

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-76331; File No. SR-ICC-2015-017)

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change to Revise the ICC Risk Management Framework and ICC Treasury Operations Policies and Procedures, and Adopt the ICC Risk Management Model Description Document

November 3, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on October 20, 2015, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

ICC proposes reorganizing the ICC Risk Management Framework (“RMF”) in response to a recommendation from the Commodity Futures Trading Commission (“CFTC”) regarding improvements related to the governance of ICC’s risk management documentation. Specifically, ICC proposes organizational and clarifying edits to the RMF and the Treasury Operations Policies and Procedures, and proposes adopting a new Risk Management Model Description Document. These revisions do not require any changes to the ICC Clearing Rules (“Rules”). Additionally, the edits are not substantive and do not affect the nature of ICC’s risk management program.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. ICC has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of these statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

ICC proposes reorganizing the ICC RMF in response to a CFTC recommendation regarding improvements related to the governance of ICC's risk management documentation. Specifically, ICC proposes organizational and clarifying edits to the RMF and the Treasury Operations Policies and Procedures, and proposes adopting a new Risk Management Model Description Document. ICC believes such revisions will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. The proposed revisions are described in detail as follows.

ICC moved the Collateral Assets Risk Management Framework appendix from the RMF to the Treasury Operations Policies and Procedures. Accordingly, references throughout the RMF to the Collateral Assets Risk Management Framework appendix were updated to refer instead to the Treasury Operations Policies and Procedures. ICC moved appendices containing technical risk management information (formerly, RMF Appendices 3-5) to the new ICC Risk Management Model Description Document.

Accordingly, references throughout the RMF to these appendices were updated to refer to the Risk Management Model Description Document.

ICC also made general updates and edits throughout the RMF for clarity and consistency. Such edits include correcting verb tenses, adopting consistent abbreviations, and adjusting sentence order to assure logical presentation and word flow, and to use more concise, succinct language. ICC also made additional clarifying edits, as described below. The edits are not substantive and do not affect the nature of ICC's risk management program.

Within the Overview section of the RMF, ICC refined the Business Overview details to more accurately describe the business operations of Intercontinental Exchange, Inc. and ICC.

ICC made edits to the Governance and Organization section of the RMF to more fully describe which topics the Risk Committee is responsible to advise the Board. The list of documents reviewed by the Risk Committee on at least an annual basis was revised to include the ICC Risk Management Model Description Document, the ICC Treasury Operations Policies and Procedures, and the ICC Liquidity Risk Management Framework. The Risk Working Group ("RWG") description was updated to note that the group consists of risk personnel from ICC Clearing Participants ("CPs"), and to clarify that the RWG is responsible for reviewing ICC's risk philosophy and recommending changes to ICC's RMF. The validation function of the risk philosophy and tolerance was removed from the list of RWG responsibilities, as such functions are the ultimate responsibility of the Board. The Advisory Committee description was updated to note that the committee is comprised of representatives of up to twelve clients/customers of

ICC CPs (currently there are twelve client/customer members). The CDS Default Committee description was updated to note that the committee is comprised of representatives from ICC CPs on a rotating basis and to remove reference to a duty to provide feedback on ICC's RMF and parameters because the CDS Default Committee is only convened upon the declaration of a default. The committee description was enhanced to note that, as the CDS Default Committee assists ICC in determining and managing Minimum Target Prices for auctioned portfolios related to a default, the committee oversees necessary auction(s) as well as the process to re-establish a matched book. The Risk Management Organization section was updated to remove outdated language stating that the Risk Management Department conducts an annual review of ICC's Risk Management Framework Policy Statement and submits proposed changes to the RWG, Risk Committee, and Board. Further, the section was updated to remove reference to the Risk Management Department being responsible for ICC's intellectual capital and personnel, while creating, implementing and maintaining ICC's risk management policies.

ICC made edits to the Product Summary section of the RMF. ICC clarified language to refer to Index CDS Instruments (as opposed to Index Products), Single Name CDS Instruments (as opposed to Single Name CDS), and reference entities (as opposed to companies). The Index CDS instruments section was revised to remove reference to the International Index Company. The Single Name CDS Instruments section was modified to refine language concerning what constitutes a credit event. The list of attributes defining a CDS contract was enhanced to include Maturity, as well as reference Notional Amount, as opposed to Notional Principal. Reference to the terms of the contracts being

prescribed by the ICC Rules and Participant Agreement was removed. The Risk Factors, Risk Sub-Factors and Instruments section was revised to enhance the definition of Risk Sub-Factor to refer to a specific single name reference obligation seniority and doc clause combination.

ICC made edits to the Systemic Risk Management Approach section of the RMF, which includes Waterfall Levels 1 through 5. ICC revised Waterfall Level 1: Membership Criteria to remove reference, within the Operational Criteria, to employee participation on industry committees (e.g. ISDA, DTCC, etc.). Furthermore, the ongoing monitoring of participants section was enhanced to state: (i) intraday monitoring includes intraday CDS market levels and potential equity price movements, as well as news from Bloomberg and other information sources; and (ii) daily monitoring and analysis includes prior day's final pays by CP, daily change in Initial Margin ("IM"), margin deficits, unrealized intraday profits/losses for cleared portfolios, risk impact of new intraday trades on cleared portfolios, daily end-of-day ("EOD") levels, CPs' Guaranty Fund ("GF") obligations, CPs' day-over-day change in GF requirements relative to each firm's prior day levels, and CPs' day-over-day change in GF requirements relative to the total GF balance. ICC has removed from the ongoing monitoring of participants section review of the following components: daily prices and spreads (including missed EOD submissions), daily EOD prices (including missed prices), prior day's and intraday total IM as a percentage of CP's or CP's guarantor's capital, collateral pricing report for missing prices, and collateral deposits no longer in compliance with ICC's acceptable collateral policy. Such elements are included in the enhanced daily monitoring and analysis section or have been deemed no longer to relevant to the monitoring process.

Further, ICC clarified that the Risk Management Department reviews weekly stress test results for extreme risk event scenarios to ensure sufficient margin cover under market conditions, as opposed to drastic market conditions. The Participant Withdrawal subsection was revised to remove reference to ICC's right of One Time Assessment and instead refer more generally to ICC's power of assessment.

ICC revised the Waterfall Level 2: Initial Margin description to clarify that ICC's IM requirements consist of a set of individual components that account for various risks and that the methodology includes consideration of hypothetical scenarios for those components. ICC added language to the Spread Response requirements section to note that the hypothetical prices used in calculating the instrument spread response risk IM requirement reflect the time-to-maturity horizon reduced by one day. ICC revised the distributions and related parameters subsection to refer to the more specific feature Mean Absolute Deviation ("MAD") as opposed to the more general term "scale." ICC removed reference to a set EWMA decay factor, as the factor is dynamic and subject to review and changes by the Risk Department in consultation with the Risk Committee. ICC also removed outdated language regarding the initial setting of Auto Regressive process for first order parameters.

ICC revised the description of the considered scenarios to provide a mathematical description of how the considered scenarios are constructed based on statistical analysis of historical time series. The term structure scenario construction is now clearly defined in terms of 99% Value-at-Risk equivalent risk measures for different tenors and the cross-tenor correlation structure is estimated from time series analysis. ICC revised the

term “contracting” to “tightening” in the context of spread behavior to provide conformity to more commonly used credit market terminology.

Within the Recovery Rate (“RR”) Sensitivity Requirements subsection, ICC clarified that two additional single name-specific stress-test RRs are considered in determining the requirements.

ICC revised Waterfall Level 3: Mark-to-Market Margin description. Specifically, ICC revised the methodology section to remove specific calculations regarding the methodology and instead refer to the ICC EOD Price Discovery Policies and Procedures, which contain a more fulsome methodology description.

ICC revised Waterfall Level 4: Intra-day Risk Monitoring/Special Margin Call Execution to clarify language describing the calculation of prices to determine the adequacy of collected IM intraday. Specifically, as part of the calculation, ICC utilizes bid-offer quotes which are automatically fed into the ICC risk management intraday monitoring system.

ICC revised Waterfall Level 5: Guaranty Fund description. The ICC GF is designed to provide adequate funds to cover losses associated with the default of the two CPs, as well as any affiliated CPs (i.e. any other CP that owns, is owned by, or is under common ownership with such a CP) with the greatest potential uncollateralized losses. ICC added language to note that the set of all affiliated CPs is considered as a CP affiliate group. Within the Waterfall Level 5 description, ICC revised language to reinforce this CP affiliate group concept. Within the Guaranty Fund Calculation for Clearing Participants subsection, ICC removed reference to summary concepts of uncollateralized loss given default, uncollateralized spread response losses, uncollateralized basis risk

losses, and uncollateralized interest rate losses, previously used in describing the computations of the stress scenario losses. ICC more precisely defined the factors considered within the GF calculation and related stress test scenarios as the following: occurrence of multiple credit events, uncollateralized loss-given-default from self-referencing positions, adverse spread scenarios, adverse index-single-name basis widening, adverse interest rate scenarios, and anti procyclicality.

ICC added language to the Guaranty Fund Allocation subsection of the RMF to state that the CP's total uncollateralized GF stress loss is the difference between the sum of the stress loss given default, GF stress spread response, GF stress basis risk and interest rate losses and the sum of the IM idiosyncratic jump-to-default requirements, IM spread response requirement, IM basis and interest risk requirement.

ICC revised the General Wrong Way Risk and Contagion Measures subsection to remove technical information that was moved to the Risk Management Model Description Document.

ICC revised the Position Concentration Limits subsection of the Risk Limits and Controls section to clarify that ICC's concentration charge is designed to increase a CP's IM requirement toward the risk of maximum loss and ultimately, at the extreme, toward the full expected notional amount of liability of the sold protection or the present value of the amount of coupon payments for bought protection. ICC summarized language referring to the notional liability of the protection sold or the full value of coupon payments to refer more generally to loss associated with the portfolio. ICC revised the Model Time Horizon subsection to note that the standard risk horizon can be increased by the ICC Risk Management Department during banking holiday periods to reflect ICC's

limited ability to execute margin calls without Risk Committee consultation. ICC further revised the Position Concentration Thresholds subsection to clarify that, if at any point, either the margin requirements or concentration charges grow to be a concern, ICC has the authority to execute special or intraday margin calls, and/or to increase the rate at which the concentration charges grow.

ICC revised the Stress Testing subsection of the Back Testing and Stress Testing section to remove specific assumptions associated with the various stress scenarios used in the daily risk management process. For proprietary reasons, these specific assumptions are now included in ICC's Stress Testing Framework. ICC also clarified that the Risk Management Department presents stress results at the monthly Risk Committee meetings, as well as recommendations about next steps and recommendations to add or retire stress tests.

ICC made edits to the Default Treatment section to remove outdated language stating that ICC seconds traders eligible to serve on the ICE Clear Europe Default Management Committee. ICC removed language regarding the auctioning of multi-currency portfolios for stylistic reasons, as the following sentences provide the information in a more accessible format.

ICC revised the Cash Settlement subsection of the Settlement section to remove outdated language stating that ICC will evaluate a transition to a Central bank model for US cash if available.

ICC made edits to the Market Investment Risk Management section of the RMF. Specifically, ICC deleted redundant language regarding ICC's investment policy that can be found in the ICC Treasury Operations Policies and Procedures.

ICC enhanced the ICC Clearing Participant Risk Management Questionnaire appendix to add more specific details that better capture the intent of the questions contained within.

ICC revised the Overview section of the Clearing Participant Default Management Procedures appendix to refer more generally to ICC's default management procedures, as opposed to offering specific details provided elsewhere within the appendix. ICC also revised the CDS Default Committee subsection to remove language stating that the CDS Default Committee Members are responsible for determining and adjusting minimum target prices for auctions. ICC added language to the Hedging and Liquidation subsection to note that the CDS Default Committee is responsible for assisting ICC with respect to liquidating and hedging positions with the Non-Defaulting CPs, in consultation with the Chief Risk Officer. ICC clarified the Auction Procedures/Competitive Bidding section to state that the auction bidding process will be open for an ICC specified minute window, as opposed to a specific 15-minute window.

ICC removed the Collateral Assets Risk Management Framework Appendix 7 from the RMF and added it as an appendix to the ICC Treasury Operations Policies and Procedures. Accordingly, references within the Treasury Operations Policies and Procedures to the RMF were updated. Additionally, ICC updated its list of banking relationships contained within the document. ICC also made conforming, non-material edits to the document.

Finally, ICC has created the Risk Management Model Description Document, which includes the technical risk information previously included in Appendices 3 to 5 of the RMF as well as information previously included in explanatory risk documents.

Technical risk information, previously included in explanatory risk documents, is incorporated consistently throughout the new Risk Management Model Description Document. The inclusion of such information does not constitute a substantive change to the RMF, as it serves to enhance the transparency of the technical details of the current implementation described in the previous RMF. In the Risk Management Model Description Document, ICC provides additional technical information to improve the understanding and/or replication of the models. ICC also provides improved logical connections among all model components, which should contribute to developing a general intuition for ICC's risk approach.

Material changes to the Risk Management Model Description Document will be approved by ICC's Board of Managers and submitted, in the appropriate form to regulators consistent with other documents constituting ICC's RMF. The Risk Management Model Description Document includes a technical description of ICC's Initial Margin methodology (Recovery Rate Sensitivity Risk Analysis; Loss Given Default Risk Analysis; Liquidity Risk Analysis; Large Position Risk Analysis; Jump-To-Default Risk Analysis; Interest Rate Sensitivity Risk Analysis; Basic Risk Analysis; Spread Risk Analysis; Multi-Currency Portfolio Treatment; and Portfolio Loss Boundary Condition) and ICC's Guaranty Fund methodology (Guaranty Fund Size Estimation; Guaranty Fund Requirements and Periodic Adjustments; and General Wrong Way Risk and Contagion Stress Tests). Within the Spread Risk Analysis section, where ICC previously had listed explicit risk factors within the RMF, ICC replaced such explicit risk factors with the underlying formulas used in deriving such factors.

Section 17A(b)(3)(F) of the Act³ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to the extent applicable, derivative agreements, contracts and transactions and to comply with the provisions of the Act and the rules and regulations thereunder. ICC believes that the proposed rule changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to Section 17(A)(b)(3)(F),⁴ because ICC believes that the proposed rule changes will promote the prompt and accurate clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions. The revised RMF, the revised Treasury Operations Policies and Procedures, and the Risk Management Model Description Document provide additional clarity regarding ICC's RMF. ICC believes the proposed revisions provide further clarity in terms of ICC's risk management policies and procedures, through the consolidation of technical risk documents into one singular document. ICC believes the revisions to ICC's RMF will continue to ensure proper governance of the RMF. Further, by revising the RMF and the Treasury Operations Policies and Procedures, and establishing the Risk Management Model Description document, ICC is complying with a directive from the CFTC regarding clarity and transparency of its RMF. As such, the proposed rule changes are designed to promote the prompt and accurate clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions within the meaning of Section 17A(b)(3)(F) of the Act.⁵

³ 15 U.S.C. 78q-1(b)(3)(F).

⁴ Id.

⁵ 15 U.S.C. 78q-1(b)(3)(F).

B. Self-Regulatory Organization's Statement on Burden on Competition

ICC does not believe the proposed rule changes would have any impact, or impose any burden, on competition. ICC is reorganizing its risk management policies and not making any substantive changes to its overall RMF. Therefore, ICC does not believe the proposed rule changes impose any burden on competition that is inappropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. ICC will notify the Commission of any written comments received by ICC.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ICC-2015-017 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICC-2015-017. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of ICE Clear Credit and on ICE Clear Credit's website at <https://www.theice.com/clear-credit/regulation>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only

information that you wish to make available publicly. All submissions should refer to File Number SR-ICC-2015-017 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Brent J. Fields
Secretary

⁶ 17 CFR 200.30-3(a)(12).