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Mr. David Stawick
Secretary, Office of the Secretariat Records Section
Commodity Futures Trading Commission
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Washington, DC 20581

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December 22, 2011

COMMENT

**Re: Filing Number: IF 12-002
Request from ICE Clear Credit LLC to Permit Portfolio Margining of Swaps and Security-Based Swaps**

Dear Mr. Stawick:

We represent Bank of America Merrill Lynch, Barclays Capital, BNP Paribas, Citi, Credit Suisse Securities (USA), Deutsche Bank AG, The Goldman Sachs Group, Inc., JPMorgan Chase & Co., Morgan Stanley, Nomura Securities International, Inc., The Royal Bank of Scotland plc, and UBS Securities LLC (the **Firms**). We write to enclose a copy of a comment letter that we submitted to the Securities and Exchange Commission (**SEC**), on behalf of the **Firms**, in respect of ICE Clear Credit LLC's (**ICE Credit**) Proposed Rule Change to Adopt Enhanced Margin Methodology (the **Proposed Rule Change**).

By way of background, ICE Credit submitted to the SEC the Proposed Rule Change, dated November 7, 2011, which will provide portfolio margining treatment for single-name credit default swaps (**CDS**) and credit indices in respect of proprietary positions. On November 7, 2011, pursuant to Section 713(a) of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, ICE Credit filed a separate petition with the SEC for exemptive relief to permit, among other things, the commingling of customer funds for positions in single-name CDS and credit indices in a single omnibus account, subject to a portfolio margining program approved by the Commodity Futures Trading Commission (the **CFTC**) (the **Exemptive Relief Petition**). The comment letter requests that ICE Credit's Proposed Rule Change and Exemptive Relief Petition be granted. On December 16, 2011, the SEC issued an order approving ICE Credit's Proposed Rule Change.

We are forwarding a copy of the enclosed comment letter as we understand that ICE Credit has made related submissions to the CFTC. On October 4, 2011, ICE Credit submitted a petition seeking an exemptive order, pursuant to Section 4d(f) of the Commodity Exchange Act, to permit (i) the commingling of customer funds in respect of customer-related positions in single-name CDS and credit indices in a swap account and (ii) the portfolio margining treatment of such positions. In addition, on November 25, 2011, pursuant to CFTC Regulation 40.6, ICE Credit submitted a self-certification regarding its implementation of the enhanced margin

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John Williams 12/22/2011

methodology to allow for portfolio margining treatment for proprietary positions. The enclosed comment letter, although submitted in respect of ICE Credit's submissions to the SEC, expresses the Firms' views in respect of ICE Credit's above-described submissions to the CFTC.

Please do not hesitate to contact me, should you have any questions regarding the foregoing.

Kind regards,



John Williams
Partner

ALLEN & OVERY

Elizabeth Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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December 5, 2011

Re: File Number SR-ICC-2011-03: ICE Clear Credit LLC's Proposed Rule Change to Adopt Enhanced Margin Methodology, dated November 7, 2011

Dear Ms. Murphy:

This letter is submitted on behalf of the undersigned firms (the **Firms**) regarding ICE Clear Credit LLC's (**ICE Credit**) Proposed Rule Change to Adopt Enhanced Margin Methodology (the **Proposed Rule Change**), dated November 7, 2011. The Firms appreciate the opportunity to provide comments to the Securities and Exchange Commission (SEC) regarding the Proposed Rule Change.

The Firms support the goals of Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act and believe that the systemic risk of over-the-counter derivatives can be mitigated through central clearing. The Firms wish to point out, however, that the inability to net the margin of single-name credit default swaps (CDS) with credit indices, where appropriate, significantly reduces the various efficiencies potentially available through central clearing.

The Firms support the movement of the industry towards portfolio margining generally, as portfolio margining provides significant economic, capital, risk, operational, and netting efficiencies. It is a common practice for market participants to maintain hedged portfolios of single-name CDS and credit index positions, given that one can be used to directly offset the risk of the other. The benefits portfolio margining offers proprietary account holders will promote a more stable regime, and the Firms support the approval of ICE Credit's Proposed Rule Change as an initial positive step for the industry.

The Firms understand that on November 7, 2011, ICE Credit filed a separate petition with the SEC for exemptive relief pursuant to Section 713(a) of Title VII of the Dodd-Frank Act to permit ICE Credit to: (a) commingle customer funds in omnibus accounts for positions in single-name CDS and broad-based credit indices; (b) calculate margin for commingled accounts pursuant to a portfolio margining program approved by the SEC and the Commodity Futures Trading Commission; and (c) provide similar relief to entities that have dual registration as Broker-Dealers and Futures Commission Merchants (FCMs) that maintain clearing accounts for customers at ICE Credit (the **Exemptive Relief Petition**). The benefits

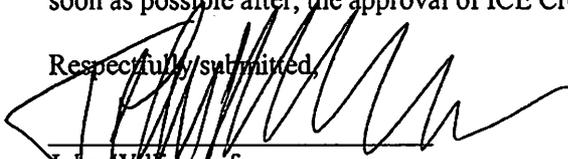
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that portfolio margining offers proprietary account holders apply equally to customers of Broker-Dealers and FCMs that clear at ICE Credit. In addition, the commingling of customer funds for both single-name CDS and broad-based credit indices and the use of portfolio margining in determining margin requirements will provide greater clarity for customers with respect to the costs associated with clearing. The Firms believe that portfolio margining is good for the marketplace and urge the approval of the pending Exemptive Relief Petition.

Therefore, the Firms respectfully request that ICE Credit's Proposed Rule Change be granted and additionally encourage the SEC to grant the pending Exemptive Relief Petition in conjunction with, or as soon as possible after, the approval of ICE Credit's Proposed Rule Change.

Respectfully submitted,



John Williams, for

- Bank of America Merrill Lynch
- Barclays Capital
- BNP Paribas
- Citi
- Credit Suisse Securities (USA)
- Deutsche Bank AG
- The Goldman Sachs Group, Inc.
- JPMorgan Chase & Co.
- Morgan Stanley
- Nomura Securities International, Inc.
- The Royal Bank of Scotland plc
- UBS Securities LLC

cc: Mr. David Stawick, Secretary, U.S. Commodity Futures Trading Commission