



January 24, 2019

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

Re: Self-Certification Pursuant to Commission Rule 40.6 – CDS Clearing Member Termination

Dear Mr. Kirkpatrick:

ICE Clear Europe Limited (“ICE Clear Europe” or the “Clearing House”), a registered derivatives clearing organization under the Commodity Exchange Act, as amended (the “Act”), hereby submits to the Commodity Futures Trading Commission (the “Commission”), pursuant to Commission Rule 40.6 for self-certification, the amendments to its Clearing Rules (the “Rules”)¹ discussed herein. The amendments are to become effective on the first business day following the tenth business day after submission, or such later date as ICE Clear Europe may determine.

Concise Explanation and Analysis

ICE Clear Europe proposes to amend certain provisions of its Clearing Rules (and specifically its Continuing CDS Rule Provisions as defined therein) relating to termination by the Clearing House of the membership of a CDS Clearing Member.

The Continuing CDS Rule Provisions are certain provisions of the Rules as they were in effect prior to the adoption of rule amendments relating to recovery, wind-down and default management for the F&O Contract Category,² and which continued in effect with respect to the CDS Contract Category, as provided in ICE Clear Europe Circular C14/012 of 1 February 2014 and in the definition thereof in the Rules.

The Continuing CDS Rule Provisions include Rule 209 as it relates to the CDS Contract Category and/or CDS Clearing Members. Under Rule 209(b) under the Continuing CDS Rule Provisions, the Clearing House may terminate the clearing

¹ Capitalized terms used but not defined herein have the meanings specified in the ICE Clear Europe Rules.

² ICE Clear Europe adopted these rules, relating to Clearing House recovery and wind-down for the F&O and FX Contract Categories, in 2014. Exchange Act Release No. 34-71450 (Jan. 31, 2014), 79 Fed. Reg. 7250 (Feb. 6, 2014).

membership of a CDS Clearing Member on not less than three months' notice.³ ICE Clear Europe proposes to change the notice period for such a termination to 30 Business Days. Such change would be made through an amendment to the definition of "Continuing CDS Rule Provisions" in the Rules.

The change would make the notice period for termination of a CDS Clearing Member consistent with the notice period for termination of an F&O Clearing Member, which is also 30 Business Days under the Rules. The current difference in treatment exists for historical reasons relating the timing of the adoption of recovery, wind-down and default management related rules for the F&O product category as compared to the CDS product category. At this time, ICE Clear Europe does not believe that there is a substantive reason to have a different notice period for CDS Clearing Member. Furthermore, the current provision creates a disparity among F&O Clearing Members, as the three-month notice period also applies to F&O Clearing Members that are also CDS Clearing Members, whereas the 30 Business Day notice period applies to F&O Clearing Members that are not CDS Clearing Members.

In particular, in a scenario where ICE Clear Europe determined that it was necessary or appropriate to terminate the membership of a Clearing Member or a group or category of Clearing Members, ICE Clear Europe believes that having the shorter, 30 Business Day notice period apply to all Clearing Members, both CDS and F&O (including joint CDS and F&O Clearing Members), will avoid the additional disruption that would be caused by having different notice periods for different categories of Clearing Member.

Compliance with the Act and CFTC Regulations

The amendments are potentially relevant to the following core principle: (C) Participant and Product Eligibility and the applicable regulations of the Commission thereunder.

- *Participant and Product Eligibility.* The proposed amendments eliminate an unnecessary distinction between the termination notice period for CDS Clearing Members and F&O Clearing Members, and between F&O Clearing Members that are also CDS Clearing Members and those that are not. In so doing, the amendments will better enable the Clearing House to manage any scenario in which it may determine to terminate Clearing Members (or a category of Clearing Members), and to mitigate the disruption to clearing operations that could result from such actions. As a result, in ICE Clear Europe's view, the amendments are consistent with establishing procedures

³ ICE Clear Europe may use this provision to terminate the membership of a Clearing Member on notice without any particular cause. It may, for example, be used in a scenario where such termination is required in order for the Clearing House and its operations to remain in compliance with applicable laws in a relevant jurisdiction.

The Clearing House has the right to terminate a CDS Clearing Member without notice in a variety of other circumstances, generally relating to the conduct or circumstances of the Clearing Member, as specified in Rule 209(a) of the Continuing CDS Rule Provisions. Those provisions would be unaffected by the proposed amendment.

for orderly removal of clearing members, consistent with the requirements of Core Principle C and Commission Rule 39.12(a).

As set forth herein, the amendments consist of changes to the Rules, a copy of which is attached hereto.

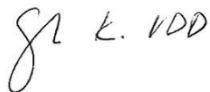
ICE Clear Europe hereby certifies that the amendments comply with the Act and the Commission's regulations thereunder.

ICE Clear Europe has received no substantive opposing views in relation to the proposed rule amendments.

ICE Clear Europe has posted a notice of pending certification and a copy of this submission on its website concurrent with the filing of this submission.

If you or your staff should have any questions or comments or require further information regarding this submission, please do not hesitate to contact Carolyn K. Van den Daelen, Head of Regulation & Compliance, at carolyn.vandendaelen@theice.com or +44 20 7429 4515.

Very truly yours,



Carolyn K. Van den Daelen
Head of Regulation & Compliance
ICE Clear Europe Limited