



March 21, 2016

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 Clearing Procedures and Delivery Procedures for Equity
Futures and Options

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 Procedures 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 principal purpose of the amendments is to modify certain aspects of the ICE Clear Europe Clearing Procedures and Delivery Procedures principally relating to equity futures and options contracts traded on the ICE Futures Europe market and cleared by ICE Clear Europe.

The ICE Clear Europe Clearing Procedures have been amended to revise certain provisions relating to option exercise and expiration, particularly in the context of equity options. In particular, in paragraph 5.8 of the Clearing Procedures, amendments are made to clarify that allocations of exercised equity options to Clearing Members with short positions will be made on a random basis, one lot at a time. In this regard, the amendments distinguish equity options from other F&O option contracts (e.g., energy contracts), for which exercised options are allocated on a pro rata basis. The change is intended to make the Clearing Procedures consistent

with current market practice with respect to equity options. Certain provisions relating to early and automatic exercise and abandonment of options in paragraph 5 have also been revised to be consistent with the relevant contract terms and specifications for each type of option contract.

In addition, amendments to other paragraphs of the Clearing Procedures contain various drafting clarifications applicable to F&O Contracts generally, including with respect to the calculation of contingent variation margin for certain F&O energy and softs contracts under tender for delivery.

The amendments also revise Part Z of the Delivery Procedures, which relates to equity futures and options. The amendments generally update certain references to defined terms and relevant ICE Futures Europe and ICE Clear Europe systems, reports and other documentation. Amendments have been made to take into account additional underlying securities settlement systems that may be used to settle physical deliveries of securities resulting from equity futures and options. In addition, the timetables for physical delivery (for settlement of both equity futures and options and stock contingent trades) have been updated to indicate the appropriate requirements for each of the respective settlement systems. Additional notice requirements have been added concerning failures to deliver.

In paragraph 2.3, certain clarifications have been made to the Clearing House's ability to split a delivery obligation into multiple deliveries (known as partialling), including to take advantage of various automated and manual processes at the different securities settlement systems. In paragraph 2.4, clarifications have been made to the procedures for a selling Clearing Member to request the use of a daylight settlement period.

Provisions relating to failed settlements and buy-ins have also been updated. In paragraph 3.1, the timetable for buy in by the Clearing House following a failure to deliver securities by a Clearing Member has been clarified. Cash payment obligations have been specified for situations where the Clearing House is unable to buy in securities. A new paragraph 3.2 has been added to allow for early buy-in if directed by the Clearing House. It is expected that early buy-in would be likely to be used only in the case of default, force majeure or similar event. A new paragraph 3.3 has also been added that allows the Clearing House to charge a Clearing Member that has failed to make a settlement a daily charge for each day that the failure remains outstanding.

Paragraph 4 of Part Z, which relates to the treatment of certain corporate events that occur after exercise or expiration with respect to the securities underlying an equity futures or option contract, has been substantially revised. The revisions generally conform the corporate event provisions to the similar provisions relating to analogous debt corporate events in Part Y of the Delivery Procedures. Specifically, the term "corporate event" has been defined to include cash claims in respect of the underlying securities (such as dividends or cash obligation from a fractional entitlement), distributions of non-cash property with respect to the underlying securities (such as warrants or rights issuances), and transformations of the underlying (such as pursuant to a corporate reorganization, de-listing, merger, de-merger, or a buy-out). Revised paragraph 4 clarifies the rights and obligations of the buyer and seller under the

relevant contract in respect of such an event (in general, the buyer under the contract will be entitled to the relevant cash claim, distribution or transformed obligation). As revised, paragraph 4 provides certain limitations on the obligations and liability of the Clearing House with respect to a corporate event. It also addresses certain failed deliveries or settlements in connection with debt events and certain tax liabilities.

In paragraph 5 of Part Z, the various reports provided in respect of delivery of equity contracts have been updated.

Compliance with the Act and Commission Regulations

The amendments to the Clearing Procedures and Delivery Procedures are potentially relevant to core principle (E) Settlement Procedures, and the applicable regulations of the Commission thereunder.

- *Settlement Procedures.* The amendments update and clarify various provisions of the Clearing Procedures and Delivery Procedures relating to the exercise, allocation and physical settlement of equity futures and options, consistent with current market practice for such products. The amendments update these Procedures to reflect the requirements of various securities settlement systems used by the Clearing House and market participants, to clarify physical delivery timetables, to clarify the treatment of delivery failures and buy-ins, and to enhance procedures relating to the treatment of corporate events. The changes thus clarify the obligations of the Clearing House and Clearing Members with respect to physical delivery under equity futures and option, and facilitate the identification and management of the risks of such delivery obligations (including from a delivery failure). ICE Clear Europe believes that the amended Procedures are thus consistent with the requirements of Core Principle E and Commission Rule 39.14.

As described herein, the amendments consist of changes to the ICE Clear Europe Clearing Procedures and Delivery Procedures. A copy of such revisions is attached hereto.

ICE Clear Europe hereby certifies that the changes 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 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,

A handwritten signature in dark ink, appearing to read 'P. Davis', written in a cursive style.

Patrick Davis
Head of Legal and Company Secretary