

Maria Zyskind
Staff Attorney

January 28, 2019

Re: Formalization of the ICC New Initiatives Approval Policy and Procedural Framework 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 to formalize the ICC New Initiatives Approval Policy and Procedural Framework (“NIA Policy”). 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 to formalize the NIA Policy. This submission includes a description of the NIA Policy. Certification of the NIA Policy pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

The NIA Policy sets forth ICC’s policies and procedures for the review and approval of certain new initiatives to be offered or implemented by ICC. The NIA Policy clarifies and harmonizes the policies, procedures, and documentation for the review and approval of new initiatives that involve potentially significant changes. The intention of the NIA Policy is to notify all relevant departments of the introduction of the new initiative, provide for information sharing between departments and ensure a thorough understanding of the new initiative, and establish requirements for the pre-launch verification and testing of the new initiative.

The NIA Policy includes a list of definitions that serves to clarify and recognize the projects, key participants, and documents that are subject to the NIA Policy. New projects that are approved by the Steering Committee, a management committee responsible for prioritizing the implementation of initiatives and monitoring and guiding delivery, and meet the following criteria are defined as New Initiatives that are subject to the NIA Policy: 1) involve new and material modifications to the risk or pricing methodology; 2) involve potential significant changes to the processing system, ICC Clearing Rules, or clearing operating procedures; 3) involve new and material modifications to existing and significant capabilities provided by ICC; or 4) involve Model Changes¹ classified as Materiality A under ICC’s Model

¹ Model Changes include new and enhanced risk modeling components of ICC’s risk management system. Depending on how substantially the Model Change affects the system’s assessment of risk for the related risk driver(s), it is classified as Materiality A (i.e., substantial impact) or Materiality B (i.e., no substantial impact).

Validation Framework. The New Initiative Approval Committee (the “NIAC”) identifies, reviews, and approves New Initiatives and is composed of ICC management, including department heads, and representatives from Enterprise Risk, Quality Systems, and Systems Operations. The NIAC also determines any conditions, limitations, restrictions or pre-conditions (“Stipulations”) with respect to a New Initiative. The NIAC utilizes several templates in carrying out its responsibilities, such as a matrix evidencing that all necessary approvals have been obtained (“Approvals Matrix”); an assessment describing key risks, mitigation plans, and residual impact ratings and comments (“Risk Assessment”); a verification form evidencing that Stipulations have been met and testing has been completed (“New Initiative Pre-Launch Verification Form”); and a log tracking the NIAC’s identification and review of New Initiatives (“New Initiative Log”).

The NIA Policy describes the roles of key participants involved in the identification, review, and approval of New Initiatives. Key participants include various departments and their department heads, who are responsible for completing certain templates, reviewing proposals for and providing sign-off of New Initiatives, and/or evaluating New Initiatives for compliance with applicable regulations. The NIA Policy provides the NIAC with the responsibility and the authority to identify projects approved by the Steering Committee as New Initiatives; review New Initiatives with consideration of the risks, financial impact, legal and regulatory concerns, and strategic direction of ICC; approve, with Stipulations if appropriate, New Initiatives; and review New Initiatives post-implementation to determine compliance with Stipulations. The Chair of the NIAC ensures compliance with the NIA Policy and is responsible for, among other things, ensuring appropriate communication and coordination between the NIAC and the Steering Committee.

The NIAC’s identification, review, and approval of New Initiatives is divided into five steps: submission, identification, review, pre-launch verification, and log. The NIA Policy sets out the procedures for each step and notes the template and standard for review to be used by the NIAC. The five steps include: 1) submission of a project proposal approved by the Steering Committee to the NIAC; 2) identification of a project as a New Initiative by the NIAC; 3) review of the New Initiative by the NIAC, 4) pre-launch verification with evidence of completed testing and implemented Stipulations, along with a statement of any outstanding post-launch Stipulations; and 5) documentation of the New Initiative in the New Initiative Log.

The NIA Policy is owned and maintained by the Chair of the NIAC. Material changes to the NIA Policy, as determined by the Chair of the NIAC, must be reviewed and approved by the ICC Board. Relevant templates utilized in the identification, review, and approval of New Initiatives are attached to the end of the NIA Policy, such as the Approvals Matrix, Risk Assessment, New Initiative Identification Form evidencing the identification of a project as a New Initiative by the NIAC, Charter of the NIAC, New Initiative Log, and New Initiative Pre-Launch Verification Form.

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 Principle as being impacted:

Risk Management: The NIA Policy is consistent with the risk management requirements of Core Principle D. ICC has set appropriate procedures in the NIA Policy for the review and approval of certain new initiatives to be offered or implemented by ICC. The NIA Policy improves ICC’s ability to assess and manage risk through the establishment of Stipulations and through the NIAC’s review of a New Initiative, including review of the Risk Assessment and Approvals Matrix and with consideration of, among other things, the risks, financial impact, legal and regulatory concerns, and the strategic direction of ICC. Such procedures 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.

System Safeguards: The NIA Policy is consistent with the system safeguards requirements of Core Principle I. By establishing procedures that provide for notification to all relevant departments, information sharing between departments to ensure a thorough understanding, establishment of Stipulations, and establishment of requirements for pre-launch verification and testing with respect to a New Initiative, the

NIA Policy reduces the likelihood of a disruption in operations from a New Initiative, thereby improving ICC's ability to identify and minimize sources of operational risk.

Amended Rules:

ICC proposes to formalize the NIA Policy. ICC has respectfully requested confidential treatment for the NIA Policy, which was submitted concurrently with this self-certification submission.

Certifications:

ICC hereby certifies that the NIA Policy complies 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,

A handwritten signature in cursive script that reads "Maria Zyskind".

Maria Zyskind
Staff Attorney