



January 7, 2014

Ms. Melissa Jurgens  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

By Email: [submissions@cftc.gov](mailto:submissions@cftc.gov)

Re: ICE Clear Europe Self-Certification Pursuant to Commission Rule 40.6

Dear Ms. Jurgens:

ICE Clear Europe Limited (“ICE Clear Europe”), a registered derivatives clearing organization (“DCO”) 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 attached updated List of Permitted Cover and Limits on Collateral. The changes 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.

The purpose of the changes is to permit ICE Clear Europe Clearing Members to post additional categories of securities to ICE Clear Europe as permitted cover (the “New Permitted Cover”) to meet initial margin, original margin and certain other margin requirements, including delivery margin requirements. The changes will provide ICE Clear Europe Clearing Members with a greater range of high-quality collateral that can be posted to satisfy certain margin requirements. The New Permitted Cover will not be accepted to satisfy variation margin requirements or guaranty fund requirements.

Specifically, the New Permitted Cover will include (i) qualifying Japanese Government Bonds and Japanese Treasury Discount Bills; (ii) qualifying debt issued by the KfW, a German government-owned development bank, that is guaranteed by the German federal government; and (iii) qualifying Euro Area Reference Notes issued by the European Investment Bank, a European Union development bank owned by the EU member states.

ICE Clear Europe believes that the New Permitted Cover is of minimal credit risk comparable to that of other sovereign debt currently accepted by ICE Clear Europe as permitted cover for margin obligations. ICE Clear Europe further believes that the New Permitted Cover has

demonstrated low volatility, including in stressed market conditions. Based on its analysis of the New Permitted Cover and its volatility and other characteristics, ICE Clear Europe has established initial valuation haircut levels for the New Permitted Cover, and will review and modify such haircuts from time to time in accordance with the Rules and procedures. In addition, each type of New Permitted Cover may only be used to satisfy margin requirements up to a specified concentration limit. Consistent with existing ICE Clear Europe haircut policies, an additional haircut will apply where New Permitted Cover is used to cover a margin requirement denominated in a different currency, to cover the exchange rate risk.

The acceptance of the New Permitted Cover is potentially relevant to the following core principles: (B) Financial Resources, (D) Risk Management and (L) Public Information, and the applicable regulations of the Commission thereunder:

- *Financial Resources.* ICE Clear Europe believes that the New Permitted Cover will be an acceptable financial resource to serve as margin to support cleared contracts, on the terms and subject to the concentration limits proposed, in accordance with Commission Rule 39.11. As noted above, ICE Clear Europe believes that the New Permitted Cover presents minimal credit and volatility risk, and in general presents similar characteristics to other types of sovereign debt obligations currently accepted as margin by ICE Clear Europe.
- *Risk Management.* ICE Clear Europe believes that it will be able to manage the risks associated with acceptance of the New Permitted Cover as margin as described above, in accordance with the requirements for initial margin assets in Commission Rule 39.13(g)(10). The New Permitted Cover itself has a risk profile similar to that of other sovereign debt ICE Clear Europe accepts for collateral, and ICE Clear Europe will be able to manage the risks of the New Permitted Cover through its existing Rules and risk management policies and procedures. In addition, acceptance of New Permitted Cover will provide clearing members with additional flexibility as to the forms of margin that can be posted, consistent with ICE Clear Europe's risk management requirements.
- *Public Information.* Concurrent with the filing of this submission, ICE Clear Europe has posted a notice of pending certification and a copy of this submission on its website at <https://www.theice.com/notices/Notices.shtml?regulatoryFilings> in accordance with Rule 40.6 and the public information requirements of Core Principle L and Commission Rule 39.21.

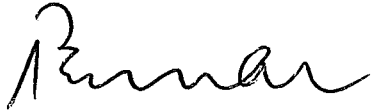
ICE Clear Europe hereby certifies that the changes comply with the Act and the Commission's regulations thereunder.

There were no opposing views expressed to ICE Clear Europe by governing board or committee members, members of ICE Clear Europe or market participants that were not incorporated into the amendment.

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](mailto:patrick.davis@theice.com) or +44 20 7065 7738, Dee Blake, Director of Regulation, at

[dee.blake@theice.com](mailto:dee.blake@theice.com) or +44 20 7065 7752 or Paul Swann, President & Chief Operating Officer, at [paul.swann@theice.com](mailto:paul.swann@theice.com) or +44 20 7065 7700.

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



## **ICE CLEAR EUROPE**

### **List of Permitted Cover and Limits on Collateral**

**June 2013**

## Permitted Collateral & Haircuts

The following table lists the permitted cover ICE Clear Europe Members may lodge to meet Original Margin and other requirements (e.g. delivery margin). For the avoidance of doubt, Variation Margin must be paid in cash in the currency of the contract.

Please note that ICE Clear Europe will only accept the following as collateral for contributions to the Energy and CDS Guaranty Funds:

- Energy Business: USD cash and US Government Securities
- CDS business: EUR Cash and European Government Securities

Treasuries	Bloomberg Ticker	Jurisdiction	Maturity	Haircut
Austrian Government Bonds	RAGB	Austria	< 3 years	3%
Austrian Government Bonds	RAGB	Austria	< 7 years	3%
Austrian Government Bonds	RAGB	Austria	<= 11 years	3%
Austrian Government Bonds	RAGB	Austria	> 11 years	10%
Belgian Treasury Bills	BGTB	Belgium	< 3 years	4%
Belgian Treasury Bills	BGTB	Belgium	< 7 years	5%
Belgian Treasury Bills	BGTB	Belgium	<= 11 years	7%
Belgian Treasury Bills	BGTB	Belgium	> 11 years	11%
Belgian Government Bonds	BGB	Belgium	< 3 years	4%
Belgian Government Bonds	BGB	Belgium	< 7 years	5%
Belgian Government Bonds	BGB	Belgium	<= 11 years	7%
Belgian Government Bonds	BGB	Belgium	> 11 years	11%
Finnish Government Bonds	RFGB	Finland	< 3 years	3%
Finnish Government Bonds	RFGB	Finland	< 7 years	3%
Finnish Government Bonds	RFGB	Finland	<= 11 years	5%
Finnish Government Bonds	RFGB	Finland	> 11 years	10%
Canadian Government Bonds	CAN	Canada	< 3 years	4%
Canadian Government Bonds	CAN	Canada	< 7 years	4%
Canadian Government Bonds	CAN	Canada	<= 11 years	4%
Canadian Government Bonds	CAN	Canada	> 11 years	15%
Bons du Tresor a Taux Fixe et Interet Precompte	BTF	France	< 3 years	3%
Bons du Tresor a Taux Fixe et Interet Annuel	BTNS	France	< 3 years	3%
Bons du Tresor a Taux Fixe et Interet Annuel	BTNS	France	< 7 years	3%
Bons du Tresor a Taux Fixe et Interet Annuel	BTNS	France	<= 11 years	6%
Bons du Tresor a Taux Fixe et Interet Annuel	BTNS	France	> 11 years	10%
Obligations Assimilables du Tresor	FRTR	France	< 3 years	3%
Obligations Assimilables du Tresor	FRTR	France	< 7 years	3%
Obligations Assimilables du Tresor	FRTR	France	<= 11 years	6%
Obligations Assimilables du Tresor	FRTR	France	> 11 years	10%
German Treasury Bill	BUBILL	Germany	< 3 years	3%
German Schatz	BKO	Germany	< 3 years	3%
German Bunds	DBR	Germany	< 3 years	3%
German Bunds	DBR	Germany	< 7 years	3%
German Bunds	DBR	Germany	<= 11 years	6%
German Bunds	DBR	Germany	> 11 years	10%
German Bobl	OBL	Germany	< 3 years	3%
German Bobl	OBL	Germany	< 7 years	3%
German Bobl	OBL	Germany	<= 11 years	6%
German Bobl	OBL	Germany	> 11 years	10%
German Treuhand	THA	Germany	< 3 years	3%
German Treuhand	THA	Germany	< 7 years	3%
German Treuhand	THA	Germany	<= 11 years	6%
German Treuhand	THA	Germany	> 11 years	10%
Italy Certificati di Credito del Tesoro Zero Coupon	ICTZ	Italy	< 3 years	6%
Italy Buoni Ordinari del Tesoro BOTS	BOTS	Italy	< 3 years	6%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	< 3 years	6%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	< 7 years	7%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	<= 11 years	9%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	> 11 years	15%
Italy Certificati di Credito del Tesoro	CCTS	Italy	< 3 years	6%
Italy Certificati di Credito del Tesoro	CCTS	Italy	< 7 years	7%
Italy Certificati di Credito del Tesoro	CCTS	Italy	<= 11 years	9%
Italy Certificati di Credito del Tesoro	CCTS	Italy	> 11 years	15%

Treasuries	Bloomberg Ticker	Jurisdiction	Maturity	Haircut	
Japan Treasury Discount Bill	JTDB	Japan	< 3 years	3%	
Japan Government Bond	JGB	Japan	< 3 years	3%	
Japan Government Bond	JGB	Japan	< 7 years	3%	
Japan Government Bond	JGB	Japan	<= 11 years	3%	
Japan Government Bond	JGB	Japan	> 11 years	5%	
Dutch Treasury Certificate	DTB	Netherlands	< 3 years	3%	
Dutch Treasury Certificate	DTB	Netherlands	< 7 years	3%	
Dutch Treasury Certificate	DTB	Netherlands	<= 11 years	6%	
Dutch Treasury Certificate	DTB	Netherlands	> 11 years	10%	
Dutch Government Bond	NETHER	Netherlands	< 3 years	3%	
Dutch Government Bond	NETHER	Netherlands	< 7 years	3%	
Dutch Government Bond	NETHER	Netherlands	<= 11 years	6%	
Dutch Government Bond	NETHER	Netherlands	> 11 years	10%	
Spain Government Bond	SPGB	Spain	< 3 years	4%	
Spain Government Bond	SPGB	Spain	< 7 years	7%	
Spain Government Bond	SPGB	Spain	<= 11 years	9%	
Spain Government Bond	SPGB	Spain	> 11 years	18%	
Swedish Government Bonds	SGB	Sweden	< 7 years	3%	
Swedish Government Bonds	SGB	Sweden	<= 11 years	6%	
Swedish Government Bonds	SGB	Sweden	> 11 years	10%	
Swiss Government Bonds	SWISS	Switzerland	< 7 years	4%	
Swiss Government Bonds	SWISS	Switzerland	<= 11 years	12%	
Swiss Government Bonds	SWISS	Switzerland	> 11 years	16%	
UK Gilt	UKT	UK	< 3 years	3%	
UK Gilt	UKT	UK	< 7 years	3%	
UK Gilt	UKT	UK	<= 11 years	6%	
UK Gilt	UKT	UK	> 11 years	10%	
UK Treasury	UKTB	UK	< 3 years	3%	
United Kingdom Inflation Indexed Gilt Bond	UKTI	UK	< 3 years	3%	
United Kingdom Inflation Indexed Gilt Bond	UKTI	UK	< 7 years	3%	
United Kingdom Inflation Indexed Gilt Bond	UKTI	UK	<= 11 years	6%	
United Kingdom Inflation Indexed Gilt Bond	UKTI	UK	> 11 years	10%	
US Treasury	B	USA	< 3 years	3%	
US Cash Management Treasury Bills	CMB	USA	< 3 years	3%	
US Bonds	T	USA	< 3 years	3%	
US Bonds	T	USA	< 7 years	4%	
US Bonds	T	USA	<= 11 years	8%	
US Bonds	T	USA	> 11 years	15%	
US Treasury Inflation Indexed Note/Bond	TII	USA	< 3 years	3%	
US Treasury Inflation Indexed Note/Bond	TII	USA	< 7 years	4%	
US Treasury Inflation Indexed Note/Bond	TII	USA	<= 11 years	8%	
US Treasury Inflation Indexed Note/Bond	TII	USA	> 11 years	15%	
Others	Liabilities	Assets	Haircut		
Cross-currencies	GBP	EUR, USD, JPY	6%		
	GBP	CAD, SEK	8%		
	GBP	CHF	10%		
	EUR	GBP, USD, JPY	6%		
	EUR	CAD, SEK	7%		
	EUR	CHF	10%		
	USD	JPY	5%		
	USD	EUR, GBP	6%		
	USD	CAD, SEK	7%		
	USD	CHF	10%		
		CAD	CHF	10%	
		CAD	EUR, SEK, USD, JPY	7%	
	CAD	GBP	8%		
Emission allowances		EUAs	100%		
		CERs	100%		
Cash		USD	0%		
		GBP	0%		
		EUR	0%		
Gold Bullion (USD-denominated)			12%		

## Additional Restrictions and Limits

In addition to the haircuts listed above, the following additional limits and restrictions also apply to eligible collateral:

Collateral Type	Eligible Market (s)	Eligible Requirements	Collateral Limits & Restrictions
Cash	Energy, CDS, LIFFE	Original Margin, Guaranty Fund	A minimum of 50% of a Clearing Member's Guaranty Fund requirement must be funded in cash. (Further restrictions apply – see Section 14 of the Finance procedures)
Emissions Allowances	Energy	Original Margin	EUAs; a maximum of 30% of a Clearing Member's total margin requirement. CERs; a maximum of 30% of a Clearing Member's total margin requirement.
Gold	Energy, CDS, LIFFE	Original Margin	The lower of 250mm USD or 30% of the Clearing Member's total margin requirement.
Government Bonds	Energy, CDS, LIFFE	Original Margin, Guaranty Fund	See restrictions detailed below.
Letters of Credit (LCs) & Pass Through LCs	Energy	Original Margin	50% of a Clearing Member's Original Margin requirement (further restrictions apply – see section 12 of the finance procedures).
Certificate of Deposit (CD)	Energy, CDS, LIFFE	Original Margin	May be accepted on an exceptional basis for a limited range of issuers. The Clearing House will assess each request individually and confirm or decline acceptance on a case by case basis.
Triparty Collateral	Energy, CDS, LIFFE	Original Margin	Haircuts will apply on the collateral types within the program but not on Triparty Collateral as a type itself. The Triparty Collateral Service will be provided by Euroclear Bank, Brussels.

## Absolute and Relative Limits for Government Bond Collateral

The following table outlines detailed limits and restrictions relating to sovereign issued securities:

Issuer	Absolute Limit (mm notional of the currency of the bond)	Relative Limit (% of Margin Requirement)
Japanese Government	100,000	10%
Republic of Austria	45	25%
Kingdom of Belgium	85	25%
Canadian Government	150	25%
Republic of Finland	35	25%
Republic of France	500	25%
Federal Republic of Germany	800	25%
Republic of Italy	350	25%
Kingdom of the Netherlands	150	25%
Republic of Spain	150	25%
Kingdom of Sweden	80	25%
Swiss Confederation	125	25%
United Kingdom	2,800	25%