



Maria Alarcon
Staff Attorney

November 5, 2021

Re: Updates to 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 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 (the “Act”) and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), a self-certification of changes to the ICC End-of-Day Price Discovery Policies and Procedures (“Pricing 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 Pricing Policy, which sets out ICC’s end-of-day (“EOD”) price discovery process that provides prices for cleared contracts using submissions made by Clearing Participants (“CPs”). This submission includes a description of the changes to the ICC Pricing 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 requires all CPs to provide EOD submissions for specific instruments related to their open positions at ICC. Submissions for index instruments (“index submissions”) may be provided in spread or price convention under the current Pricing Policy. The proposed amendments would remove the ability for CPs to provide index submissions in spread convention and would require all index submissions to be provided in price convention.¹ The proposed amendments are described in detail as follows.

ICC proposes to amend Subsection 2.2.3, which sets out the submission format requirements for index instruments. Currently, index submissions may be provided in spread or price convention depending on the instrument, as illustrated in Table 8. Under the proposed changes, index submissions must be provided in price convention, which has two acceptably types, price or upfront. The proposed changes remove Table 8 and language regarding the submission of recovery rates, which related to submissions provided in spread terms and is no longer necessary. ICC proposes minor changes to renumber the tables in the Pricing Policy accordingly and to spell out an abbreviated term in this subsection.

¹ ICC intends to move away from supporting index submissions in spread convention in a phased approach and does not intend to remove the ability for CPs to submit index submissions in spread convention until ICC is permitted to implement the changes described herein and ICC completes any other required governance or internal processes.



ICC proposes to amend Subsection 2.2.4 related to the standardization of submissions. Currently, the cross-and-lock algorithm used by ICC to determine EOD prices and potential trades requires inputs in bid-offer format and executes in price or spread terms depending on the convention for the considered instrument. ICC standardizes CP submissions into bid-offer format in either price or spread terms, depending on the convention. Under the proposed changes, the cross-and-lock algorithm will execute in price terms. The proposed changes remove language referencing spread terms and distinguishing between price and spread terms. The proposed changes also remove language differentiating between submissions in price or spread in subpart (a).

ICC proposes similar changes to Subsection 2.3. ICC would no longer determine EOD levels in terms of either spread or price. The proposed changes remove language requiring ICC to execute the cross-and-lock algorithm in spread-space for index instruments with a quote convention of spread, in price-space for index instruments with a quote convention of price, and in price-space for all single name and index option instruments. Currently, in Subsection 2.3.1(g), ICC adjusts outlying submission trade prices for index option, single name, and index instruments with a cross-and-lock convention of price and outlying submission trade spreads for index instruments with a cross-and-lock convention of spread. For index instruments with a cross-and-lock convention of spread, a conversion between trade price and spread is also done. The proposed changes would remove the need to adjust outlying submission trade spreads, including the need for such conversion.

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:

Risk Management: The revisions to the Pricing Policy are consistent with the risk management requirements of Core Principle D. The proposed changes further standardize ICC's instrument submission requirements, remove the need to distinguish between price and spread terms in certain aspects of the price discovery process, and allow ICC to avoid converting between spread and price. Such changes would simplify and promote consistency and transparency in ICC's price discovery process and thus enhance implementation of the Pricing Policy. ICC believes that such updates to the Pricing Policy continue to ensure that ICC possesses the ability to manage the risks associated with discharging its responsibilities.

Settlement Procedures: The revisions to the Pricing Policy are consistent with the settlement procedures requirements of Core Principle E. ICC believes that the proposed changes are appropriately designed to promote and maintain the effectiveness and integrity of the Pricing Policy and the EOD price discovery process used to determine daily settlement prices.

Amended Rules:

The proposed changes consist of changes to the ICC Pricing Policy. ICC has respectfully requested confidential treatment for the ICC Pricing 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 black ink that reads "Maria Alarcon". The signature is written in a cursive, flowing style.

Maria Alarcon
Staff Attorney