



May 23, 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

Re: ICE Clear Europe Self-Certification Pursuant to Commission Rule 40.6: Change in Permitted Original Margin

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 amendments to its acceptable forms of original margin described herein and set forth in the attached Circular. 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. Capitalized terms used but not defined herein have the meanings specified in the ICE Clear Europe Clearing Rules.

Concise Explanation and Analysis

The purpose of the rule changes is to limit the use of non-USD collateral for original margin requirements by FCM/BD Clearing Members in connection with customer transactions in the F&O product category, in order to address certain U.S. and E.U. regulatory requirements. Specifically, following implementation of this change, ICE Clear Europe will no longer accept cash or non-cash collateral denominated in currencies other than U.S. dollars to meet original margin requirements for the DCM Customer Account of FCM/BD Clearing Members (also known as the "W" account or "Section 4d(a) account"), which is subject to the segregation requirements of Section 4d(a) and (b) of the Act and the Commission's regulations thereunder.

In addition, in connection with this change, as set forth in the attached Circular, FCM/BD Clearing Members will be required to withdraw non-USD variation margin balances credited to the Section 4d(a) account on a daily basis and cannot use such balances to cover original margin requirements in that account. (On U.S. holidays, margin calls in respect of the Section 4d(a) account will be made in a non-USD currency, but non-USD cash balances must be replaced with

USD cash or assets on the following business day.) Various operational changes are required to be made to implement these requirements.

FCM/BD Clearing Members may continue to use eligible non-USD cash and assets to cover proprietary account margin requirements and margin requirements relating to the Non-DCM/Swap Customer Account (also known as the customer secured account or "Rule 30.7" account). The changes described herein will not apply to Clearing Members other than FCM/BD Clearing Members.

ICE Clear Europe is adopting these changes in order to comply with a combination of U.S. and E.U. regulatory requirements which, when implemented, will make it impractical for ICE Clear Europe to hold and invest non-USD original margin balances in the Section 4d(a) account.

Compliance with the Act and Commission Regulations

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

- *Financial Resources.* ICE Clear Europe believes that limiting original margin for the Section 4d(a) account to USD denominated assets as provided in the attached Circular will not adversely affect ICE Clear Europe's financial resources to support clearing of contracts in such account. In particular, ICE Clear Europe is not changing its margin methodology in respect of such account, and does not believe that the change in permitted original margin currency will affect the overall value of its resources. ICE Clear Europe is also not changing the size or composition of its F&O Guaranty Fund. As a result, ICE Clear Europe believes that the margin change is consistent with Core Principle B and Commission Rule 39.11.
- *Risk Management.* Similarly, ICE Clear Europe does not believe that the change in permitted original margin currency for the Section 4d(a) account will adversely affect its ability to manage the risks of positions in that account in accordance with the requirements of Core Principle D and Commission Rule 39.13. ICE Clear Europe is not altering its risk management policies in connection with this change, and believes that it will be able to manage any incremental currency risk that may arise as a result of the margin change in accordance with its existing risk management policies.

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

ICE Clear Europe has received no substantive opposing views in relation to the proposed changes.

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 or Paul Swann, President & Managing Director, at 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

List of Permitted Cover: Eligibility of EUR and GBP cash and assets for cover of Original Margin requirements by FCM Clearing Members on 4d(a)/(b) Segregated Customer accounts

Due to the implementation of new regulatory requirements, ICE Clear Europe (the Clearing House) will no longer accept cash or collateral in currencies other than US Dollars ("USD") to meet Original Margin (Initial Margin) requirements in respect of FCM Clearing Member Customer 4d(a)/(b) Segregated Accounts ("W" Accounts).

This change will come into effect subject to completion of relevant regulatory process as of **Friday 30 May 2014**. A copy of the list of permitted cover from 30 May 2014 is attached.

The background to this change has been discussed with all affected FCM Clearing Members and arrangements have been put in place to replace such non-USD denominated cash or collateral by Friday 30 May 2014.

FCM Clearing Members are required to observe the following in respect of the FCM 4d(a)/(b) Segregated Account ("W" Account) as of Monday 02 June 2014:

- FCM Clearing Members must withdraw non-USD balances arising from credit Variation Margin (VM) posted to the "W" each day;
- Where non-USD balances arising from VM credits are utilised to cover Original Margin requirements in respect of the "W" account, the non-USD balance(s) must be switched to USD assets;
- FCM Clearing Members must enable the "Auto Repay" function for EUR and GBP currencies on the "W" account;
- FCM Clearing Members must amend the preferred call currency in respect of margin calls to USD on the "W" account; and
- On USD holidays, margin calls will continue to be made in an alternative currency to USD, FCM Clearing Members will be required to replace these non-USD cash balances with eligible USD denominated cash or collateral the following business day.

Please note that FCM Clearing Members may continue to use non-USD assets to cover House margin requirements and margin requirements relating to Secured (30.7) Customer accounts ("S"/"C" accounts).

ICE Clear Europe's List of Permitted Cover, which includes all financial instruments the Clearing House accepts as collateral, the corresponding haircuts and any other restrictions or limits that may apply can be found at: https://www.theice.com/publicdocs/clear_europe/list-of-permitted-covers.pdf

Should you have any questions in relation to this Circular or require any further information, please contact Federico Becerra, Director of Treasury and Banking Services on +44 (0)20 7429 4569 or email federico.becerra@theice.com, Camiel Janmaat, Head of Treasury and Banking Services on +44 (0)20 7065 7603 or email camiel.janmaat@theice.com.

Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

CIRCULAR C14/064

21 May 2014

Category:

Operations

Attachments:

List of Permitted Cover as from 30 May 2014

Summary of content:

List of Permitted Cover: Eligibility of EUR and GBP cash and assets for cover of Original Margin requirements by FCM Clearing Members on 4d(a)/(b) Segregated Customer accounts

For more information please contact:

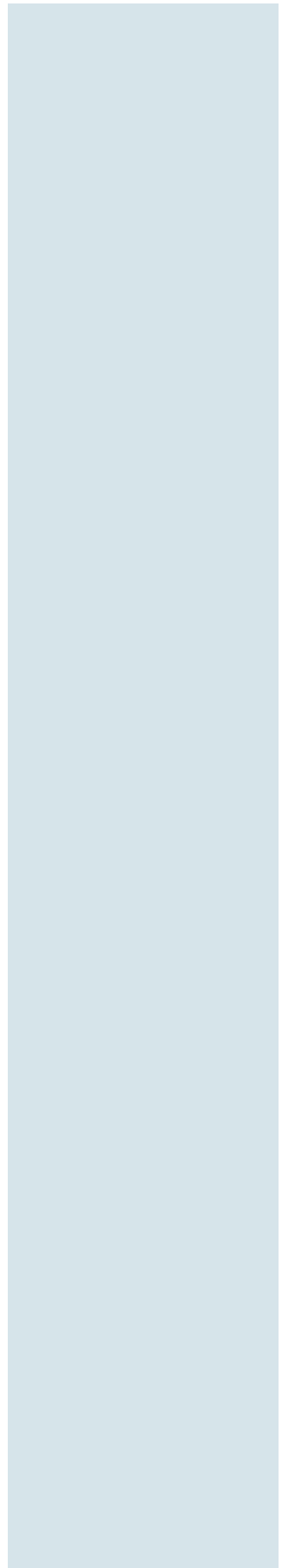
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Signed:

A handwritten signature in blue ink, appearing to read 'Paul Swann'.

Paul Swann
President & Managing Director





ICE CLEAR EUROPE

List of Permitted Cover and Limits on Collateral

May 2014

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 USD denominated assets in respect of Original Margin requirements from FCM Clearing Members for 4d(a) Segregated Customer accounts.

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

- Futures & Options Guaranty Fund: USD cash and US Government Securities
- CDS Guaranty Fund: 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	8%
Belgian Treasury Bills	BGTB	Belgium	< 3 years	3%
Belgian Treasury Bills	BGTB	Belgium	< 7 years	4%
Belgian Treasury Bills	BGTB	Belgium	<= 11 years	5%
Belgian Treasury Bills	BGTB	Belgium	> 11 years	9%
Belgian Government Bonds	BGB	Belgium	< 3 years	3%
Belgian Government Bonds	BGB	Belgium	< 7 years	4%
Belgian Government Bonds	BGB	Belgium	<= 11 years	5%
Belgian Government Bonds	BGB	Belgium	> 11 years	9%
Finnish Government Bonds	RFGB	Finland	< 3 years	3%
Finnish Government Bonds	RFGB	Finland	< 7 years	3%
Finnish Government Bonds	RFGB	Finland	<= 11 years	4%
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	15%
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	4%
Bons du Tresor a Taux Fixe et Interet Annuel	BTNS	France	> 11 years	8%
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	4%
Obligations Assimilables du Tresor	FRTR	France	> 11 years	8%
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	4%
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	4%
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	4%
German Treuhand	THA	Germany	> 11 years	10%
Italy Certificati di Credito del Tesoro Zero Coupon	ICTZ	Italy	< 3 years	4%
Italy Buoni Ordinari del Tesoro BOTS	BOTS	Italy	< 3 years	4%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	< 3 years	4%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	< 7 years	5%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	<= 11 years	6%
Italy Buoni Poliennali del Tesoro	BTPS	Italy	> 11 years	12%
Italy Certificati di Credito del Tesoro	CCTS	Italy	< 3 years	4%

Treasuries	Bloomberg Ticker	Jurisdiction	Maturity	Haircut
Italy Certificati di Credito del Tesoro	CCTS	Italy	< 7 years	5%
Italy Certificati di Credito del Tesoro	CCTS	Italy	<= 11 years	6%
Italy Certificati di Credito del Tesoro	CCTS	Italy	> 11 years	12%
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	4%
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	4%
Dutch Government Bond	NETHER	Netherlands	> 11 years	10%
Spain Government Bond	SPGB	Spain	< 3 years	3%
Spain Government Bond	SPGB	Spain	< 7 years	5%
Spain Government Bond	SPGB	Spain	<= 11 years	6%
Spain Government Bond	SPGB	Spain	> 11 years	18%
Swedish Government Bonds	SGB	Sweden	< 7 years	3%
Swedish Government Bonds	SGB	Sweden	<= 11 years	5%
Swedish Government Bonds	SGB	Sweden	> 11 years	10%
Swiss Government Bonds	SWISS	Switzerland	< 7 years	4%
Swiss Government Bonds	SWISS	Switzerland	<= 11 years	8%
Swiss Government Bonds	SWISS	Switzerland	> 11 years	12%
UK Gilt	UKT	UK	< 3 years	3%
UK Gilt	UKT	UK	< 7 years	3%
UK Gilt	UKT	UK	<= 11 years	4%
UK Gilt	UKT	UK	> 11 years	8%
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	4%
United Kingdom Inflation Indexed Gilt Bond	UKTI	UK	> 11 years	8%
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	3%
US Bonds	T	USA	<= 11 years	6%
US Bonds	T	USA	> 11 years	12%
US Treasury Inflation Indexed Note/Bond	TII	USA	< 3 years	3%
US Treasury Inflation Indexed Note/Bond	TII	USA	< 7 years	3%
US Treasury Inflation Indexed Note/Bond	TII	USA	<= 11 years	6%
US Treasury Inflation Indexed Note/Bond	TII	USA	> 11 years	12%
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.
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.
Tri-party Collateral	Energy, CDS, LIFFE	Original Margin	Haircuts will apply on the collateral types within the program but not on Tri-party Collateral as a type itself. The Tri-party 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%