligation Failure or Default occurred after such Retiring Participant’s Scheduled Return Date (as defined in Rule 803) (each, a **“Remaining Participant”**) equal to such Remaining Participant’s Required Contribution *divided by* the sum of all Remaining Participants’ Required Contributions *multiplied by* the number of Remaining Participants *multiplied by* the ICE Clear Credit Pro Rata Contribution (as adjusted, if applicable, by the proviso below); *provided* that if the sum of all Remaining Participants’ Required Contributions *divided by* the number of Remaining Participants (the **“Average Contribution”**) is less than the ICE Clear Credit Pro Rata Contribution, for the purposes of determining Tranche 1, the ICE Clear Credit Pro Rata Contribution shall be deemed to be the Average Contribution and the remainder of the ICE Clear Credit Pro Rata Contribution shall be applied, if at all, in accordance with Rule 802(b)(iv).
- (ii) **“Tranche 2”** shall consist of the excess of each Remaining Participant’s Required Contributions over the amounts thereof included in Tranche 1.

802. General Guaranty Fund Application.

- (a) If a Participant is in Default and, as a result thereof, ICE Clear Credit suffers any loss or expense in effecting the Closing-out Process, or a Participant shall fail to make any other payment or render any other performance required under these Rules or a Contract (such failure, an **“Obligation Failure”**), then ICE Clear Credit shall, after appropriate application of such Participant’s Margin (including, with respect to losses or expenses arising out of Client-Related Positions, Margin provided by such Participant in the Client Omnibus Margin Account solely to the extent such Margin is permitted to be used under the Rules and applicable law) and other funds in or payable to the accounts of such Participant and any amounts collected from any guarantor of such Participant, or may, prior to such application, charge to and apply against the Participant’s contributions to the General Guaranty Fund (including any Specific WWR Guaranty Fund Contribution of such Participant), in the manner and in the order of priority set forth below:
 - (i) **FIRST:** To the payment of the costs and expenses of any sale, collection or other realization of such Margin or Collateral or amounts deposited by others in the General Guaranty Fund, including, without limitation, fees and expenses of counsel, and all reasonable expenses, liabilities and advances made or incurred by ICE Clear Credit in connection therewith;

- (ii) SECOND: To the payment of any Obligations relating to Open Positions or the Closing-out Process or any obligations of ICE Clear Credit, in either case, arising out of or in any way relating to such Participant's Default or Obligation Failure (such obligations, together with the costs and expenses described in subparagraph (i), the **"Reimbursement Obligations"**);
- (iii) THIRD: To the extent any amount has been charged to or applied against the General Guaranty Fund pursuant to subparagraph (b)(vi) of this Rule on account of such Participant's Default or Obligation Failure, to the Participants whose contribution to the General Guaranty Fund was charged and applied (whether or not such Participant remains a Participant at the time of the collection), in each case in proportion to the amount each was charged and applied in accordance with subparagraph (b)(vi) of this Rule, up to the amount of such charge and application;
- (iv) FOURTH: To the extent any amount has been charged to or applied against the General Guaranty Fund pursuant to subparagraph (b)(v) of this Rule on account of such Participant's Default or Obligation Failure, to the Participants and ICE Clear Credit whose contribution to the General Guaranty Fund was charged and applied (whether or not such Participant remains a Participant at the time of the collection), first to the Participants charged to the extent they were charged after the ICE Clear Credit Default Maximum was reached and thereafter to the Participants and ICE Clear Credit, in each case in proportion to the amount each was charged and applied in accordance with subparagraph (b)(v) of this Rule, up to the amount of such charge and application;
- (v) FIFTH: To the extent any amount has been charged to or applied against Tranche 2 pursuant to subparagraph (b)(iv) of this Rule on account of such Participant's Default or Obligation Failure, to the Participants whose contribution to Tranche 2 was charged and applied (whether or not such Participant remains a Participant at the time of the collection), in proportion to the amount each was charged and applied in accordance with subparagraph (b)(iv) of this Rule, up to the amount of such charge and application;
- (vi) SIXTH: To the extent any amount has been charged to or applied against Tranche 1 pursuant to subparagraph (b)(iii) of this Rule on account of such Participant's Default or Obligation Failure, to the Participants and ICE Clear Credit whose contribution to Tranche 1 was charged and applied (whether or not such Participant remains a Participant at the time of the collection), in proportion to the amount

each was charged and applied in accordance with subparagraph (b)(iii) of this Rule, up to the amount of such charge and application;

- (vii) SEVENTH: To the extent any amount has been charged to or applied against the ICE Clear Credit Priority Contribution pursuant to subparagraph (b)(ii) of this Rule on account of such Participant's Default or Obligation Failure, to ICE Clear Credit up to the amount of such charge and application; *provided* that ICE Clear Credit shall contribute any amount recovered in respect of this subparagraph to the General Guaranty Fund for credit to the ICE Clear Credit Priority Contribution;
- (viii) EIGHTH: To the extent any amount has been charged to or applied against the Remaining Aggregate Specific WWR Contribution pursuant to subparagraph (b)(i) of this Rule on account of such Participant's Default or Obligation Failure, to the Participants whose contribution to the Remaining Aggregate Specific WWR Contribution was charged and applied (whether or not such Participant remains a Participant at the time of the collection), in proportion to the amount each was charged and applied in accordance with subparagraph (b)(i) of this Rule, up to the amount of such charge and application; and
- (ix) NINTH: To ICE Clear Credit or to whomsoever may be lawfully entitled to receive any surplus then remaining from such proceeds (including, without limitation, any insurer, surety or guarantor of the obligations of ICE Clear Credit) or as a court of competent jurisdiction may direct, of any such surplus or, if neither ICE Clear Credit nor any other Person is lawfully entitled to receive any such surplus, to or upon the order of the relevant Participant; *provided* that, if such Participant is a Defaulting Participant, then until such Defaulting Participant's Retirement Date determined pursuant to Rule 803, no such surplus shall be available for distribution under this subparagraph (vii) and any such surplus shall remain in the General Guaranty Fund and be subject to charge and application under paragraph (b) of this Rule.

Reimbursement Obligations shall include obligations in respect of a Defaulting Participant's House Positions and Client-Related Positions. To the extent such Reimbursement Obligations cannot be satisfied in full pursuant to this subsection (a), amounts available pursuant to this subsection (a) shall be applied to Reimbursement Obligations in respect of House Positions and Client-Related Positions in proportion to the respective Initial Margin requirements of the Defaulting Participant in respect of such positions immediately prior to the Default, until the Reimbursement Obligations in respect of House Positions or Client-Related Positions are reduced to zero.

- (b) Following the occurrence of an Obligation Failure, the determination by ICE Clear Credit that a Participant is in Default or the occurrence of an Automatic Default with respect to a Participant, ICE Clear Credit shall be entitled, from time to time, to charge to and apply against the General Guaranty Fund with respect to any of such Participant's Remaining Reimbursement Obligations, in the following order:
- (i) where the Defaulting Participant is a Specific WWR CDS Participant, the aggregate remaining Specific WWR Guaranty Fund Contributions of all other Specific WWR CDS Participants (the "**Remaining Aggregate Specific WWR Contribution**");
 - (ii) the ICE Clear Credit Priority Contribution;
 - (iii) Tranche 1, pro rata from the contributions thereto of the Remaining Participants and ICE Clear Credit, based on the relative size of such contributions;
 - (iv) Tranche 2, pro rata from the contributions thereto of the Remaining Participants, based on the relative size of such contributions;
 - (v) any additional assets deposited in the General Guaranty Fund pursuant to paragraph (d) of this Rule (other than any such assets deposited in respect of a Participant's Specific WWR Guaranty Fund Contribution), pro rata from each Remaining Participant's contributions, based on the relative size of such contributions; *provided* that, for the purposes of this subparagraph, if the entire ICE Clear Credit Pro Rata Contribution was not included in Tranche 1 pursuant to the proviso in Rule 801(c)(i), the excess of the ICE Clear Credit Pro Rata Contribution over the amount thereof included in Tranche 1 shall be applied pursuant to this subparagraph (v), along with additional amounts deposited in the General Guaranty Fund by Participants pursuant to paragraph (d) of this Rule at the same proportionate rate of application as in Tranche 1 until the ICE Clear Credit Default Maximum is reached; and
 - (vi) (A) the Remaining Aggregate Specific WWR Contribution (where the Defaulting Participant is not a Specific WWR CDS Participant); and (B) in any case any additional assets deposited in the General Guaranty Fund pursuant to paragraph (d) of this Rule in respect of a Participant's Specific WWR Guaranty Fund Contribution.

Notwithstanding anything to the contrary in these Rules, in no event shall more than the ICE Clear Credit Default Maximum be applied in the aggregate to the ICE Clear Credit Pro Rata Contribution in the case of a single Participant

Default and any Obligation Failure resulting in such Default. “**ICE Clear Credit Default Maximum**” means, at any time of determination, the lesser of (A) twenty-five million dollars and (B) the amount of the ICE Clear Credit Pro Rata Contribution that has been applied at the time all additional assets that Remaining Participants may be required to deposit in the General Guaranty Fund pursuant to paragraph (d) of this Rule have been applied.

As used herein, “**Remaining Reimbursement Obligations**” means those Reimbursement Obligations in respect of a Defaulting Participant that remain unsatisfied after application of available amounts pursuant to subsection (a). Available amounts pursuant to this subsection must be applied to Remaining Reimbursement Obligations in respect of Client-Related Positions and House Positions in proportion to the respective Initial Margin requirements of the Defaulting Participant in respect of such positions immediately prior to the Default, until the Remaining Reimbursement Obligations in respect of Client-Related Positions or House Positions are reduced to zero.

- (c) Any deficiency in respect of Obligations shall remain a liability of the Participant and any related guarantor to ICE Clear Credit, which ICE Clear Credit may collect from any Margin (to the extent permitted to be used under these Rules), Collateral or other assets of such Participant or such guarantor or by legal process. Any such collection by ICE Clear Credit shall be applied in the following order: (i) to the costs and expenses, including, without limitation, fees and expenses of counsel, of obtaining such collection, (ii) to any unreimbursed costs and expenses referred to in subparagraph (a)(i) of this Rule, (iii) to any deficiencies owed to Participants under Wound-up Contracts described in Rule 804, (iv) to the Participants whose contribution to the General Guaranty Fund was charged and applied for such deficiency pursuant to subparagraph (b)(v) of this Rule (whether or not such Participant remains a Participant at the time of the collection), first to the Participants charged to the extent they were charged after the ICE Clear Credit Default Maximum was reached and thereafter to the Participants and ICE Clear Credit, in each case in proportion to the amount each was charged and applied in accordance with subparagraph (b)(v) of this Rule, up to the amount of such charge and application, (vi) to the Participants whose contribution to Tranche 2 was charged and applied for such deficiency (whether or not such Participant remains a Participant at the time of the collection), in proportion to the amount each was charged and applied in accordance with subparagraph (b)(iv) of this Rule, up to the amount of such charge and application, (vii) to the Participants and ICE Clear Credit whose contribution to Tranche 1 was charged and applied for such deficiency (whether or not such Participant remains a Participant at the time of the collection), in proportion to the amount each was charged and applied in accordance with subparagraph (b)(iii) of this Rule, up to the amount of such charge and application, (viii) to ICE Clear Credit in respect of the charge and application against the ICE Clear Credit Priority Contribution, up to the amount

of such charge and application; *provided* that ICE Clear Credit shall contribute any amount recovered in respect of this clause to the General Guaranty Fund for credit to the ICE Clear Credit Priority Contribution; (ix) to the Participants whose contribution to the General Guaranty Fund was charged and applied for such deficiency pursuant to subparagraph (b)(i) of this Rule (whether or not such Participant remains a Participant at the time of the collection), in each case in proportion to the amount each was charged and applied in accordance with subparagraph (b)(i) of this Rule, up to the amount of such charge or application; (x) to the Client Omnibus Margin Account to the extent the Participant's Margin in respect of Client-Related Positions was applied to such deficiency; and (xi) to the payment of any other Obligations.

- (d) ***Additional Collateral Deposit.*** ICE Clear Credit shall notify Participants whenever an amount is charged to and applied against the General Guaranty Fund as provided in paragraphs (a) or (b) of this Rule (which notice will state the reason for such charge or application). If Reimbursement Obligations are charged to and applied against Collateral in the General Guaranty Fund pursuant to paragraph (a) or (b) of this Rule and, as a result, the amount of Collateral credited to a Participant is less than the amount it was required to maintain pursuant to Rule 801 immediately prior to such charge and application, the Participant shall Transfer to ICE Clear Credit additional Collateral for deposit into the General Guaranty Fund in an amount at least sufficient to restore that Participant's Required Contribution and any Specific WWR Guaranty Fund Contribution; *provided* that, if a Participant is a Retiring Participant or provides notice that causes it to become a Retiring Participant prior to the time such deposit is due, the Participant's additional Transfer required pursuant to this sentence shall be limited to the excess, if any, of (i) such Participant's Required Contribution and any Specific WWR Guaranty Fund Contribution on the date of the most recent application of Collateral from the General Guaranty Fund pursuant to paragraph (b) of this Rule over (ii) the aggregate Transfers of Collateral to ICE Clear Credit for deposit in the General Guaranty Fund made by such Participant after it became a Retiring Participant (other than in respect of increases to its Required Contribution or Specific WWR Guaranty Fund Contribution for periodic adjustments permitted under Rule 801) and any contributions of the Participant to the General Guaranty Fund in excess (as determined by ICE Clear Credit) of its Required Contribution and Specific WWR Guaranty Fund Contribution (with respect to such Participant, such excess of clause (i) over clause (ii) from time to time, the "**Additional Assessment Limit**"); *provided* that, if a Participant was not obligated to make a Transfer to ICE Clear Credit of additional Collateral for deposit in the General Guaranty Fund because its Additional Assessment Limit was reduced to zero and, thereafter, its Required Contribution or Specific WWR Guaranty Fund Contribution increases, the Participant shall Transfer to ICE Clear Credit such additional Collateral for deposit in the General Guaranty Fund to the extent of its Additional Assessment Limit (determined using such

increased Required Contribution or Specific WWR Guaranty Fund Contribution, as applicable) on the ICE Business Day following the effectiveness of such increase. All such additional Collateral shall be Transferred to ICE Clear Credit prior to ICE Clear Credit's opening of business on the first ICE Business Day following such notice or such later time as ICE Clear Credit shall determine in its sole discretion. A Participant that fails to Transfer the full amount of such additional Collateral, shall be in Default, and ICE Clear Credit may, in addition to any other remedies it may have, debit such Participant's House Margin Account for any or all of such unpaid amount and assess fines and charges against such Participant as provided in Rule 606.

- (e) Each Participant agrees that all right, title and interest in and to any cash Collateral Transferred by such Participant to ICE Clear Credit for deposit in the General Guaranty Fund and any cash proceeds of such Participant's Collateral on deposit in the General Guaranty Fund shall vest in ICE Clear Credit free and clear of any liens, claims, charges or encumbrances in accordance with Rule 402(a). Upon the occurrence of a Default or an ICE Clear Credit Default, or as otherwise provided in these Rules, ICE Clear Credit shall be entitled to apply such cash Collateral and cash proceeds in the General Guaranty Fund, regardless of the source, and any interest payable with respect thereto (i) to the Reimbursement Obligations of any Participant or (ii) to the obligations of ICE Clear Credit to any Participant under any Wound-up Contracts.
- (f)
 - (i) Each Participant hereby grants to ICE Clear Credit, acting on behalf of itself and each Participant, a continuing lien and security interest in and to and right of set-off against all of Participant's right, title and interest, whether now owned or existing or hereafter acquired or arising, in and to all Collateral consisting of (A) all securities, financial assets and other property (other than cash) Transferred by such Participant to ICE Clear Credit for credit to the General Guaranty Fund and (B) all non-cash proceeds of any of the foregoing (jointly, (A) and (B), the "**Pledged Guaranty Collateral**") as security for any and all Reimbursement Obligations of any and all Participants to ICE Clear Credit and for ICE Clear Credit's obligations to any and all Participants under Wound-up Contracts in the event of an ICE Clear Credit Default (collectively, the "**Guaranteed Obligations**"). Upon the return of Pledged Guaranty Collateral by ICE Clear Credit to a Participant in accordance with these Rules and the ICE Clear Credit Procedures, the security interest and lien granted hereunder on such Pledged Guaranty Collateral will be released immediately without any further action by either party.
 - (ii) Upon the occurrence of a Default or an ICE Clear Credit Default, or as otherwise provided in these Rules, ICE Clear Credit, on behalf of itself or any Participant, may exercise all rights of a secured party under applicable law and all rights under these Rules. ICE Clear Credit may,

without being required to give any notice, except as may be required by law, sell or otherwise apply any Pledged Guaranty Collateral Transferred to, or otherwise under the control of, ICE Clear Credit to satisfy the Guaranteed Obligations. Upon any such sale, ICE Clear Credit shall have the right to deliver, assign and transfer to the purchaser thereof the Pledged Guaranty Collateral so sold. Each purchaser at any such sale shall hold the Pledged Guaranty Collateral so sold to it absolutely and free from any claim or right of whatsoever kind, including any equity or right of redemption of the Participant which may be waived, and the Participant, to the extent permitted by law, hereby specifically waives all rights of redemption, stay or appraisal which it has or may have under any law now existing or hereafter adopted.

- (iii) Each Participant represents that it is the sole owner of or otherwise has the right to Transfer to ICE Clear Credit the Pledged Guaranty Collateral subject to the foregoing lien and security interest, free and clear of any other security interest, lien, encumbrance or other restrictions, and agrees not to create or permit to exist any such security interest, lien, encumbrance or other restrictions. Each Participant agrees to take any action reasonably requested by ICE Clear Credit that may be necessary or desirable for ICE Clear Credit to create, preserve, perfect or validate the foregoing lien and security interest or to enable ICE Clear Credit to exercise or enforce its rights with respect thereto. With respect to any Pledged Guaranty Collateral consisting of securities and other financial assets Transferred by ICE Clear Credit in accordance with these Rules, each Participant agrees it will accept securities and financial assets of the same issuer, type, nominal value, description and amount as those securities and financial assets initially Transferred by such Participant to ICE Clear Credit.
- (iv) Each Participant agrees that ICE Clear Credit may at any time and from time to time assign, transfer, pledge, repledge or otherwise create a lien on or security interest in, the General Guaranty Fund and/or the cash, securities and other property held in the General Guaranty Fund to secure the repayment of funds borrowed by ICE Clear Credit (plus interest, fees and other amounts payable in connection therewith) or pursuant to a repurchase agreement or similar transaction. Any such borrowing or repurchase transaction shall be on terms and conditions deemed necessary or advisable by ICE Clear Credit (including the collateralization thereof) in its sole discretion, and may be in amounts greater, and extend for periods of time longer, than the obligations, if any, of any Participant to ICE Clear Credit for which such cash, securities or other property was pledged to or deposited with the ICE Clear Credit. Any funds so borrowed or obtained in repurchase

agreements or similar transactions shall be used and applied by ICE Clear Credit solely for the purposes for which cash, securities and other property held in the General Guaranty Fund are authorized to be used pursuant to these Rules; provided that the failure of ICE Clear Credit to use such funds in accordance with this subsection shall not impair any of the rights or remedies of any assignee, pledgee or holder of any such lien or security interest or repurchase transaction counterparty. Cash, securities and other property held in the General Guaranty Fund, subject to the rights and powers of ICE Clear Credit with respect thereto as set forth in these Rules and any agreements between any Participant and ICE Clear Credit, and subject to the rights and powers of any person to which the General Guaranty Fund or any cash, securities or other property held therein shall have been assigned, transferred, pledged, repledged or otherwise subjected to a lien or security interest, shall remain the property of the respective Participants depositing such cash securities and other property. Without limiting the foregoing, ICE Clear Credit may in connection with a Participant default (A) exchange cash held in the General Guaranty Fund for securities of equivalent value, and/or (B) exchange cash in one currency held in the Guaranty Fund for cash of equivalent value in a different currency, in each case on such terms (including, if applicable, the relevant duration of any such exchange) as ICE Clear Credit may determine in accordance with its liquidity policies and procedures.

- (g) A Participant shall take no action, including but not limited to attempting to obtain a court order, that could interfere with the ability of ICE Clear Credit (i) to take any action contemplated by this Rule, including, without limitation, to liquidate, set off and/or apply such Participant's Open Positions, Collateral or other assets, pursuant to these Rules or (ii) to set off amounts owed to such Participant against such Participant's Obligations or any other Participant's Reimbursement Obligations.

803. Return of General Guaranty Fund Contributions.

ICE Clear Credit shall return a Retiring Participant's contributions to the General Guaranty Fund, to the extent not charged to or applied against pursuant to Rule 802 or Rule 804, no later than the later of (i) the Retiring Participant's Scheduled Return Date and (ii) the earlier of (A) the date that ICE Clear Credit determines that any Default that occurred on or prior to such Scheduled Return Date will not result in a charge against such Retiring Participant's contribution to the General Guaranty Fund or that there was no such Default and (B) the date that is 90 calendar days from such Scheduled Return Date (the later of clause (i) and (ii), the "**Retirement Date**"). Upon such return, the Retiring Participant shall have no further obligation to make contributions to the General Guaranty Fund, notwithstanding any remaining Additional Assessment Limit. With respect to a Retiring Participant, the "**Scheduled Return Date**" shall be the last ICE

Eric Nield
General Counsel

FOIA CONFIDENTIAL TREATMENT REQUESTED

May 27, 2014

VIA E-MAIL

Ms. Melissa Jurgens
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Guaranty Fund and House Initial Margin Liquidity Rule Change Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

Dear Ms. Jurgens:

In conjunction with the self-certification submitted by ICE Clear Credit LLC ("ICC") today, May 27, 2014, to the Secretary of the Commodity Futures Trading Commission ("Commission"), pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a), ICC submits the attached confidential document. The attached file is password protected. The password will be provided under separate cover.

Under the Freedom of Information Act ("FOIA"), 5 USC Section 552, Section 809(g) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and pursuant to Commission Regulation 145.9(d)(5), Federal Reserve Board Regulation 261.15 and any other applicable regulations under or implementing FOIA, ICE Clear Credit hereby respectfully requests that confidential treatment be maintained for the documents which bear Bates numbers 05.27.2014-000001-CFTC1 to 05.27.2014-000026-CFTC1 until further notice. ICE Clear Credit also requests that the Commission or the Board notify the undersigned immediately after receiving any FOIA request for such documents or any other court order, subpoena or summons for the same. Finally, ICE Clear Credit requests that it be notified in the event the Commission or the Board intends to disclose such documents to Congress or to any other governmental agency or unit pursuant to Section 8 of the Commodity Exchange Act, as amended ("CEA") or other applicable law. ICE Clear Credit does not waive its notification rights under Section 8(f) of the CEA or other applicable law with respect to any subpoena or summons for such document(s).

The basis for the request is that disclosure of these document(s) would reveal confidential commercial and financial information of ICE Clear Credit, the disclosure of which could have a material adverse effect on, and cause injury to, the operations and competitive position of ICE Clear Credit. This request is not to be construed as a waiver of any other protection from disclosure or confidential treatment accorded by law, and ICE Clear Credit will rely on and invoke any such confidentiality protection.

Please direct any questions or requests for information to the attention of the undersigned at eric.nield@theice.com or (312) 836-6742.

Sincerely,



Eric Nield
General Counsel

Enclosures

cc: Brian O'Keefe, Commodity Futures Trading Commission (by email)
Kate Meyer, Commodity Futures Trading Commission (by email)
Tad Polley, Commodity Futures Trading Commission (by email)
Michelle Weiler, ICE Clear Credit (by email)
Sarah Williams, ICE Clear Credit (by email)
FOIA Office (by email and facsimile, 202-418-5124)