



October 26, 2018

Via Electronic Submission

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

***RE: Comments on Information Management Requirements for Derivatives Clearing Organizations
(OMB Control No. 3038-0069)***

Dear Mr. Kirkpatrick:

Intercontinental Exchange, Inc. (“ICE”) appreciates the opportunity to provide comments and recommendations to the Commodity Futures Trading Commission (“CFTC” or “Commission”) in response to the Commission’s notice on information management requirements for derivatives clearing organizations pursuant to Commission Regulation 39.19 (collectively the “Collection Notice” or “Proposed Collection”). As background, ICE operates clearing derivatives clearing organizations (“DCOs”) in the United States, Europe, and Canada, including ICE Clear U.S. (“ICUS”), ICE Clear Europe (“ICEU”), ICE Clear Credit (“ICC”), and ICE NGX Canada Inc. (“NGX”), which currently report and publish daily information on the items listed in the Collection Notice pursuant to Commission Regulation 39.19. This letter is in response to the estimated annual reporting burden set forth in the Proposed Collection.

ICE supports the Commission’s efforts to collect comprehensive and accurate information on derivatives clearing organizations and appreciates that this information represents a critical component of the Commission’s clearing oversight and risk program. However, ICE is concerned that the estimated annual reporting burden included in the Proposed Collection does not accurately reflect the time or resources currently dedicated to reporting market data under Regulation 39.19. In order to ensure that the public record is accurate, and for the sake of the Commission’s future rulemakings and collection efforts, ICE believes it is important that the Collection Notice be revised to reflect a burden estimate that is commensurate with the time and resources expended by the DCOs to meet its regulatory reporting obligations.

Specifically, the Collection Notice estimates that it takes DCO’s approximately 6 minutes per day to generate the daily reporting required under Regulation 39.19 and estimates a total annual burden of approximately 400 hours per DCO. ICE notes that this estimate is significantly lower than the Commission’s previously estimated burden of 11 hours per day in its previous request for comment in 2015, despite significant changes in the Commission’s reporting requirements since that time. It also appears to be a significant reduction in burden estimate from the 2012 collection request.¹

¹ There have been 4 revision requests under OMB Control No. 3038-0069, including the renewal requested in the Collection Notice, since January 4, 2011 (ICR Ref. No. 201012-3038-013). Information collection history and currently approved collections are made publically available by the Office of Management and Budget (OMB) at Reginfo.gov.



ICE is concerned that while the burden estimate may assume it takes 6 minutes for the responsive files to be transmitted to the Commission, the estimate neglects to consider the extensive burden related to the development and maintenance of the systems and processes involved in reporting data under Regulation 39.19. In response to the Proposed Collection, ICE conducted an internal review of the various resources required to comply with Regulation 39.19 and estimates that the DCOs utilize a minimum of 5,660 full-time equivalent (“FTE”) hours annually at each DCO to perform this regulatory function, or approximately 22.5 FTE hours per day per DCO. A brief summary of these resources is provided below. Although not included in its analysis, ICE would like to stress that DCOs generally have made, and continue to make substantial up-front capital investments in operational infrastructure, personnel and training to comply with the Commission’s reporting requirements.

As background, the processes necessary to make accurate and timely market reports under Regulation 39.19 require the efforts and resources of multiple business units at ICE, including clearing, risk, banking, data warehousing, quality assurance, operations and compliance. ICE currently generates 2 separate files for ICUS, ICEU, ICC and NGX that are responsive to the daily reporting requirements of Regulation 39.19.² On a daily basis, ICE clearing systems generate and reconcile the responsive data before the files are sent to the data warehouse. At the data warehouse, the files are consolidated into the required XML format and additional validations are performed to ensure completeness. Afterwards, the files are sent to quality assurance for validation and then ultimately submitted to the Commission. Production support and Compliance teams serve to address any issues that may arise during file submission.

Beyond the daily submission workflow, however, a significant amount of ongoing development, testing, and coordination is required to ensure that the files are complete and continue to meet the requirements of Regulation 39.19. Recently, the Commission revised the reporting requirements for Part 39.19 daily reporting to extend beyond clearing member level information to include client level margin data and refactored position information to client level reporting. This has required the collection of client information previously not maintained by the DCOs, as well as the creation of complex margin and position balance information not previously required under Regulation 39.19. The development and testing for these changes are still underway more than a year and a half after the project started and has required more than 6,000 FTE hours in addition to the current daily reporting burden today. This speaks to the level of complexity regarding the required changes as well as the continually evolving requirements.

Further, for each major and minor clearing system release and ahead of any product launch, the clearing and trading platforms, data warehouse and quality assurance teams must perform impact assessments specifically tailored to regulatory reporting requirements. From these impact assessments, the necessary development requirements must be drafted and coordinated across a wide array of business units. Once the necessary development is completed, extensive integration testing is performed along with updated reconciliation and validation processes. Finally, the DCO’s compliance function devotes substantial time to assessing the impact of clearing and trading platform releases and new products, providing production support, communicating with the Commission, and managing potential issues.

For the avoidance of doubt, the processes outlined above are necessary to support the regulatory reporting obligations set out under Regulation 39.19 and are in addition to the normal development

² Each DCO submits ACCTSUMM and EODPOS reports to the Commission pursuant to Regulation 39.19.



processes ICE would engage in to support a system release or product launch. As mentioned previously, ICE understands the need for accurate and timely clearing data to support the Commission's clearing and risk programs. However, based on the foregoing, ICE encourages the Commission to revisit the calculated reporting burden included in the Collection Notice and ensure that the burden statement accurately reflects the time, resources and capital costs incurred by DCOs in complying with Commission Regulation 39.19. ICE appreciates the opportunity to comment on the Proposed Collection and looks forward to working with the Commission on this initiative going forward.

Sincerely,

A handwritten signature in black ink that reads "Kurt Windeler". The signature is fluid and cursive, written in a professional style.

Kurt Windeler
Intercontinental Exchange, Inc.