

Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No.* SR - 2012 - * 03

Amendment No. (req. for Amendments *)

Proposed Rule Change by ICE Clear Credit LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Rule

Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document

**Description**

Provide a brief description of the proposed rule change (limit 250 characters, required when Initial is checked *).

The purpose of the proposed rule change (i.e., modifications to the ICC risk model) is to (1) reduce the current level of risk mutualization among ICC's clearing participants (Modification #1) and (2) modify the initial margin risk model approach in a manner that will make it easier for market participants to measure their risk (Modification #2).

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name *	Kevin	Last Name *	McClear
Title *	General Counsel		
E-mail *	kevin.mcclear@theice.com		
Telephone *	(312) 836-6833	Fax	<input type="text"/>

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date 03/08/2012

By Kevin R. McClear
(Name *)General Counsel
(Title *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

INVALID

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

Form 19b-4 Information (required)

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change (required)

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Form 19b-4 Information

1. Text of the Proposed Rule Change

The Text of the proposed change has been annexed as Exhibit 5 and consists of certain rule changes that have been proposed by ICE Clear Credit LLC (“ICC”). The principal purpose of the proposed change (i.e., modifications to the ICC risk model) is to (1) reduce the current level of risk mutualization among ICC’s clearing participants (Modification #1) and (2) modify the initial margin risk model approach in a manner that will make it easier for market participants to measure their risk (Modification #2).

(a) Not applicable.

(b) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed change has been reviewed by the ICC Risk Working Group, ICC Risk Committee and ICC Board of Managers.

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

a) Purpose

The purpose of the proposed rule change (i.e., modifications to the ICC risk model) is to (1) reduce the current level of risk mutualization among ICC’s clearing participants (Modification #1) and (2) modify the initial margin risk model approach in a manner that will make it easier for market participants to measure their risk (Modification #2).

As discussed in more detail below, Modification #1 reduces the level of default resources held in the mutualized ICC guaranty fund and significantly increases the level of resources held in initial margin. Modification #2 modifies the initial margin risk model by removing the

conditional Recovery Rate stress-scenarios and adding a new Recovery Rate sensitivity component that is computed by considering changes in Recovery Rate assumptions that impact the Net Asset Value of the portfolio.

(b) Statutory Basis

The counterparty risk brought to ICC by any of its clearing participants is “collateralized” in the first instance by the clearing participant counterparty through its initial margin. In the event that any defaulting clearing participant’s initial margin and guaranty fund contributions are insufficient to cover its obligations, any such deficit is mutualized across all non-defaulting clearing participants through their respective guaranty fund contributions.¹ The respective initial margin contributions of non-defaulting clearing participants are not mutualized and would not be used to satisfy the deficit of another clearing participant’s default.

Since its launch, ICC has maintained a very high percentage of its default resources in the mutualized guaranty fund. On average, the size of the guaranty fund has been roughly 50% of the initial margin held by ICC. Whereas, historically, traditional futures clearinghouse have maintained guaranty funds in an amount equal to roughly 5-7% of the initial margin held. In other words, at ICC, the clearing participant resources available to be mutualized in the guaranty fund versus the resources available as initial margin have been approximately ten times greater on a percentage basis than at traditional futures clearinghouses.

Modification #1 reduces the level of default resources held in the mutualized ICC guaranty fund and increases the level of resources held in initial margin (collateral).

¹ ICE has also contributed a total of \$50 million to the guaranty fund. \$25 million of ICE’s contribution is exposed prior to the mutualization of the non-defaulting clearing participants’ contributions and the second \$25 million of ICE’s contribution is mutualized along with the non-defaulting clearing participants’ contributions to the guaranty fund on a pro rata basis.

The ICC guaranty fund is relatively much larger, as compared to traditional futures clearinghouses, in part because the guaranty fund model is currently designed to cover the uncollateralized losses that would result from the three single names that would cause the greatest losses when entering a state of default. Modification #1 incorporates into the initial margin risk model the single name that causes the greatest loss when entering a state of default (i.e., the single name that results in the greatest amount of loss when stress-tested). This change effectively collateralizes the loss that would occur from the single name that causes the greatest loss entering a state of default. Consequently, the amount of uncollateralized loss that would result from the three single names causing the greatest losses when entering a state of default is reduced, thereby reducing the amount of required guaranty fund contributions.

This change to the guaranty fund and initial margin risk model will, as noted above, result in a reduction of the guaranty fund requirements and an increase in the initial margin requirements. However, it is important to note that the decrease in the guaranty fund and the increase in initial margin requirements are not symmetrical. Instead, based upon current portfolios, for every \$1 decrease to the guaranty fund there will be a corresponding increase to the initial margin requirements of approximately \$5.

Modification #2 modifies the initial margin risk model by removing the conditional Recovery Rate stress-scenarios and adding a new Recovery Rate sensitivity component that is computed by considering changes in the Recovery Rate assumptions and their impact on the Net Asset Value of the Credit Default Swap portfolio. This modification will make it easier for market participants to measure their risk.

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

ICC does not believe the proposed rule change would have any impact, or impose any burden, on competition.

5. 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.

6. Extension of Time Period for Commission Action

ICC does not consent to the extension of the time period listed in Section 19(b)(2) of the Securities Exchange Act of 1934 for Commission Action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission

The proposed rule change is not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

Exhibit 1 – Notice of proposed rule change for publication in the Federal Register.

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-ICC-2012-03)

March 8, 2012

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change to the Risk Model

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 March 8, 2012, 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

The purpose of the proposed rule change (i.e., modifications to the ICC risk model) is to (1) reduce the current level of risk mutualization among ICC’s clearing participants (Modification #1) and (2) modify the initial margin risk model approach in a manner that will make it easier for market participants to measure their risk (Modification #2).

As discussed in more detail in Item II(A) below, Modification #1 reduces the level of default resources held in the mutualized ICC guaranty fund and significantly increases the level of resources held in initial margin. Modification #2 modifies the initial margin risk model by removing the conditional Recovery Rate stress-scenarios and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

adding a new Recovery Rate sensitivity component that is computed by considering changes in Recovery Rate assumptions that impact the Net Asset Value of the portfolio.

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

The counterparty risk brought to ICC by any of its clearing participants is “collateralized” in the first instance by the clearing participant counterparty through its initial margin. In the event that any defaulting clearing participant’s initial margin and guaranty fund contributions are insufficient to cover its obligations, any such deficit is mutualized across all non-defaulting clearing participants through their respective guaranty fund contributions.³ The respective initial margin contributions of non-defaulting clearing participants are not mutualized and would not be used to satisfy the deficit of another clearing participant’s default.

Since its launch, ICC has maintained a very high percentage of its default resources in the mutualized guaranty fund. On average, the size of the guaranty fund has

³ ICE has also contributed a total of \$50 million to the guaranty fund. \$25 million of ICE’s contribution is exposed prior to the mutualization of the non-defaulting clearing participants’ contributions and the second \$25 million of ICE’s contribution is mutualized along with the non-defaulting clearing participants’ contributions to the guaranty fund on a pro rata basis.

been roughly 50% of the initial margin held by ICC. Whereas, historically, traditional futures clearinghouse have maintained guaranty funds in an amount equal to roughly 5-7% of the initial margin held. In other words, at ICC, the clearing participant resources available to be mutualized in the guaranty fund versus the resources available as initial margin have been approximately ten times greater on a percentage basis than at traditional futures clearinghouses.

Modification #1 reduces the level of default resources held in the mutualized ICC guaranty fund and increases the level of resources held in initial margin (collateral).

The ICC guaranty fund is relatively much larger, as compared to traditional futures clearinghouses, in part because the guaranty fund model is currently designed to cover the uncollateralized losses that would result from the three single names that would cause the greatest losses when entering a state of default. Modification #1 incorporates into the initial margin risk model the single name that causes the greatest loss when entering a state of default (i.e., the single name that results in the greatest amount of loss when stress-tested). This change effectively collateralizes the loss that would occur from the single name that causes the greatest loss entering a state of default. Consequently, the amount of uncollateralized loss that would result from the three single names causing the greatest losses when entering a state of default is reduced, thereby reducing the amount of required guaranty fund contributions.

This change to the guaranty fund and initial margin risk model will, as noted above, result in a reduction of the guaranty fund requirements and an increase in the initial margin requirements. However, it is important to note that the decrease in the guaranty fund and the increase in initial margin requirements are not symmetrical.

Instead, based upon current portfolios, for every \$1 decrease to the guaranty fund there will be a corresponding increase to the initial margin requirements of approximately \$5.

Modification #2 modifies the initial margin risk model by removing the conditional Recovery Rate stress-scenarios and adding a new Recovery Rate sensitivity component that is computed by considering changes in the Recovery Rate assumptions and their impact on the Net Asset Value of the Credit Default Swap portfolio. This modification will make it easier for market participants to measure their risk.

(B) Self-Regulatory Organization's Statement on Burden on Competition

ICC does not believe the proposed rule change would have any impact, or impose any burden, on competition.

(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 the 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-2012-03 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-ICC-2012-03. 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 Section, 100 F Street, N.E., Washington, D.C. 20549, on official business days between the hours of

10:00 a.m. and 3:00 pm. 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/publicdocs/regulatory_filings/ICEClearCredit_030812.pdf.

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-2012-03 and should be submitted on or before [Commission to insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴

Elizabeth M. Murphy
Secretary

⁴ 17 CFR 200.30-3(a)(12).