



January 8, 2025

BY ELECTRONIC TRANSMISSION

Mr. Christopher Kirkpatrick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Submission Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a) - Amendments to the ICE Clear U.S., Inc. Clearing Member Default Management Procedures and Default Auction Procedures

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), ICE Clear U.S., Inc. (“ICUS”) is submitting this self-certification to amend the ICUS Rules,¹ specifically the ICUS Clearing Member Default Management Procedures (“Default Management Procedures”) and the ICUS Default Auction Procedures (“Default Auction Procedures,” collectively “Default Procedures”). ICUS intends to revise the Default Procedures no sooner than the tenth business day following the filing of this submission with the Commission, or such later date as ICUS may determine.

1. Overview

The proposed change to the Default Management Procedures reflects an increase in the ICE Futures U.S, Inc. (“IFUS”) contribution to the “skin-in-the-game” tranche of ICUS’s default resources. The proposed changes to the Default Auction Procedures are designed to encourage customers of Clearing Members to participate in mandatory auctions of contracts, in the event of a Clearing Member default. These amendments are being proposed following ICUS’s periodic review of the Default Procedures.

2. Details of Rule Changes

Default Management Procedures Amendment: This proposed amendment reflects an increase in the IFUS “skin-in-the-game” contribution, following an annual review of the size of the contribution pursuant to the ICUS Rules.

Default Auction Procedures Amendments: ICUS is proposing amendments to its Default Auction Procedures that are designed to encourage customers of Clearing Members to participate in

¹ Capitalized terms used and not defined in this submission have the meaning set forth in the ICUS Rules.

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mandatory auctions of contracts, in the event of a Clearing Member default. These proposed changes eliminate the requirement for customers of Clearing Members to make monetary deposits, which could be subject to juniorization, as a precondition to their participation in a default auction. Clearing Members would still be required to “sponsor” (or commit to clear) the contracts underlying their customers’ winning bids, and those winning bids would serve to reduce a Clearing Member’s mandatory bid requirements. In simulated default auctions that are a core part of the annual test of ICUS’s default management plan, Clearing Member customer bids have proven to be particularly instructive and successful. In addition, ICUS is proposing technical amendments to how bids are formulated and the worked examples of how default auction prices are determined. These changes align the Default Auction Procedures with the current configuration of Intercontinental Exchange, Inc.’s Default Management System (“DMS”), which would be used by ICUS, and its affiliated derivatives clearing organizations, to conduct default auctions.²

ICUS has respectfully requested confidential treatment for the foregoing amendments to the Default Procedures which were submitted concurrently with this submission.

3. Compliance with the Act and Regulations

ICUS reviewed the foregoing amendments and determined that they comply with the requirements of the Act and the rules and regulations promulgated by the Commission in implementing the Act. In this regard, ICUS reviewed the derivatives clearing organizations core principles (“Core Principles”) and determined that the amendments are potentially relevant to the following Core Principles and the applicable regulations of the Commission thereunder:

Risk Management (Core Principle D): By expanding the pool of potential default auction participants, the proposed amendments to the Default Auction Procedures will enhance ICUS’s ability to manage a Clearing Member default, one of the principal risks ICUS must manage as a derivatives clearing organization. As a result, these proposed amendments are consistent with the requirements of Core Principle D and Commission Regulations 39.13 and 39.36.

Default Rules and Procedures (Core Principle G): The proposed amendment to the Default Management Procedures ensures that ICUS’s default management plan remains current. While the proposed amendments to the Default Auction Procedures will enhance ICUS’s ability to safely manage a Clearing Member default. As a result, these amendments are consistent with the requirements of Core Principle G and Commission Regulation 39.16.

4. Certifications

ICUS certifies that the amendments to the Default Procedures, comply with the Act and the rules and regulations promulgated by the Commission thereunder. ICUS is not aware of any substantive opposing views expressed regarding the amendments. ICUS further certifies that, concurrent with this filing, a copy of the submission was posted on ICUS’s website and may be accessed at <https://www.theice.com/clear-us/regulation>.

² Finally, ICUS is also proposing to modify the timing of Clearing Member communications to ICUS about their mandatory bid requirements. These changes reflect how default auction timing for listed derivatives, using DMS, has evolved and will operate in practice.



If you or your staff have any questions or require further information regarding this submission, please do not hesitate to contact the undersigned at (212) 748-3964 or Eamonn.Hahessy@ice.com.

Sincerely,

A handwritten signature in black ink that reads "Eamonn Hahessy". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Eamonn Hahessy
General Counsel and Chief Compliance Officer