

December 11, 2024

Re: Updates to ICC Operational Risk Management Framework 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 Operational Risk Management Framework. 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 Operational Risk Management Framework (“ORMF”), which details ICC’s dynamic and independent program of risk assessment and oversight that aims to reduce operational incidents, encourage process and control improvement, bring transparency to operational performance standard monitoring, and fulfill regulatory obligations. This submission includes a description of the changes to the ORMF. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

The primary purpose of the proposed revisions to the ORMF is to incorporate procedures designed to comply with of Rule 17Ad-25(i) under the Securities Exchange Act of 1934 (“SEC Rule 17Ad-25(i)”) which imposes requirements on ICC related to the management of risks from relationships with service providers for core services¹ (“SPCS”). ICC proposes adding new Section II.B. ‘Management of Risks from Relationships with Service Providers for Core Services’ to the ORMF which adds procedures regarding ICC’s management of the risks related to relationships with SPCS. Specifically, proposed Section II.B. imposes the following requirements on ICC: (1) ICC senior management is required to evaluate and document the risks related to an agreement with a SPCS, including under changes to circumstances and potential disruptions, and whether the risks can be managed in a manner consistent with the ORMF; (2) ICC senior management is required to submit to the ICC Board of Managers (“Board”) for review and approval any agreement that would establish a relationship with a SPCS, along with a risk evaluation described in (1) above; (3) ICC senior management is required to establish policies and procedures that govern relationships and manage risks related to such agreements with SPCS and the Board is required to be responsible for reviewing and approving such policies and procedures; and (4) ICC senior management is required to perform ongoing monitoring of the relationships with SPCS, and report to the

¹ SEC Rule 17Ad-25(a) defines ‘Service Provider for Core Services’ as any person that, through a written services provider agreement for services provided to or on behalf of a registered clearing agency, on an ongoing basis, directly supports the delivery of clearance or settlement functionality or any other purposes material to the business of the registered clearing agency.

Board which will provide its evaluation of any action taken by ICC senior management to remedy significant deterioration in performance or address changing risks or material issues identified through such monitoring, or if the risks or issues cannot be remedied, require ICC senior management to assess and document weaknesses or deficiencies in the relationship with the SPCS for submission to the Board. Also, ICC proposes to include in new Section II.B. a description of how ICC will identify and manage its SPCS using a two-pronged assessment approach broken down between internal and external service providers. With respect to internal service providers, the proposed addition to the ORMF describes certain services provided by ICC's ultimate parent, Intercontinental Exchange, Inc. ("ICE, Inc.") and the applicable legal agreements between ICC and ICE, Inc. With respect to the identification and oversight of external service providers, the proposed revisions to the ORMF describe the use of ICE, Inc.'s third party risk management program and of ICC's counterparty monitoring procedures. As a result of the proposed addition of new Section II.B., the remainder of the ORMF has been re-lettered.

ICC further proposes to revise and replace the former 'Vendor Assessment' processes in Section II.B. of the ORMF with updated Section II.C. 'External Service Provider Assessments' processes. Accordingly, the proposed revisions include renaming "critical vendors" as "external SPCS" and, together with new Section II.B., clarifying that ICC's assessment of external SPCS is in addition to, and will take into consideration, ICE, Inc.'s third party risk management program. ICC proposes to remove the bullet point list of items that may be included in the risk assessments and replace it with language to mirror the regulatory requirement of SEC Rule 17Ad-25(i). In particular, ICC, through its BCP and DR Oversight Committee² ("BDOC"), must evaluate and document the risks related to an agreement with an external SPCS, including under changes to circumstances and potential disruptions, and whether the risks can be managed in a manner consistent with the ORMF. ICC also proposes updating and reordering the language describing the responsibilities of the BDOC. The BDOC will continue to review and recommend approval of the inventory of ICC external SPCS (formerly the "critical vendor" inventory) and will continue to assign risk ratings to the risk assessments in order to determine the frequency of ongoing risk assessment reviews. The risk ratings continue to be based on the risk assessments and consideration of the risk direction for strategic, reputational, compliance, legal, and operational risk presented by the external SPCS (formerly critical vendor). ICC is proposing to also clarify that the risk ratings will take into consideration ICC's plan to complete core processing if the service is unavailable. In order to provide for more internal consistency, ICC is proposing to replace the terminology of "Tier" with "Risk Rating" noting that the criteria and schedule for periodic reviews remains the same.

Furthermore, ICC proposes clarifications to the 'Introduction' section of the ORMF to provide uniform abbreviations to existing defined terms. By incorporating these abbreviations, ICC aims to enhance the clarity and readability of the ORMF.

Also, ICC proposes revising the 'Operational Risk Lifecycle' chart in Section I. of the ORMF to replace "Respond" with "Monitor," and to replace "Monitor" with "Mitigate." The purpose of the revisions to the Operational Risk Lifecycle chart is to ensure that it accurately reflects the description of the operational life cycle narrative contained in Section I. Furthermore, ICC proposes to correct typographical errors in Sections I.A. and I.B., to, in each case, delete an erroneous "The."

ICC also proposes revisions to Section II., 'Operational Risk Focus Areas', to update ICC's reference to certain functions performed by ICE, Inc. ICC proposes to remove the reference to functions being "outsourced" to ICE, Inc. and instead notes that the functions performed by ICE, Inc. are described in the ORMF (e.g., the newly added Section II.B.) and such functions are performed pursuant to services agreements entered into between ICC and ICE, Inc.

² The ICC BCP and DR Oversight Committee is a subcommittee of the ICC Compliance Committee and assists the ICC Compliance Committee in fulfilling its oversight responsibilities with respect to: (i) providing Business Continuity Planning ("BCP") and Disaster Recovery ("DR") guidance; (ii) approving BCP and DR program documentation; (iii) reviewing reports on the effectiveness of BCP and DR testing; and (iv) the performance of such other functions as the ICC Compliance Committee may assign from time to time.

In addition, ICC proposes to amend Section II.A., ‘Business Continuity Planning and Disaster Recovery,’ to better describe the steps in the collaboration process with respect to the business impact analysis (“BIA”) process. Specifically, ICC is proposing to reorder and restate the steps for completing BIA surveys used in creating test plans. Specifically, ICC is clarifying that each critical business unit begins by performing the BIA; then business continuity plans (“BCPs”) are created for those processes identified in the BIA; finally, the BCPs are tested, and the results of such testing are reported. This refresh of the language in Section II.A. better describes the order of ICC’s process with respect to recovery from a wide-scale disruption.

ICC proposes revisions to Section II.F. (previously Section II.E.) ‘Technology Control Functions.’ Specifically, ICC proposes changes to the description of the responsibilities of the ICC Technology Department to more accurately reflect the responsibilities of the ICC Technology Department control functions. Such proposed changes clarify that the ICC Technology Department is responsible for end to end design, development, testing, deployment, maintenance and day to day operations of enterprise software systems needed for ICC core functions. In addition, ICC proposes to update the reference to the title of the ‘ICC Project Delivery Policy’ to the document’s current title which is the ICC ‘Credit Technology Delivery Method.’ Also, ICC proposes a minor revision to change a reference to the ICC technology director to rather reference the ICC Technology leadership team to more accurately reflect that technology releases are assessed by the entire ICC Technology leadership team and not just the ICC technology director.

Furthermore, ICC proposes to amend Appendix 1 in the ORMF to include the titles of the relevant regulatory requirements while removing the summaries of such regulations. The purpose of this proposed amendment is to streamline the reference process in order to provide the reader with a more direct reference to all the applicable regulations and to avoid the need to review and update summaries of applicable regulations as they are amended from time-to-time. By removing the summaries, employees instead should refer to the full current regulation which will ensure employees are reviewing the most up-to-date language in the regulations.

Lastly, ICC proposes to revise the ‘Revision History’ section of the ORMF to reflect the proposed changes described above.

In addition to the foregoing proposed modifications to the ORMF, ICC also proposes to formalize a series of non-material updates to the ORMF which were reviewed and approved by the Board in 2021, 2022 and 2023. Such proposed changes, which are described below, are the output of the annual review of the ORMF conducted by the ICC Compliance Committee³ (the “Compliance Committee”) and reviewed and approved by the Board.

In 2021 the Board approved non-material changes to the ORMF⁴ to clarify language in Section I.A. ‘Risk Assessment.’ Specifically, revisions were made to clarify the language which describes the Compliance Committee’s review of risk assessments. In addition, such Board approved changes in 2021 made minor clarifications to Section I.B. to provide further clarity regarding one of the current responsibilities of the ICE, Inc. Enterprise Risk Management (“ERM”) function. Specifically, such change clarified that, with respect to the incident management and mitigation process, ERM may review and challenge corrective action plan decisions and priority levels. Both 2021 changes are non-material as they are intended to clarify the description of current practices and the readability of the ORMF, and as such, do not change

³ The ICC Compliance Committee is an internal ICC committee that oversees and manages ICC’s compliance program that establishes the framework for identifying, assessing, measuring, monitoring, mitigating, and reporting on compliance risks for ICC.

⁴ Version 4.0.4 of the ORMF was reviewed and approved by the Compliance Committee on November 18, 2021, recommended by the Risk Committee for approval by the Board on December 8, 2021, and approved by the Board on December 8, 2021.

current practices. As part of these 2021 changes, the ORMF was re-dated December 8, 2021, the version was changed to 4.0.4 and the version history was updated to reflect these changes.

In 2022 the Board approved non-material changes to the ORMF⁵ in connection with the annual review of the document. No changes were made to the ORMF as a result of the 2022 review. However, the document was re-dated December 13, 2022, the version was changed to 4.0.5 and the version history was updated to reflect the annual review.

In 2023 the Board approved non-material changes to the ORMF⁶ to make minor language clarifications and to update the title of a cross-referenced ICE, Inc. procedures document. To date, the 2023 changes have not been incorporated into the ORMF and ICC is proposing to add the 2023 changes to the changes described herein. Specifically, ICC proposes to revise Section II.E. (previously Section II.D.), 'ICE Information Security' to update the title of a cross-referenced ICE, Inc. procedures document from 'ICE Information Security Risk Management and Assessment Procedures' to 'ICE IS GRC Risk Assessment Profile Procedures'⁷ (the "Cross-Referenced Procedure"). The Cross-Referenced Procedure was renamed in order to better reflect the subjects covered in the procedures. Such renaming does not affect the content, ownership, or use of the Cross-Referenced Procedure. In addition, ICC proposes to clarify language in paragraph 2 of Section II.E. Specifically, ICC proposes to delete the word "potential" from the reference to security controls because the word improperly narrows the sentence's meaning and does not accurately describe ICC's current practice of reviewing not only potential security controls but also existing security controls. In connection with the 2023 changes, ICC proposes updating the version history to reflect these changes.

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 Principle as being impacted:

System Safeguards: The revisions to the ORMF are consistent with the system safeguards requirements of Core Principle I and Commission Regulations 39.18 and 39.34. The proposed changes enhance ICC's ability to control its operational risk by ensuring that ICC is incorporating detailed practices on managing relationships and risks with SPCS. The proposed changes further enhance ICC's ability to identify relevant sources of operational risk, both internal and external, and define processes and controls to ensure that ICC, through its operational risk program, is able to manage its operational risks by identifying and minimizing sources of operational risk through the development of appropriate controls and procedures, and automated systems that are reliable, secure and have adequate scalable capacity, consistent with the requirements of Core Principle I.

Amended Rules:

The proposed changes consist of changes to the ICC ORMF. ICC has respectfully requested confidential treatment for the ICC ORMF, which was submitted concurrently with this self-certification submission.

⁵ Version 4.0.5 of the ORMF was reviewed and approved by the Compliance Committee on November 29, 2022, recommended by the Risk Committee for approval by the Board on December 13, 2022, and approved by the Board on December 13, 2022.

⁶ Proposed modifications to Version 4.0.5 of the ORMF was reviewed and approved by the Compliance Committee on November 28, 2023, recommended by the Risk Committee for approval by the Board on December 13, 2023, and approved by the Board on December 13, 2023.

⁷ "IS" stands for Information Security and "GRC" stands for Governance, Risk and Compliance.

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) 836-6742.

Sincerely,



Eric J. Nield
General Counsel