

Maria Zyskind
Staff Attorney

March 13, 2018

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 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 ICC Operational Risk Management Framework. This submission includes a description of the changes to the ICC 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.

ICC proposes to revise the Operational Risk Management Framework to reflect the role of the Intercontinental Exchange, Inc. (“ICE, Inc.”) Enterprise Risk Management Department with respect to ICC’s operational risk management processes. The ICE, Inc. Enterprise Risk Management Department provides the oversight and framework for identifying, assessing, managing, monitoring and reporting on risk across the ICE, Inc. organization. This department has dedicated resources focused on the various ICE, Inc. business units. Specifically, the ICE, Inc. Enterprise Risk Management Chief Risk Officer for North American Clearing Houses (“ERM”) is assigned responsibility for the ICE, Inc. Enterprise Risk Management Department’s coverage of ICC. The ERM in conjunction with the ICC Compliance Committee is responsible for overseeing the management of the Operational Risk Management Framework. Under the revised framework, ICC proposes removing all references to the role of the Operational Risk Manager (“ORM”), who was previously responsible for managing the Operational Risk Management Framework, since the role of the ORM was incorporated into the ICE, Inc. Enterprise Risk Management Department and the ORM is no longer a position at ICC.

ICC proposes removing all references to the ORM from the risk assessment process and assigning several of the ORM’s responsibilities to the ERM, including the ORM’s responsibilities under the operational risk lifecycle components. Under the “identify” component, the ERM will identify clearing processes and risk scenarios for evaluation. Under the “monitor” component, the ERM will track control enhancements resulting from the risk assessment process. Under the “mitigate” component, the ERM will recommend increasing control effectiveness where residual risk could be further mitigated. Under the “report” component, the ERM will present operational risk reporting to senior management, committees, and the ICC Board.

ICC similarly proposes removing all references to the ORM from the performance objective setting and monitoring process and assigning several of the ORM's responsibilities under the operational risk lifecycle components to ICC Systems Operations and the ERM. Under the "mitigate" component, ICC proposes removing reference to the ORM's monitoring process and adding language to describe ICC Systems Operations' incident management and mitigation process and the ERM's role within it. Under the "report" component, ICC proposes assigning the ORM's reporting obligations to ICC Systems Operations and the ERM.

ICC proposes enhancements within the operational risk focus areas to reflect the removal of the ORM position and make clarifying edits to reflect current practices. ICC, not the ORM, will consider operational risk focus areas which address business concerns, regulation and industry best practices. Under the revised framework, certain functions remain outsourced to ICE, Inc. Further, the proposed enhancements to the "Business Continuity Planning and Disaster Recovery" risk focus area eliminate the ORM's responsibilities related to business continuity planning ("BCP") and disaster recovery ("DR"), including serving as the chair of the ICC BCP and DR Oversight Committee ("BDOC") and ensuring completion of BCP and DR documentation and testing. ICC also proposes adding language to note that BDOC assists the ICC Compliance Committee with the approval of ICC BCP and DR program documentation. In addition, ICC, not the ORM, will ensure that ICC can recover from a disruption and will collaborate with departments to complete applicable surveys.

ICC also proposes revisions to the "Vendor Assessment" risk focus area. As the annual review and approval of the critical vendor inventory was re-assigned from the ICC Compliance Committee to BDOC and incorporated into BDOC governance documentation, ICC proposes removing reference to it from the framework. ICC also proposes to note that BDOC, not the ORM, reviews and recommends that the ICC Compliance Committee approve the critical vendor inventory and conducts a service provider risk assessment for each critical vendor. Further, ICC proposes adding procedures with respect to its assessment process for critical vendors. The revised framework describes how critical vendors receive risk rankings that determine the extent of oversight required and lists how often risk assessments for critical vendors are completed.

ICC proposes enhancements to the remaining three operational risk focus areas to reflect the removal of the ORM role. The proposed changes to the "New Products, Processes and Initiatives" risk focus area remove reference to the ORM's role on the ICC New Initiative Approval Committee, given that the ORM is no longer a position at ICC, and note that the ERM conducts post-implementation reviews of new initiatives. ICC proposes enhancing the "ICE Information Security" risk focus area to provide specific reference to the ICE Information Security Department's ("InfoSec Department") overall governing document and to reflect changes to the membership of the InfoSec Department's governance committee. The proposed changes to the "Technology Control Functions" risk focus area note that the ERM, not the ORM, has access to incident management systems and reviews and escalates incidents.

ICC also proposes other non-material changes to the framework. ICC updated the appendix to the document to more clearly summarize and appropriately describe the regulatory requirements and industry guidance to which ICC is subject, including Commission Regulation 17 CFR 39.18. Minor grammatical and structural changes were also made to the document to enhance readability.

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 Principle as being impacted:

System Safeguards: The revisions to the ICC Operational Risk Management Framework are consistent with the system safeguards 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,

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

Maria Zyskind
Staff Attorney