

Maria Alarcon
Staff Attorney

May 8, 2020

Re: Changes to ICC Rules to Provide for Clearance of Additional 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 changes to the ICC Rulebook (the "Rules") to provide for the clearance of an additional Standard Emerging Market Sovereign CDS contract (the "EM Contract") and additional Standard Western European Sovereign CDS contracts (collectively, the "SWES 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 rules that will provide the basis for ICC to clear additional credit default swap contracts. ICC believes the addition of these contracts will benefit the market for credit default swaps by providing market participants the benefits of clearing, including reduction in counterparty risk and safeguarding of margin assets pursuant to clearing house rules. Clearing of the additional EM Contract and the additional SWES Contracts (collectively, the "EM and SWES Contracts") will not require any changes to ICC's risk management framework.

ICC proposes amending Subchapter 26D of its Rules to provide for the clearance of the additional EM Contract, namely the Republic of Croatia. This additional EM Contract has terms consistent with the other EM Contracts approved for clearing at ICC and governed by Subchapter 26D of the Rules. Minor revisions to Subchapter 26D (Standard Emerging Market Sovereign ("SES") Single Name) are made to provide for clearing the additional EM Contract. Specifically, in Rule 26D-102 (Definitions), "Eligible SES Reference Entities" is modified to include the Republic of Croatia in the list of specific Eligible SES Reference Entities to be cleared by ICC.

Additionally, ICC proposes amending Subchapter 26I of its Rules to provide for the clearance of the additional SWES Contracts, namely the Republic of Finland and the Hellenic Republic. These additional SWES Contracts have terms consistent with the other SWES Contracts approved for clearing at ICC and governed by Subchapter 26I of the Rules. Minor revisions to Subchapter 26I (Standard Western European Sovereign ("SWES") Single Name) are made to provide for clearing the additional SWES Contracts. Specifically, in Rule 26I-102 (Definitions), "Eligible SWES Reference Entities" is modified to include the Republic of Finland and the Hellenic Republic in the list of specific Eligible SWES Reference Entities to be cleared by ICC.

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 additional EM and SWES Contracts fulfill ICC’s standards regarding product eligibility.

Risk Management: ICC will apply its established margin and pricing methodology to the additional EM and SWES Contracts.

Settlement Procedures: The additional EM and SWES 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 to provide for the clearance of the additional EM and SWES Contracts.

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) 836-6854.

Sincerely,



Maria Alarcon
Staff Attorney