



October 4, 2024

VIA CFTC PORTAL

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

Re: Amendments to the ICE Clear U.S., Inc. Risk Management Framework -- ICE Risk Model 1 Concentration Charges -- Submission Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

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 Risk Management Framework. ICUS intends to revise the Risk Management Framework no sooner than the tenth business day following the filing of this submission, or such later date as ICUS may determine. ICUS has respectfully requested confidential treatment for these amendments to the Risk Management Framework which were submitted concurrently with this submission.

1. Overview

ICUS’s Risk Management Framework contains the model used by ICUS to determine initial margin requirements for contracts that reference equity and interest rate indices,² ICE Risk Model 2 (“IRM 2”), and the model used by ICUS to determine initial margin requirements for all other contracts cleared by ICUS, ICE Risk Model 1 (“IRM 1”). ICUS is proposing to enhance and clarify the Risk Management Framework’s documentation of the concentration charge (“Concentration Charge”) determination for IRM 1, following an annual revalidation. At present, the IRM 1 Concentration Charge only applies to contracts that reference agricultural contracts, excluding spread contracts. ICUS is proposing to extend the IRM 1 Concentration Charge to cover all contracts margined using IRM 1.³

2. Details of Rule Changes

The IRM 1 Concentration Charges estimates the cost of unwinding the concentrated portion of a given portfolio by making the conservative assumption that only a certain quantity of positions can be liquidated on a given day without significant market impact. As currently configured, IRM 1

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

² With the exception, in the case of equity indices, of total return futures on equity indices.

³ This extension would capture contracts that reference currencies/foreign exchange, gold, silver, a dollar index, and total return futures on equity indices.



applies a Concentration Contract to agricultural contracts but not to non-agricultural contracts margined using IRM 1. To enhance the consistency of the IRM 1 Concentration Charge, which will make ICUS's processes and their implementation more efficient, ICUS is proposing to treat all IRM 1 risk managed contracts the same in terms of applying Concentration Charges. ICUS's analysis has shown that this change will only have a modest impact on the initial margin requirements that its Clearing Members and their customers must meet.

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 Principle and the applicable regulations of the Commission thereunder:

Risk Management (Core Principle D):

These amendments ensure that the Risk Management Framework is consistent in its approach to the IRM 1 Concentration Charge. This will enhance the Risk Management Framework by more clearly identifying, addressing and documenting the range of risks to which ICUS is exposed, improving the monitoring and management of the entirety of those risks, and facilitating internal audit's ability to perform its role. As a result, the proposed amendments are consistent with the requirements of Core Principle D and Commission Regulations 39.13 and 39.36.

4. Certifications

ICUS certifies that the proposed amendment to its Risk Management Framework complies 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 amendment. ICUS further certifies that, concurrent with this filing, a copy of this submission was posted on ICUS's website and may be accessed at <https://www.theice.com/clear-us/regulation>.

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, appearing to read "Eamonn Hahessy", written over a horizontal line.

Eamonn Hahessy
General Counsel and Chief Compliance Officer