



March 10, 2017

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:
Amendments to the CDS End-of-Day Price Discovery Policy

Dear Mr. Kirkpatrick:

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

Concise Explanation and Analysis

The purpose of the amendments is to modify certain aspects of the ICE Clear Europe CDS End-of-Day Price Discovery Policy (“EOD Price Discovery Policy”) to implement a new direct price submission process for Clearing Members. Currently, ICE Clear Europe uses an intermediary agent to implement functions of its price discovery process. Under the current process, Clearing Members make required price submissions to the intermediary agent. These prices are then input into ICE Clear Europe’s price settlement methodology to determine settlement prices. ICE Clear Europe is proposing to remove the intermediary agent from the price settlement process. In doing so, ICE Clear Europe will require Clearing Members to submit prices directly to the clearing house. The prices will continue to be input into ICE Clear Europe’s price settlement methodology to determine settlement prices. ICE Clear Europe is not otherwise changing the price settlement methodology itself.

Under the revised policy, ICE Clear Europe requires Clearing Members to establish direct connectivity with the clearing house and use a FIX API to submit required prices. ICE Clear Europe is revising the EOD Price Discovery Policy to remove references to the intermediary agent and the Valuation Service API (and related message terminology), which will be decommissioned with the launch of the new Clearing Member direct price submission process. The revisions also add references to the new FIX API message terminology. ICE Clear Europe has also updated the EOD Price Discovery Policy to specify that ICE Clear Europe will send the unsolicited FIX API messages directly to each Clearing Member.

Under the new Clearing Member direct price submission process, ICE Clear Europe will consolidate the price discovery process across index and single-name CDS. As such, new FIX API messages will include information for both index and single-name CDS. Previously, the price discovery process provided files separately for each product type. ICE Clear Europe has also updated the submission requirements for the CDX.NA.HY index to note that prices may be submitted in either price or upfront format; previously, only price format was accepted.

ICE Clear Europe has updated the EOD Price Discovery Policy to reflect the replacement of existing firm trade data files with new FIX API firm trade messages. ICE Clear Europe also made minor changes to the timings of certain steps in the price settlement process; no changes were made to the actual settlement submission windows.

ICE Clear Europe has also updated the process for distribution of end-of-day prices set forth in the EOD Price Discovery Policy. Under the new process, ICE Clear Europe will publish separate messages for Clearing Members, listing end-of-day prices for single-name and index CDS. The end-of-day prices provided will not change and will continue to be based on a Clearing Members' cleared positions. ICE Clear Europe will continue to publish end-of-day prices for every listed risk sub-factor's most actively traded instrument, and to distribute daily end-of-day prices for all cleared instruments through Markit.

Compliance with the Act and Commission Regulations

The rule amendments are potentially relevant to the following core principles: (E) Settlement Procedures and (I) System Safeguards, and the applicable regulations of the Commission thereunder.

- *Settlement Procedures.* The amendments are intended to simplify and enhance the clearing house's CDS end-of-day price discovery process, which is used to determine daily settlement prices. As such, the amendments will facilitate the clearing house's ability to conduct daily settlements with its clearing members, in accordance with the settlement procedures requirements of Core Principle E and Commission Rule 39.14.
- *System Safeguards.* The amendments are designed to decrease operational risk in the end-of-day price discovery process, by removing the need to rely on an intermediary agent and making other enhancements to the process discussed

herein. As a result, the amendments are consistent with the system safeguards requirements of Core Principle I and Commission Rule 39.18.

As set forth herein, the amendments consist of revisions to the EOD Price Discovery Policy. ICE Clear Europe has requested confidential treatment with respect to the amended policy, which has been submitted concurrently with this self-certification submission.


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 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 patrick.davis@theice.com or +44 20 7065 7738, Dee Blake, Director of Regulation, at dee.blake@theice.com or +44 20 7065 7752 or Paul Swann, President & Managing Director, at paul.swann@theice.com or +44 20 7065 7700.

Very truly yours,



Patrick Davis
Head of Legal and Company Secretary