



December 11, 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 –
Investment Management 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 Investment Management 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 Investment Management Procedures to make certain updates and clarifications relating to investment limitations, for both direct investments and investments through reverse repurchase agreements. The amendments also reflect the potential use of cleared repo and the Clearing House’s self-directed investment program.

Among other changes, the amendments revise the discussion of the Procedures’ focus on safeguarding principal cash to include cash payments from clearing members (as well as margin and other amounts). The amendments will also clarify that investments must be in compliance with relevant limits in the Clearing House’s credit risk policies and procedures.

Various clarifications and updates will be made to the Table of Authorised Investments and Concentration Limits for Cash from CMs, ICEU capital and from Skin In The Game. Sovereign debt of Austria, Finland and Luxembourg is added to the list of eligible investments, subject to maximum portfolio concentration limits. Rating requirements for EU sovereign debt and US, UK or EU agency debt will be changed to require the relevant rating from only one NRSRO. An error in the minimum short-term

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.

ratings for reverse repo counterparties will also be corrected, and certain clarifications will be made to other rating references.

A table with respect to the Self-Directed Investment Program (“SDIP”) will also be added, which will state the maximum approved limit for Member cash in the program to be \$3.5 billion (USD equivalent). Other typographical and non-substantive drafting clarifications will be made throughout the table.

Similar changes relating to minimum credit ratings will be made in the table of Acceptable Collateral for Reverse Repurchase Agreements. For relevant categories of EU sovereign and supranational debt and EU, UK and US agency debt, having the required rating from a single NRSRO will be sufficient, and reliance on a specified short-term as well as long-term rating will be permitted. The reference to Haircuts will also be replaced by the term “Collateralisation Level” which more appropriately clarifies the rates and how they are calculated. The amendments will also provide that in the case of repo activity facing central banks, central clearing counterparties and highly rated sovereigns, collateralisation levels will be negotiated for the relevant counterparty (rather than requiring the standard levels in the table).

Further a minor amendment will also be made to provisions relating to the monitoring of breaches of concentration limits and investment criteria to reference management threshold alerts.

Compliance with the Act and CFTC Regulations

The amendments to the Procedures are potentially relevant to the following core principles: (D) Risk Management and (F) Treatment of Funds, and the applicable regulations of the Commission thereunder.

- *Risk Management.* As discussed above, the amendments to the Procedures are intended to more clearly describe the Clearing House’s practices regarding monitoring and management of market risk in the portfolio of investments of relevant cash by the Clearing House, including through appropriate concentration and investment limits. The amendments will thus facilitate the Clearing House’s ability to manage the risks associated with discharging its responsibilities, consistent with the requirements of Core Principle D and Commission Rule 39.13.
- *Treatment of Funds.* As discussed above, the amendments to the Procedures are intended to clarify and make certain modifications to investment limitations in connection with the investment of Clearing Member and customer funds provided by Clearing Members. As such, the revised Procedures will help enable the Clearing House to safeguard such assets and ensure that such assets are invested in instruments with minimal credit, market and liquidity risks. The amendments will also facilitate monitoring of compliance with concentration limits and criteria. As such, ICE Clear Europe believes the amendments are consistent with the requirements of Core Principle F and Commission Rule 39.15.

As set forth herein, the amendments consist of the amendments to the Investment Management 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 circular stamp.

George Milton

Head of Regulation & Compliance