



December 23, 2021

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 Procedures 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, amendments to its Delivery Procedures (the “Delivery Procedures” or “Procedures”)¹ discussed herein. The amendments will 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 Part CC of the Delivery Procedures to revise delivery specifications for the ICE Futures Europe Permian West Texas Intermediate Crude Oil Futures contract (“Permian WTI Contracts”) to reflect amendments being made by ICE Futures Europe, the exchange on which it is traded. As ICE Futures Europe has announced, it is changing the name of the Permian WTI Contracts to ICE Futures Europe Midland West Texas Intermediate American Gulf Coast Crude Oil Futures (“Midland WTI Contracts”), adding the Enterprise ECHO Terminal as a delivery point

¹ Capitalized terms used but not defined herein have the meanings specified in the Delivery Procedures or, if not defined therein, the ICE Clear Europe Clearing Rules.

for the contract and changing the crude oil quality specification to a Permian Basin originated WTI crude oil that aligns with the current quality of light sweet crude oil originating from the Permian Basin, among other changes.

To maintain consistency of the Delivery Procedures with the amended contract specifications for the Midland WTI Contracts, ICE Clear Europe is amending Part CC of the Delivery Procedures to replace references to “ICE Futures Europe Permian West Texas Intermediate Crude Oil Futures” with “ICE Futures Europe Midland West Texas Intermediate American Gulf Coast Crude Oil Futures”, and make conforming changes in Part CC and elsewhere in the Delivery Procedures. The amendments also provide that delivery of Midland WTI Contracts may be made out of and into the Enterprise ECHO Terminal (a crude oil storage terminal owned and operated by Enterprise) in addition to the Magellan MEH Terminal (formerly defined as “MEH”), and conforming changes will be made throughout Part CC to refer to either or both terminals where applicable, as well as to refer to Enterprise as well as Magellan where applicable.

The amendments to Section 1 of Part CC replace all references to Permian WTI Contracts with Midland WTI Contracts. Conforming changes will be made to all such references elsewhere in the Delivery Procedures. Section 1 will also be updated to add new definitions used in Part CC, including definitions for “Enterprise” and “Enterprise Echo Terminal”, a new definition of “Specified Terminal” (which is used to reference the relevant delivery terminal under the Contract), as well as an updated definition for the Magellan MEH Terminal. Certain definitions such as “CT” and “LPT” will also be clarified.

The amendments to Section 2.1 of Part CC remove as inapplicable the reference to in-line transfer as a means for effecting delivery under Midland WTI Contracts, consistent with the revised contract specifications. The provision relating to tolerance of delivery into and out of the terminal will be revised to reflect relevant terminal operation by Enterprise as well as Magellan. Amendments further provide that delivery under Contracts will be made at Enterprise ECHO Terminal and/or the Magellan MEH Terminal. Each of the Enterprise ECHO Terminal and the Magellan MEH Terminal will be a Delivery Facility for purposes of Midland WTI Contracts.

The updates to Section 2.1 also make clear that in order to make and take delivery, the Seller and Buyer must be approved customers and have executed documentation governing such delivery process at the applicable Specified Terminal (instead of referring to Magellan-specific documentation). Conforming changes will be made throughout Part CC. The amendments further provide that in accordance with the Contract Terms, the Seller will be obliged to have all the required permits, licenses and authorizations to operate as a customer at the applicable Specified Terminal, and that the Buyer will be obliged to have all the required permits, licenses and authorizations to operate as a customer at both Enterprise ECHO Terminal and Magellan MEH Terminal.

Section 2.2 will be revised to describe the origin and quality of Midland WTI as Permian Basin originated West Texas Intermediate crude oil conforming to the Specifications, as described in the Contract Terms and the ICE Futures Europe Rules.

An update will be made to Section 3.1 to correct a reference to the “Rules” with “ICE Futures Europe Rules”. Similar updates will be made elsewhere in Part CC where “Rules” is used. Section 3.2 will be amended to provide that neither the Clearing House nor ICE Futures Europe will be responsible for performance of Enterprise or any person who operates the Enterprise ECHO Terminal (in addition to the existing provisions relating to Magellan or person who operates the Magellan MEH Terminal).

An update will be made to Section 3.3 to replace a reference to the “Procedures” with “Delivery Procedures”, for clarity.

In Section 4.1 an errant reference to “Buyer Contract Security” will be removed.

In Section 5, the Delivery timetable will be updated to reflect changes in the delivery process that relate to the option of delivery through the Enterprise ECHO Terminal. No changes will be made to the delivery timeline itself. The amendments provide that on the Notice Day, Buyers will be able to elect a preference for delivery at a Specified Terminal (or split deliveries at both Specified Terminals), however such preference will only become effective once confirmed by the Clearing House, which confirmation will be final and binding on the Buyer. The amendments further clarify the formula for undelivered volume which factors into the Clearing House’s calculation of Delivery Margin. The amendments also provide that Nominations to be submitted on Nomination Day may be submitted to Enterprise via Enterprise’s ESTREAM System in addition to Magellan via Magellan’s COBALT system (as applicable).

Compliance with the Act and CFTC Regulations

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

- *Product Eligibility.* As set forth above, the amendments to the Delivery Procedures are intended to be consistent with amendments to the contract terms and specifications for Midland WTI Contracts being made by ICE Futures Europe. With the changes to the Delivery Procedures discussed herein, ICE Clear Europe believes that its existing financial resources, risk management, systems and operational arrangements will continue to be sufficient to support clearing of the Midland WTI Contracts (and to address physical delivery under such contracts), and to manage the related risks of such contracts, in substantially the manner as for the existing Permian WTI Contracts. As a result, in ICE Clear Europe’s view, the amendments are consistent with the requirements of Core Principle C and Commission Rule 39.12(b).
- *Settlement Procedures.* As discussed above, the amendments revise the delivery specifications applicable to the settlement of Midland WTI Contracts, consistent with the changes to the contract terms being made by ICE Futures Europe, the exchange on which it is traded. Specifically, the amendments update specifications applicable to the settlement of Midland WTI Contracts in light of the addition of the Enterprise ECHO Terminal as a Delivery Facility

and revise, among other matters, quality specifications, limitation of liability for the Clearing House and ICE Futures Europe in respect of the delivery under such contracts at the relevant terminals, and documentation requirements regarding the election of the relevant terminal, consistent with the requirements of the Clearing House. As a result, ICE Clear Europe believes the amendments are consistent with the requirements of Core Principle E and Commission Rule 39.14.

As set forth herein, the amendments consist of the amendments 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 received no substantive opposing views in relation to the proposed 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 George.milton@theice.com or +44 20 7429 4564.

Very truly yours,



George Milton

Head of Regulation & Compliance