

**Maria Zyskind**  
Staff Attorney

July 31, 2019

**Re: Updates to ICC Treasury Operations Policies and Procedures 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 21<sup>st</sup> 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 Treasury Operations Policies and Procedures (“Treasury 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 revising the ICC Treasury Policy. This submission includes a description of the changes to the ICC Treasury Policy. 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 minor changes to the Treasury Policy to more generally refer to a data provider for the purposes of collateral valuation and to promote uniform investment guidelines that are applicable to Euro-denominated cash posted by Clearing Participants (“CPs”) for their margin requirements related to client positions (“customer origin cash”) and Euro-denominated Guaranty Fund and margin cash posted by CPs (“house origin cash”). The proposed changes are described in detail as follows.

ICC proposes to more generally refer to a data provider for the purposes of collateral valuation in the ‘Collateral Valuation’ sub-section. Currently, the Treasury Policy references, by name, a data provider that ICC uses as a source for collateral valuation information. ICC proposes to remove references to the specific data provider and to more generally require ICC to use a reliable data provider as a source for collateral valuation information. ICC does not intend that the Treasury Policy list ICC service providers or control the on-boarding or review of such data provider. Service providers are subject to contractual arrangements entered into by authorized ICC officers and, if deemed a critical vendor under the Operational Risk Management Framework, governed by the Operational Risk Management Framework that describes their review and approval.<sup>1</sup>

ICC proposes updates to the Euro investment guidelines appendix, which is applicable to Euro-denominated customer origin and house origin cash. The current Euro investment guidelines allow direct

<sup>1</sup> For more information regarding the review and approval of critical vendors under the ICC Operational Risk Management Framework, see the self-certification of changes to the Operational Risk Management Framework submitted by ICC to the Commission on March 13, 2018.

investments in French and German sovereign debt securities having a final maturity of no greater than 198 days but require that all such investments with customer origin cash comply with any applicable conditions and restrictions in Commission Regulation 1.25,<sup>2</sup> including any applicable exemptive orders. As such, direct investments with customer origin cash are limited to French and German sovereign debt securities having a final maturity of no greater than 180 days in accordance with the exemptive order that was issued by the Commission (the “Order”).<sup>3</sup> ICC proposes to update the Euro investment guidelines to restrict direct investments with both customer origin and house origin cash to French and German sovereign debt securities having a final maturity of no greater than 180 days in order to promote uniform Euro investment guidelines that are applicable to customer origin and house origin cash.

#### 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 Principles as being impacted:

**Financial Resources:** The revisions to the ICC Treasury Policy are consistent with the financial resources requirements of Core Principle B and the financial resource requirements set forth in Commission Regulation 39.33. The proposed changes promote the reliable investment of assets in ICC’s control with minimal risk, including by generally requiring ICC to use a reliable data provider for the purposes of collateral valuation and conforming ICC’s Euro investment guidelines with the Commission’s Order<sup>4</sup> by limiting direct investments to French and German sovereign debt securities having a final maturity of 180 days or less with both house origin and customer origin cash. The change does not impact the appropriateness of the risk profile of permitted investments since the current Euro investment guidelines already allow direct investments in French and German sovereign debt securities having a final maturity of 180 days or less. The proposed changes are thus designed to further ensure the reliable investment of assets in ICC’s control with minimal risk, which will continue to ensure that ICC maintains sufficient financial resources to withstand, at a minimum, the default of the two CP Affiliate Groups to which it has the largest exposure in extreme but plausible market conditions, consistent with the requirements of Commission Regulation 39.33.

**Risk Management:** The revisions to the ICC Treasury Policy are consistent with the risk management requirements of Core Principle D. Removing reference to a specific data provider ensures that the documentation of ICC’s Treasury Policy remains up-to-date, clear, transparent, and focused on articulating the policies and procedures used to support ICC’s treasury functions. ICC does not intend that the Treasury Policy list specific ICC service providers. Moreover, restricting direct investments with both customer origin and house origin cash to French and German sovereign debt securities having a final maturity of no greater than 180 days promotes uniform Euro investment guidelines in the Treasury Policy and enhances compliance with the Commission’s Order,<sup>5</sup> which determined that 180 days or less was an appropriate final maturity for direct investments in French and German sovereign debt securities. ICC believes that such updates to the Treasury Policy continue to ensure that ICC possesses the ability to manage the risks associated with discharging its responsibilities.

**Treatment of Funds:** The revisions to the ICC Treasury Policy are consistent with the treatment of funds requirements of Core Principle F. The Commission’s Order<sup>6</sup> determined that 180 days or less was an appropriate final maturity for direct investments in French and German sovereign debt securities and ICC proposes that its Treasury Policy conform with respect to both house origin and customer origin cash. Such change does not expand the universe of permitted investments under the Treasury Policy since the current Euro investment guidelines already allow direct investments in French and German sovereign debt securities having a final maturity of 180 days or less. The proposed changes thus serve to ensure

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<sup>2</sup> 17 CFR 1.25.

<sup>3</sup> 83 FR 35241 (July 25, 2018).

<sup>4</sup> Id.

<sup>5</sup> Id.

<sup>6</sup> Id.

the safety of such funds and assets and to allow ICC to continue to hold such funds and assets in a manner by which to minimize the risk of loss or of delay in ICC's access to the assets and funds.

Amended Rules:

The proposed changes consist of changes to the ICC Treasury Policy. ICC has respectfully requested confidential treatment for the ICC Treasury Policy, 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