

Sarah Williams
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February 19, 2016

**Re: Changes to ICC Rules to Provide for Clearance of
iTraxx Asia/Pacific CDS Contracts and Standard
Asia/Pacific Sovereign CDS Contracts Pursuant to
Section 5c(c)(1) of the Commodity Exchange Act and
Commission Regulation 40.6**

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 and Commodity Futures Trading Commission (“Commission”) Regulation 40.6, a self-certification of amended ICC rules to provide for the clearance of iTraxx Asia/Pacific CDS contracts (“iTraxx Asia/Pacific Contracts”) and Standard Asia/Pacific Sovereign CDS contracts (“SAS Contracts”, collectively with iTraxx Asia/Pacific Contracts “Asia-Pacific CDS Contracts”). ICC is registered with the Commission as a derivatives clearing organization (“DCO”). ICC intends to make the amended 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.

This submission includes the amended rules. A description of the principal changes contained in the amended rules follows. Certification of the amended rules pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6 is also provided below.

The purpose of the proposed rule change is to adopt new rules that will provide the basis for ICC to clear Asia-Pacific CDS Contracts. Specifically, ICC proposes amending Chapter 26 of the ICC Rulebook (“ICC Rules”) to add Subchapters 26J and 26L to provide for the clearance of iTraxx Asia/Pacific Contracts and Standard Asia/Pacific Sovereign CDS contracts (specifically the Commonwealth of Australia, the Malaysian Federation, the People’s Republic of China, the Republic of Indonesia, the Republic of Korea and the Republic of the Philippines), respectively. Further, ICC proposes amending the ICC End-of-Day Price Discovery Policies and Procedures to add two additional pricing windows to accommodate the submission of end-of-day prices relating to such Asia-Pacific CDS Contracts. Finally, ICC proposes amending the ICC Risk Management Framework to include the risk horizon utilized for instruments traded during Asia-Pacific hours and amending the ICC Risk Management Model Description document to add Asia-Pacific to the list of regions to be considered in General Wrong Way Risk calculations.

iTraxx Asia/Pacific Contracts have similar terms to the CDX North American IG/HY/XO CDS contracts (“CDX NA Contracts”) currently cleared by ICC and governed by Subchapter 26A of the ICC Rules, the CDX Emerging Markets CDS contracts (“CDX EM Contracts”) currently cleared by ICC and governed by Subchapter 26C of the ICC Rules, and the iTraxx Europe CDS contracts (“iTraxx Europe Contracts”) currently cleared by ICC and governed by Subchapter 26F of the ICC Rules. Accordingly, the proposed rules found in Subchapter 26J largely mirror the ICC Rules for CDX NA Contracts in Subchapter 26A, CDX EM Contracts in Subchapter 26C, and iTraxx Europe Contracts in Subchapter 26F, with certain modifications that reflect differences in terms and market conventions between those contracts and iTraxx Asia/Pacific Contracts. iTraxx Asia/Pacific Contracts will be denominated in United States Dollars.

ICC Rule 26J-102 (Definitions) sets forth the definitions used for the iTraxx Asia/Pacific Contracts. The definitions are substantially the same as the definitions found in Subchapters 26A, 26C, and 26F of the ICC Rules, other than certain conforming changes.

ICC Rules 26J-309 (Acceptance of iTraxx Asia/Pacific Untranching Contracts by ICE Clear Credit), 26J-315 (Terms of the Cleared iTraxx Asia/Pacific Untranching Contract), 26J-316 (Updating Index Version of Fungible Contracts After a Credit Event or a Succession Event; Updating Relevant Untranching Standard Terms Supplement), and 26J-317 (Terms of iTraxx Asia/Pacific Untranching Contracts) reflect or incorporate the basic contract specifications for iTraxx Asia/Pacific Contracts and are substantially the same as under Subchapters 26A, 26C, and 26F of the ICC Rules.

SAS Contracts have similar terms to the Standard North American Corporate Single Name CDS contracts (“SNAC Contracts”) currently cleared by ICC and governed by Subchapter 26B of the ICC Rules, the Standard Emerging Sovereign CDS contracts (“SES Contracts”) currently cleared by ICC and governed by Subchapter 26D of the ICC Rules, the Standard European Corporate Single Name CDS contracts (“STEC Contracts”) currently cleared at ICC and governed by Subchapter 26G of the ICC Rules, the Standard European Financial Corporate Single Name CDS Contracts (“STEF C Contracts”) currently cleared at ICC and governed by Subchapter 26H of the ICC Rules, and the Standard Western European Corporate Single Name CDS contracts (“SWES Contracts”) currently cleared by ICC and governed by Subchapter 26I of the ICC Rules. Accordingly, the proposed rules found in Subchapter 26L largely mirror the ICC Rules for SNAC Contracts in Subchapter 26B, SES Contracts in Subchapter 26D, STEC Contracts in Subchapter 26G, STEFC Contracts in Subchapter 26H, and SWES Contracts in Subchapter 26I, with certain modifications that reflect differences in terms and market conventions between those contracts and SAS Contracts. SAS Contracts will be denominated in United States Dollars.

ICC Rule 26L-102 (Definitions) sets forth the definitions used for the SAS Contracts. “Eligible SAS Reference Entities” are defined as “each particular Reference Entity included in the List of Eligible SAS Reference Entities,” which is a list maintained, updated and published from time to time by ICC containing certain specified information with respect to each reference entity. ICC is proposing to add the Commonwealth of Australia, the Malaysian Federation, the People’s Republic of China, the Republic of Indonesia, the Republic of Korea and the Republic of the Philippines to its List of Eligible SAS Reference Entities. If ICC determines to add or remove additional SAS Contracts from the List of Eligible SAS Reference Entities, it will seek approval from the Commission for such contracts (or for a class of product including such contracts) by a subsequent filing. The remaining definitions are substantially the same as the definitions found in Subchapters 26B, 26D, 26G, 26H, and 26I of the ICC Rules, other than certain conforming changes.

ICC Rules 26L-203 (Restriction on Activity), 26L-206 (Notices Required of Participants with respect to SAS Contracts), 26L-303 (SAS Contract Adjustments), 26L-309 (Acceptance of SAS Contracts by ICE Clear Credit), 26L-315 (Terms of the Cleared SAS Contract), 26L-316 (Relevant Physical Settlement Matrix Updates), 26L-502 (Specified Actions), and 26L-616 (Contract Modification) reflect or incorporate the basic contract specifications for SAS Contracts and are substantially the same as under Subchapters 26B, 26D, 26G, 26H, and 26I of the ICC Rules.

Additionally, ICC is proposing to amend the ICC End-of-Day Price Discovery Policies and Procedures to add two additional pricing windows to accommodate the submission of end-of-day prices relating to such Asia-Pacific CDS Contracts. Specifically, ICC is proposing adding one pricing window at the end of the Sydney trading day to determine prices for instruments primarily traded in Sydney hours and one pricing window at the end of the Singapore trading day to determine prices for instruments primarily traded in Singapore/Hong Kong hours. ICC will apply the same price discovery methodology to all submission windows. For easier comprehension, ICC also consolidated information regarding the timing of all pricing windows into a table in an appendix to the policy. Accordingly, ICC replaced references throughout the document to specific pricing window times with a reference to this table. ICC also removed a reference to end-of-day risk requirements, as such information is more appropriately included in the Risk Management Framework.

Finally, ICC is proposing to amend the ICC Risk Management Framework to include the risk horizon utilized for instruments traded during Asia-Pacific hours and to amend the ICC Risk Management Model Description document to add Asia-Pacific to the list of regions to be considered in General Wrong Way Risk calculations.

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:

Participant and Product Eligibility: ICC has set appropriate standards in ICC’s policies and procedures for determining the eligibility of contracts. The Asia-Pacific CDS Contracts fulfill ICC’s standards regarding product eligibility.

Risk Management: ICC has made changes to its Risk Management Framework and Risk Management Model Description document to allow for the consideration of Asia-Pacific contracts within ICC’s established risk model. ICC has identified no systemic risk concerns introduced by clearing Asia-Pacific Contracts, not accounted for by ICC’s existing risk management procedures. ICC also made changes to its End-of-Day Price Discovery Policies and Procedures to add two additional pricing windows to accommodate the submission of end-of-day prices relating to such Asia-Pacific Contracts. These proposed revisions will allow ICC to receive end-of-day prices for Asia-Pacific CDS Contracts, complete its end-of-day price discovery process, and determine end-of-day prices for such Asia-Pacific CDS Contracts.

Settlement Procedures: The Asia-Pacific CDS Contracts are subject to ICC’s current physical settlement rules under Chapter 22: CDS Physical Settlement.

Amended Rules:

The proposed change consists of revisions to Chapter 26 of the ICC Rules, the ICC End-of-Day Price Discovery Policies and Procedures, the ICC Risk Management Framework, and the ICC Risk Management Model Description document to provide for the clearance of Asia-Pacific CDS Contracts. ICC has respectfully requested confidential treatment for the ICC End-of-Day Price Discovery Policies and Procedures, the ICC Risk Management Framework, and the ICC Risk Management Model Description document, which were submitted concurrently with this submission.

Annexed as an Exhibit hereto is the following:

- A. Proposed amendments to the ICC Rules

Certifications:

ICC hereby certifies that the amended rules comply with the Act and the regulations thereunder. There were no substantive opposing views to the rules.

ICC certifies that, concurrent with this filing, a copy of the submission was posted on ICC’s website, which 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,



Sarah Williams
Staff Attorney

Enclosures