



February 12, 2019

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

Re: ICE Clear Europe Self-Certification Pursuant to Commission Rule 40.6 –
Delivery Procedure Amendments

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 Delivery Procedures (the “Delivery Procedures”)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 is amending its Delivery Procedures to add a new Section 10 and a new Part DD regarding delivery procedures relating to a new Permian West Texas Intermediate Crude Oil Storage Futures Contract (the “Contract”) that will be traded on ICE Futures Europe and cleared by ICE Clear Europe.

New Part DD sets out the delivery specifications and procedures for deliveries of storage capacity under the Contract. Delivery is effected by Magellan Crude Oil Pipeline Company, L.P. (“Magellan”) providing to the buyer a Capacity Allocation Contract

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

(“CAC”)² for storage of one or more increments of 1,000 barrels of Permian West Texas Intermediate crude oil for a named calendar month at Magellan’s East Houston terminal (“MEH”). The amendments also establish standards for storage provided, as well as relevant procedures for exchange of futures for physical transactions under exchange rules.

Part DD addresses certain the responsibilities of the Clearing House and relevant parties for delivery under the Contracts, supplementing the existing provisions of the Rules. Specifically, neither the Clearing House nor ICE Futures Europe are responsible for the performance of Magellan or any person operating MEH, nor do they give any undertaking or warranty to any person as to the effect of the Contract Terms and Delivery Procedures as regards title to Permian WTI Storage. Further, neither the Clearing House nor ICE Futures Europe will have any liability for the condition of the Magellan storage system or for the performance by Magellan or any person who operates such system of any responsibilities they may assume towards Clearing Members or other persons pursuant to the Contract Terms, except for liability for fraud or bad faith or liability which cannot lawfully be excluded. Neither the Clearing House nor ICE Futures Europe has any obligation to any person to ensure the accuracy or availability of any information in Magellan’s records in relation to storage rights arising from CACs in relation to Permian WTI Storage.

Part DD addresses delivery margin and invoicing with respect to the Contract and specifies certain details of the delivery process. Delivery of Contracts will be based on open contract positions at the close of trading on the last trading day for which physical delivery is specified. The procedures include a detailed timeframe for relevant notices of intent to deliver or receive, nominations of parties to delivery or receive, delivery confirmations, invoicing, release of delivery margin following completion of delivery and other matters.

New Section 10 addresses alternative delivery procedures (ADP) that the parties to a Contract may agree in lieu of the standard delivery arrangements in Part DD and relevant exchange rules. Section 10 addresses procedures for requesting such an alternative arrangement, disclosure of the counterparty (if amenable to an alternative arrangement), and confirmation and settlement of the alternative arrangement.

Compliance with the Act and CFTC Regulations

The rule amendments are potentially relevant to the following core principles: (C) Participant and Product Eligibility and (E) Settlement Procedures, and the applicable regulations of the Commission thereunder.

- *Product Eligibility.* The amendments to the Delivery Procedures are intended to facilitate the clearing of a new physically settled crude oil storage futures contract that is being launched for trading by the ICE Futures Europe exchange. The amendments set out the obligations and roles of Clearing

² This is a standardized agreement between Magellan and a buyer providing the contractual right to use designated Permian WTI Storage in the delivery month, as further detailed in the Permian WTI Storage Contract.

Members, the Clearing House and Magellan, the relevant storage facility for purposes of the Contracts. ICE Clear Europe believes that its existing financial resources, risk management, systems and operational arrangements are sufficient to support clearing of such products (and to address physical delivery under such contracts) and to manage the risks associated with such contracts. As a result, ICE Clear Europe believes that the amendments are consistent with the requirements of Core Principle C and Commission Rule 39.12(b).

- *Settlement Procedures.* As noted above, the amendments set out the delivery procedures with respect to Contracts and clearly set out the role and responsibilities of the Clearing House in the physical delivery process. The amended Delivery Procedures also set out the role of Magellan in the delivery process and the need for Clearing Members to have appropriate documentation in place with Magellan to access its storage facility. As a result, ICE Clear Europe believes the amendments are consistent with the requirements of Core Principle E and CFTC Rule 39.14.

As set forth herein, the amendments consist of changes to the Delivery Procedures, 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 the undersigned at Giulia.honorati@theice.com or +44 20 7429 7127.

Very truly yours,



Giulia Honorati
Manager Regulation & Compliance