

**Sarah Williams**  
Staff Attorney

January 23, 2015

**Re: Revisions to the ICC Treasury Operations Policies and Procedures Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)**

**VIA E-MAIL**

Mr. Christopher Kirkpatrick  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> 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 and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), a self-certification of revisions to the ICC Treasury Operations Policies and Procedures to provide for the use of a Federal Reserve Account, to provide for the use of a committed repo facility, and to provide for engagement of outside investment managers to invest guaranty fund and margin cash pursuant to ICC’s USD and Euro investment guidelines. ICC is registered with the Commission as a derivatives clearing organization (“DCO”). ICC intends to make the Treasury Operations Policies and Procedures revisions 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.

The proposed revisions to ICC’s Treasury Operations Policies and Procedures are intended to provide for the use of a Federal Reserve Account, to provide for the use of a committed repo facility, and to provide for USD and Euro investment guidelines for use by outside investment managers. This submission includes a description of the ICC Treasury Operations Policies and Procedures revisions. Certification of the revisions to the ICC Treasury Operations Policies and Procedures pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC has revised its Treasury Operations Policies and Procedures to demonstrate how ICC would utilize a Federal Reserve Account for cash and collateral management. ICC has applied for a Federal Reserve Account to hold both USD cash and US Treasuries. In its application, ICC requested separate accounts for house origin funds and customer origin funds. Should ICC be approved for a single account origin, ICC will utilize the Federal Reserve Accounts to hold house collateral, and customer collateral will continue to be held in commercial banks. Should ICC be approved for an additional account origin, ICC will utilize the second origin to hold customer collateral at the Federal Reserve. With respect to the potential utilization of a Federal Reserve cash account, ICC plans to use this account as a depository account, in which cash will be consolidated on a daily basis and held overnight. ICC will continue using its commercial bank accounts for Clearing Participant money movements, and the net excess/deficit will be deposited to/withdrawn from the Federal Reserve cash Account as necessary. With respect to potential utilization of a Federal Reserve securities account, ICC would use this account as a custody account to hold US Treasuries deposited by Clearing Participants with ICC’s commercial banks.

Additionally, ICC has revised its Treasury Operations Policies and Procedures to provide for use of a committed repurchase (“repo”) facility. ICC has established a committed repo facility that will allow ICC to consider US Treasury securities deposited at ICC as an additional qualifying liquidity resource<sup>1</sup>. The facility can be used to convert US Treasuries into cash when the sale of pledged securities needed for liquidity cannot be settled on a timely or same-day basis. Specifically, the facility can be used to generate temporary liquidity through the sale and agreement to repurchase securities pledged by ICC Clearing Participants to satisfy their Initial Margin and Guaranty Fund requirements. The facility will include counterparties that are banks and/or broker dealers (which may include ICC Clearing Participants and/or their affiliates) that each provide a committed repo line to ICC. Committed repo will be subject to a haircut which will be the greater of 5% or the haircut that central banks employ for repo transactions using the same or similar purchased securities.

The committed repo facility can be used on an open or overnight basis. The open repo will be closed as soon as the ICC Treasury Department (“ICC Treasury”) can facilitate the sale and settlement of the securities involved in the repo transaction. USD repo is settled delivery versus payment (“DVP”) on a bilateral basis. In order to initiate a committed repo transaction, ICC Treasury can send an email to the counterparty with a listing of the securities that will be delivered. The counterparty will reply confirming the trade and providing the “purchase amount” of the repo transaction. The purchase amount will be equal to the mark-to-market (“MTM”) of the securities less the haircut. The repo details will then be sent to ICC’s custodian for settlement. ICC Treasury will monitor bank activity to ensure settlement is complete. Once ICC Treasury has arranged for the ultimate sale of the securities involved in the repo transaction, it will close-out the repo transaction(s).

Finally, ICC has revised its Treasury Operations Policies and Procedures to provide for the engagement of outside investment managers to invest guaranty fund and margin cash pursuant to ICC’s USD and Euro investment guidelines. ICC’s current investment guidelines have been extended to apply to outside investment managers, and such investment guidelines are set forth in in the ICC Treasury Operations Policies and Procedures. In general ICC’s cash investment guidelines provide for the investment of cash in overnight reverse repo with high quality sovereign debt as collateral, and such guidelines apply to the investment of both USD and Euro cash. The investment guidelines provide that if the investment manager cannot place 100% of the allocated cash in overnight reverse repo, backup investments will be in term reverse repo and direct investment in high quality sovereign debt. With respect to Euro cash, investment in reverse repo transactions and non-US sovereign debt will be utilized only with respect to house origin cash, and shall not be utilized with respect to customer origin cash pursuant to Commodity Futures Trading Commission regulations. ICC’s USD investment guidelines provide for use by outside investment managers with respect to USD cash that is not otherwise invested pursuant to the ICC Treasury Operations Policies and Procedures. These revisions to the Treasury Operations Policies and Procedures do not require any operational changes.

#### 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 Principles as being impacted:

Treatment of Funds: The revisions to the ICC Treasury Operations Policies and Procedures are consistent with the treatment of funds requirements of Core Principle F.

#### Amended Rules:

The proposed change consists of revisions to ICC’s Treasury Operations Policies and Procedures to provide for the use of a Federal Reserve Account, to provide for the use of a committed repo facility, and to provide for USD and Euro investment guidelines for use by outside investment managers. ICC has respectfully requested confidential treatment for the ICC Treasury Operations Policies and Procedures which was submitted concurrently with this self-certification submission.

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<sup>1</sup> As defined under Commodity Futures Trading Commission Regulation 39.33(c).

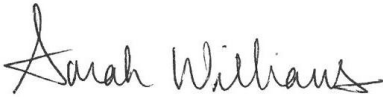
Certifications:

ICC hereby certifies that the revisions to the ICC Treasury Operations Policies and Procedures 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/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) 836-6883.

Sincerely,

A handwritten signature in cursive script that reads "Sarah Williams".

Sarah Williams  
Staff Attorney

cc: Kate Meyer, Commodity Futures Trading Commission (by email)  
Tad Polley, Commodity Futures Trading Commission (by email)  
Eric Nield, ICE Clear Credit (by email)  
Michelle Weiler, ICE Clear Credit (by email)