



November 13, 2014

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 -
Third Party Collateral Purchase Arrangements

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"), pursuant to Commission Rule 40.6 for self-certification, the amendments to its clearing procedures 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 designate.

Concise Explanation and Analysis

The purpose of the amendments is to modify the ICE Clear Europe Finance Procedures to permit certain third party collateral purchase arrangements with respect to Triparty Collateral provided by F&O Clearing Members in respect of a Proprietary Account. In such an arrangement, an F&O Clearing Member would, with the permission of ICE Clear Europe, enter into a third party collateral purchase agreement (a "Purchase Agreement") with ICE Clear Europe and a third party collateral purchaser (the "TPCP") designated by the Clearing Member, which may be an affiliate of such Clearing Member. Under the terms of the Purchase Agreement, if ICE Clear Europe declares the Clearing Member to be a Defaulter under the Rules, then ICE Clear Europe will offer to sell that Clearing Member's Triparty Collateral to the TPCP, for a specified price established by ICE Clear Europe based on its determination of the market value of the collateral. The TPCP will have a specified period (expected to be two hours) to accept or reject the offer to sell. If the TPCP accepts the offer, ICE Clear Europe will sell the Triparty Collateral to the TPCP at the

specified price. The proceeds of such sale would be applied by ICE Clear Europe in the default management process and net sum calculation in the same manner as any other liquidation of margin of a Defaulter. If the TPCP rejects the offer to sell, or does not respond within the specified period, the offer will expire, and ICE Clear Europe will apply or liquidate the Triparty Collateral pursuant to the Rules as part of its usual default management process.

ICE Clear Europe proposes to permit third party collateral purchase arrangements in order to provide a pre-arranged alternative to collateral liquidation in the default management process for F&O Clearing Members. Certain F&O Clearing Members have requested that third party collateral purchase arrangements be made available in order to facilitate their own collateral management activities. For example, ICE Clear Europe understands that for certain corporate groups, collateral to be transferred to the Clearing House may have been acquired by an affiliated entity (rather than the Clearing Member itself) through repurchase or similar transactions, and such entity may want to have the ability to reacquire the relevant collateral in order to settle such other transactions, even following a Clearing Member default. ICE Clear Europe has determined that the proposed collateral purchase arrangement is consistent with its own default management requirements. In this regard, if the TPCP accepts the offer, the Clearing House will be able to sell the relevant Triparty Collateral at the current market price, as determined by the Clearing House. The ability to sell such collateral to a willing buyer may avoid the need to liquidate such collateral in the market, and accordingly reduce time and transaction costs. In addition, the TPCP is granted only a short period of time (currently expected to be two hours) to respond to the Clearing House's offer, and if it rejects the offer or does not respond within such period, the Clearing House retains all of its existing rights and remedies with respect to the Triparty Collateral. ICE Clear Europe thus does not believe the proposed two-hour delay would adversely affect its ability to liquidate collateral or otherwise manage the default of an F&O Clearing Member.

To implement these arrangements, ICE Clear Europe proposes to adopt a new Paragraph 3.32 of the Finance Procedures, the text of which is as follows (new text underlined):

3.32 At the request of an F&O Clearing Member, the Clearing House may, in its sole discretion, agree to enter into a collateral purchase agreement with a third party collateral purchaser and such F&O Clearing Member, under which the Clearing House will agree to offer for sale to the third party collateral purchaser Triparty Collateral deposited by such F&O Clearing Member for a Proprietary Account in respect of F&O Contracts, in the event of the F&O Clearing Member being declared a Defaulter under the Rules. The Clearing House shall have no obligation to enter into any such agreement, and the identity of any such third party collateral purchaser must be approved by the Clearing House pursuant to criteria established by the Clearing House. Any such collateral purchase agreement must be in the form approved by the Clearing House for such purposes from time to time.

Paragraph 3.32 will thus authorize, but not require, the Clearing House to enter into a Purchase Agreement at the request of an F&O Clearing Member relating to Triparty Collateral provided with respect to a Proprietary Account. The Clearing House would

need to approve the particular arrangement, including the TPCP. Paragraph 3.32 also contemplates that the Clearing House will develop and approve its own form of agreement to be used for this purpose (subject to modification in particular cases) that is consistent with the Clearing House's default management requirements. With respect to approval of TPCPs, the Clearing House will establish criteria focusing on the credit standing of the entity as well as considerations relating to legal enforceability of the arrangement, treatment of the arrangement in relevant insolvency proceedings and similar matters relevant to maintaining the integrity of the Clearing House's default management process.

These arrangements would not apply to (i) margin, collateral or permitted cover provided by F&O Clearing Members other than Triparty Collateral, (ii) any margin, collateral or permitted cover provided with respect to a customer account, or (iii) any margin, collateral or permitted cover provided by CDS or FX Clearing Members in respect of CDS or FX Contracts, respectively.

Compliance with the Act and CFTC Regulations

The rule amendments are potentially relevant to core principle G (Default Procedures), and the applicable regulations of the Commission thereunder. ICE Clear Europe believes that the proposed amendments would not interfere with its ability to manage a Clearing Member default and to take timely action to contain losses and liquidity pressures and to continue meeting its obligations, consistent with the requirements of Core Principle G and Commission Rule 39.16. Under its existing Rules, ICE Clear Europe has broad rights to apply and liquidate collateral provided by a Clearing Member following its default. In ICE Clear Europe's view, the proposed arrangements provide an additional means by which Triparty Collateral can be liquidated following default. In this regard, the arrangements may provide certain default management benefits if the collateral purchase option is exercised, as the collateral purchase option will provide ICE Clear Europe with the cash value of the relevant collateral promptly, without the need for ICE Clear Europe to undertake the liquidation of the collateral in the market (and incur related expenses). The proposed third party collateral purchase arrangement would provide only a brief period (expected to be two hours) in which the TPCP would have the right to purchase the Triparty Collateral. ICE Clear Europe does not believe this delay, even in the event the TPCP did not elect to purchase the collateral, would materially impact ICE Clear Europe's ability to manage a default or liquidate collateral following expiration of the period. As a result, ICE Clear Europe believes that the proposed amendments are consistent with the requirements of Core Principle (G) and Commission Rule 39.16.

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 patrick.davis@theice.com or +44 20 7065 7738, , Dee Blake, Director

of Regulation, at dee.blake@theice.com or +44 20 7065 7752, Patrick Davis, or Paul Swann, President & Managing Director, at paul.swann@theice.com or +44 20 7065 7700.

Very truly yours,

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

Patrick Davis
Head of Legal and Company Secretary