



August 21, 2024

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 Rule 40.6
– Collateral and Haircut 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 Collateral and Haircut Procedures (the “Procedures”).¹ 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

The Clearing House is amending its Procedures to make clarifying changes to the use of forward-looking scenarios for stressed market conditions in its model for setting of haircuts for collateral. In deriving price volatilities used in such scenarios, relevant tenors will be grouped in short, medium and long-term buckets for simplicity.

The amendments will also add a new section regarding cash in eligible currencies as permitted cover. ICE Clear Europe will have the ability to set minimum cash collateral levels for a given currency to ensure there is sufficient cash collateral to satisfy operational and liquidity considerations. These minimum levels may be specified as a percentage of the margin requirement for the respective currency and may be specified at the CM or CM account level.

Compliance with the Act and CFTC Regulations

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

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

- *Financial Resources.* As discussed above, the amendments will permit the Clearing House to set minimum cash collateral levels for a given currency in order to have adequate cash collateral for operational and liquidity considerations. The amendments would thus facilitate the Clearing House's ability to manage its liquidity risks and maintain sufficient liquid resources such that it can fulfill its cash obligations when due, consistent with the requirements of Core Principle B and Commission Rule 39.11.
- *Risk Management.* As discussed above, the amendments make clarifying changes to the Clearing House's use of forward looking scenarios in setting haircuts, which are an integral part of the Clearing House's risk management. Therefore, in ICE Clear Europe's view, the amendments will facilitate the overall operation of the Clearing House's margin and risk management framework, and specifically its ability to apply appropriate reductions in value to collateral to reflect credit, market and liquidity risks taking into consideration stress market conditions. As such, ICE Clear Europe believes the amendments are consistent with the requirements of Core Principle D and Commission Rule 39.13.

As set forth herein, the amendments consist of the amendments to the Collateral and Haircut Procedures. ICE Clear Europe has requested confidential treatment with respect to the Procedures, which have 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 received no substantive opposing views in relation to the 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@ice.com or +44 20 7429 4564.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'G. Milton', is written over a light blue horizontal line.

George Milton
Head of Regulation & Compliance