

Sarah Williams
Staff Attorney

October 30, 2014

**Re: Revisions to the ICC End-of-Day Price
Discovery Policies and Procedures Pursuant
to Section 5c(c)(1) of the Commodity
Exchange Act and Commission Regulation
40.6(a)**

VIA E-MAIL

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 revisions to the ICC End-of-Day Price Discovery Policies and Procedures (“EOD Pricing Policy”) to incorporate enhancements to ICC’s price discovery process. ICC is registered with the Commission as a derivatives clearing organization (“DCO”). ICC intends to make the EOD Pricing Policy revisions 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.

The proposed revisions to ICC’s EOD Pricing Policy are intended to incorporate enhancements to ICC’s price discovery process. This submission includes a description of the ICC EOD Pricing Policy revisions. Certification of the revisions to the ICC EOD Pricing Policy pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC currently utilizes a “cross and lock” algorithm as part of its price discovery process. Under this algorithm, bids and offers derived from Clearing Participant submissions are matched by sorting them from highest to lowest and lowest to highest levels, respectively. This sorting process pairs the CP submitting the highest bid price with the CP submitting the lowest offer price, the CP submitting the second highest bid price with the CP submitting the second-lowest offer price, and so on. The algorithm then identifies crossed and/or locked markets. Crossed markets are the Clearing Participant pairs generated by the sorting and ranking process for which the bid price of one Clearing Participant is above the offer price of the matched Clearing Participant. The algorithm identifies locked markets, where the bid and the offer are equal, in a similar fashion. The mid-point of the first non-crossed, non-locked matched market is the final end-of-day level (with additional steps taken to remove off-market submissions from influencing the final level). This process captures the market dynamics of trading; however, final pricing levels are ultimately determined by a single bid and a single offer, which results in the ability for one submission to influence the outcome.

ICC proposes enhancements to its methodology to improve the consistency of prices and reduce the sensitivity of the final level to a single Clearing Participant’s submission. Under the new “cross and lock” methodology, the average of the mid-points of all non-crossed, non-locked matched markets that are less than or equal to one bid-offer width is used as the final level (with additional steps taken to remove off-market submissions from influencing the final level). As a result, prices are less sensitive to outlying submissions. ICC also proposes additional language in the ICC EOD Pricing Policy to clarify existing

policies and practices, including, but not limited to, language to clarify the existing pricing methodology's treatment of identical crossed or locked matched market bids or offers. There are no changes to ICC's Clearing Rules as a result of these enhancements.

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:

Settlement Procedures: The revisions to the ICC EOD Pricing Policy are consistent with the settlement procedures requirements of Core Principle E as pricing is an integral component of ICC's settlement procedures and the revisions enhance ICC's price discovery process.

Risk Management: The revisions to the ICC EOD Pricing Policy are consistent with the risk management requirements of Core Principle D.

Amended Rules:

The proposed change consists of revisions to ICC's EOD Pricing Policy to incorporate enhancements to ICC's price discovery process. ICC has respectfully requested confidential treatment for the ICC EOD Pricing Policy which was submitted concurrently with this self-certification submission.


Certifications:

ICC hereby certifies that the revisions to the ICC EOD Pricing Policy comply with the Act and the regulations thereunder. There were no substantive opposing views to the revisions.

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) 836-6883.

Sincerely,



Sarah Williams
Staff Attorney

cc: Brian O'Keefe, Commodity Futures Trading Commission (by email)
Kate Meyer, Commodity Futures Trading Commission (by email)
Tad Polley, Commodity Futures Trading Commission (by email)
Eric Nield, ICE Clear Credit (by email)
Michelle Weiler, ICE Clear Credit (by email)