

Maria Alarcon
Staff Attorney

January 13, 2021

**Re: Updates to ICC Clearing Participant
Default Management Procedures 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 Clearing Participant (“CP”) Default Management Procedures (“Default Management Procedures”). 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.

ICC proposes revising the ICC Default Management Procedures. This submission includes a description of the changes to the ICC Default Management Procedures. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

The Default Management Procedures set forth ICC’s default management process, including the actions taken by ICC to determine that a CP is in default as well as the actions taken by ICC in connection with such default to close-out the defaulter’s portfolio. These revisions do not require any changes to ICC’s existing default management rules or any other procedures as they are limited to clarification changes that formalize the process for convening the CDS Default Committee remotely and minor updates regarding notifications sent as part of the default management process. The proposed revisions are described in detail as follows.

ICC proposes revisions to Subsection 4.4 (Secure Trading Facility) related to convening the ICC CDS Default Committee, which consists of trading personnel seconded from CPs to assist with default management. The proposed changes specify that ICC may convene its CDS Default Committee in a private room at its offices (“Secure Trading Facility”) or remotely by teleconference (“Remote Trader Consultation”) in the event the committee is unable to meet in person. The decision of whether to convene in person or remotely would be made by the ICC Chief Risk Officer (“CRO”) and would depend on the circumstances at the time of the declaration of the default.

ICC also proposes updates to Section 6 (Default Declaration). The proposed changes to Subsection 6.1.5 (CCO Pre-Declaration Initiated Actions) allow the ICC Chief Compliance Officer (“CCO”) to inform the Commission and the Securities and Exchange Commission (“SEC”) by telephone or email of a potential default and further direct the CCO to inform other regulators of the potential default as may be required. Amended Subsection 6.4 (Default Declaration Notification) similarly directs the CCO to notify other regulators (in addition to the Commission and the SEC) of a default if applicable and includes a minor edit

to replace “all” with “above” in the phrase “CCO confirming all notifications.” The proposed updates to Subsection 6.5.3 (CRO Post-Declaration Preparation) relate to the CRO’s actions to convene the CDS Default Committee following a declaration of default, including the CRO’s determination of whether this committee meets in person or remotely, and distinguish certain actions that would be taken for an in-person CDS Default Committee meeting. The proposed revisions to Subsection 6.5.4 (CCO Post-Declaration Actions) make minor clarifications in respect of the notice that the CCO provides to the compliance personnel of a CDS Default Committee member following a declaration of a default.

ICC further proposes changes to Section 7 (CDS Default Committee Consultation). The proposed changes reference ICC’s ability to convene the CDS Default Committee remotely. Amended Subsection 7.1 (Convening a CDS Default Committee Meeting) formalizes the process for convening a CDS Default Committee remotely by teleconference, including how notice is provided to CDS Default Committee members and what is included in the notice. The changes also distinguish what actions would be taken in connection with convening the CDS Default Committee at the Secure Trading Facility, by Remote Trader Consultation, or by either means. Amended Subsection 7.3 (Initial CDS Default Committee Meeting) specifies that certain actions are conducted where technologically practicable during the initial CDS Default Committee meeting and includes minor grammatical updates, including adding a parenthetical and updating the sentence structure for clarity.

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 Default Management Procedures are consistent with the financial resources requirements of Core Principle B and the financial resource requirements set forth in Commission Regulation 39.33. The proposed changes set out procedures for convening the CDS Default Committee remotely, which enhances ICC’s ability to manage a default if circumstances prevent the CDS Default Committee from meeting in person. The proposed changes further ensure that relevant individuals are notified, including through additional details on how individuals are notified and what is included in the notice, and can take timely action during the default management process. Such changes strengthen ICC’s ability to manage its financial resources and withstand the pressures of defaults, thereby ensuring that ICC maintains sufficient financial resources to withstand, at a minimum, the default of the two CP Affiliate Groups to which it has the largest exposure in extreme but plausible market conditions, consistent with the requirements of Commission Regulation 39.33.

Risk Management: The amendments to the Default Management Procedures are consistent with the risk management requirements of Core Principle D and the risk management requirements set forth in Commission Regulation 39.36. As described above, the proposed changes enhance ICC’s ability to manage the risk of a default by formalizing the process for convening the CDS Default Committee remotely and including minor updates regarding notifications sent as part of the default management process. The proposed changes thus serve to promote the soundness of ICC’s risk management system, thereby ensuring that ICC possesses the ability to manage the risks associated with discharging its responsibilities, consistent with the risk management requirements of Core Principle D.

Default Management: ICC believes that its existing rules and procedures, including the amended Default Management Procedures, are consistent with the default rules and procedures requirements of Core Principle G. The proposed changes continue to ensure that ICC can take timely action to contain losses and liquidity pressures and continue meeting its obligations, including by formalizing and detailing procedures for convening the CDS Default Committee remotely, which promotes ICC’s ability to efficiently and safely manage its close-out process where the CDS Default Committee cannot meet in person, thereby enhancing ICC’s ability to withstand defaults and continue providing clearing services. Additionally, ICC believes that the notification related updates and clean-up changes further enhance ICC’s default management process by ensuring that relevant stakeholders receive necessary information and that the Default Management Procedures remain up-to-date, clear, and transparent to ensure that

ICC can take timely action to contain losses and liquidity pressures and continue meeting its obligations in the event of a default.

Amended Rules:

The proposed changes consist of changes to the ICC Default Management Procedures. ICC has respectfully requested confidential treatment for the ICC Default Management Procedures, which were 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.theice.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) 836-6854.

Sincerely,



Maria Alarcon
Staff Attorney