

Maria Alarcon
Staff Attorney

February 10, 2021

Re: Updates to ICC Operational Risk Management 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 of changes to the ICC Operational Risk Management Framework. 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 Operational Risk Management Framework, which details ICC's dynamic and independent program of risk assessment and oversight that aims to reduce operational incidents, encourage process and control improvement, bring transparency to operational performance standard monitoring, and fulfill regulatory obligations. This submission includes a description of the changes to the Operational Risk Management Framework. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

The proposed amendments incorporate reference to the Intercontinental Exchange, Inc. ("ICE, Inc.") Enterprise Risk Management Policy ("ERM Policy") and relevant regulations applicable to ICC as a covered clearing agency subject to the requirements of Rule 17ad-22(e) under the Securities Exchange Act of 1934. The ICE, Inc. Enterprise Risk Management Department ("ERM") provides the oversight and framework for identifying, assessing, managing, monitoring and reporting on risk across the ICE, Inc. organization and has dedicated resources focused on the various ICE, Inc. business units, including ICC. ERM, in conjunction with relevant ICC individuals, oversees the management of this Operational Risk Management Framework.

ICC proposes updates to the risk assessment process in the Operational Risk Management Framework, which includes identifying, assessing, monitoring, and mitigating plausible sources of operational risk. Under the "identify" component, ICC proposes to more generally refer to its "risk-scenario-based assessment methodology" as its "risk-based assessment methodology," which more appropriately describes the methodology. ICC proposes similar changes throughout the risk assessment process to replace "risk scenarios" with "risks." The proposed changes also cross reference the ERM Policy, noting that ERM maintains an inventory of material risks faced by the clearing house. Under the "assess" component, ICC proposes to incorporate the ERM Policy and its relevant guidelines. ICC proposes minor clarifications with respect to the assessment of material risks and the controls and mitigations used to prevent risks from materializing. ICC proposes additional specifics relating to the determination of residual risk ratings for identified risks. ICC further proposes to reference the ERM Policy regarding risk scores

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and guidance relating to control identification, effectiveness assessment and testing, among others. With respect to the “mitigate” component, the proposed changes cross reference relevant guidelines in the ERM Policy and include minor updates regarding documenting output and reviewing risk assessments. The proposed changes also update the “report” component to more clearly state that ERM is responsible for operational risk reporting to appropriate parties.

ICC proposes updates to Appendix 1 of the Operational Risk Management Framework that summarizes relevant regulatory requirements and industry guidance for ICC. Specifically, ICC proposes to reference its status as a covered clearing agency and to reference relevant regulations applicable to ICC as a covered clearing agency relating to operational risk requirements, namely Rule 17Ad-22(e)(17) and (21) under the Securities Exchange Act of 1934.

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:

System Safeguards: The revisions to the Operational Risk Management Framework are consistent with the system safeguards requirements of Core Principle I and Commission Regulations 39.18 and 39.34. The proposed changes enhance ICC’s ability to control its operational risk by ensuring that the Operational Risk Management Framework accurately reflects ICC’s operational risk program, including the role of ERM and the regulatory operational risk requirements applicable to ICC. The proposed changes further ensure that ICC, through its operational risk program, is able to manage its operational risks by identifying and minimizing sources of operational risk through the development of appropriate controls and procedures, and automated systems that are reliable, secure and have adequate scalable capacity, consistent with the requirements of Core Principle I.

Amended Rules:

The proposed changes consist of changes to the ICC Operational Risk Management Framework. ICC has respectfully requested confidential treatment for the ICC Operational Risk Management Framework, which was 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