



November 9, 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 Finance Procedures

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 Finance Procedures. In paragraph 2.1 of the Finance Procedures, amendments are made to add South African rand (“ZAR”) as a currency eligible for Variation Margin and settlement payments for financials and softs contracts which settle in such currency. Other conforming changes have been made in the Finance Procedures (including in paragraph 4). As with the other currencies currently eligible to be used as Variation Margin and settlement payments for financials and softs contracts, ZAR will be subject to haircuts determined pursuant to the Finance Procedures and existing ICE Clear Europe haircut policies. A typographical error and erroneous cross-reference have also been corrected in paragraph 2.2.

In paragraph 6.1(e) of the Finance Procedures, the daily deadline for a Clearing Member to provide manual cash settlement instructions for same-day USD payments has been extended from 16:00 to 16:45 (London time). ICE Clear Europe is making this change to accommodate a request of Clearing Members, and does not believe it will adversely affect the Clearing House's treasury or other operations. In paragraph 6.1(i)(vii), a change has been made to clarify that end-of-day or ad hoc payments by a Clearing Member to the Clearing House may include, in addition to other listed categories of payments, transfers of Surplus Collateral.

Amendments have been made to paragraph 8.3 of the Finance Procedures, which generally provides that the Clearing House will not recognize any value for non-cash collateral (such as securities collateral) within a specified period prior to its redemption or maturity. Under the existing rule, this period commences one business day prior to redemption or maturity. The amendments adopt a different approach for UK government bonds, for which the period will commence seven business days prior to redemption or maturity. This approach is designed to reflect limitations imposed by the relevant securities settlement system on the transfer of UK government bonds during the seven business day period prior to redemption or maturity.

In paragraph 11.3(b), which addresses procedures for transfer of non-cash permitted cover, an incorrect statement that the Clearing House does not support cross-border or inter-settlement facility settlements, bridge transactions or similar transactions has been removed. In paragraph 11.4, certain account details and matching deadlines for particular securities transfer systems would be removed from the Finance Procedures. ICE Clear Europe would instead publish such information (as updated from time to time) on its website. This change would avoid the need to amend the Finance Procedures to reflect future changes in operational settlement details.

Paragraph 13.9 has been revised to remove an erroneous reference to a letter of credit.

Compliance with the Act and Commission Regulations

The rule amendments are potentially relevant to the following core principles: (B) Financial Resources, (D) Risk Management and (E) Settlement Procedures, and the applicable regulations of the Commission thereunder.

- *Financial Resources.* The amendments are designed to update and clarify certain provisions of the Finance Procedures relevant to settlement payments and the use of non-cash permitted cover for margin requirements. Among other matters, as discussed herein, the amendments permit the use of ZAR as a variation margin and settlement currency for certain financials and softs contracts, and clarify the valuation of UK government bonds used as collateral. In ICE Clear Europe's view, these amendments are consistent with maintaining the financial resources of the clearing house in relevant currencies, and as a result meet the requirements of Core Principle B and Commission Rule 39.11.
- *Risk Management.* With respect to the acceptance of ZAR for variation margin and settlement payments for certain financials and softs contracts, that

currency will be subject to the same haircut policies as the other eligible currencies currently accepted by ICE Clear Europe. In ICE Clear Europe's view, it will accordingly be able to manage the risks of the use of such currency. The amendments also modify the treatment of UK government bonds for valuation purposes to reflect certain restrictions on the transfer of such bonds in the period immediately prior to redemption or settlement. The amendments will therefore further the clearing house's ability to manage the risks of such assets when provided as permitted cover. ICE Clear Europe therefore believes that the amendments will facilitate its risk management framework, in furtherance of the requirements of Core Principle D and Commission Rule 39.13.

- *Settlement Procedures.* As discussed herein, the amendments are designed to enhance the clearing house's settlement procedures. In particular, the amendments address the use of ZAR as a settlement currency for certain contracts. ICE Clear Europe believes that it can manage the risks of settlement in such currency using its existing haircut and other policies and procedures. The amendments also make various updates to settlement arrangements and procedures for various types of cash and non-cash permitted cover. As such, the amendments will facilitate the clearing house's ability to conduct daily settlements with its clearing members, in accordance with the requirements of Core Principle E and Commission Rule 39.14.

As set forth herein, the amendments consist of revisions to the Finance 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.

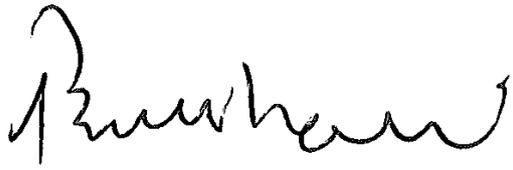
ICE Clear Europe has received no substantive opposing views in relation to the rule amendments.

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.

[Signature on Following Page]

Very truly yours,

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

Patrick Davis
Head of Legal and Company Secretary