



25 February 2022

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 40.6 – ICE  
Deposit Rate 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, the amendments to the rate of return paid by the Clearing House on Euro (“EUR”) and Pound Sterling (“GBP”) cash margin and Guaranty Fund deposits<sup>1</sup> discussed herein. 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*

ICE Clear Europe is amending its rate of return paid on EUR and GBP cash margin and Guaranty Fund deposits applicable to all Clearing Members for house and customer accounts. ICE Clear Europe pays a rate of return on cash deposited by Clearing Members in respect of margin and Guaranty Fund requirements referred to as the ICE Deposit Rate (the “IDR”). The IDR is calculated daily and applied to cash balances held at the close of business on the previous business day in respect of US Dollar (“USD”), EUR and GBP deposits. The IDR is calculated as the net income earned on

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<sup>1</sup> Capitalized terms used but not defined herein have the meanings specified in the ICE Clear Europe Clearing Rules.

cash deposits in the relevant currency (positive or negative) less a charge or spread. Currently, the spread for all currencies is 15 bps.

ICE Clear Europe is increasing the spread for EUR balances from 15 bps to 25 bps and reduce the spread for GBP balances from 15 bps to 12 bps. The spread for USD balances would remain unchanged at 15 bps. ICE Clear Europe has determined that in light of financial market conditions, including repo rates available in the market, the current spread levels have provided an incentive for Clearing Members to provide EUR balances as compared to GBP balances, including by using EUR balances to cover margin obligations denominated in GBP. Such a practice by Clearing Members could result in reduced available liquidity for the Clearing House in GBP. To avoid such potential concerns, ICE Clear Europe believes it is appropriate to reduce the IDR on EUR balances (through a higher spread) while comparatively increasing the IDR on GBP balances (through a lower spread). ICE Clear Europe believes the change would better align the relative costs and benefits of using EUR and GBP to cover margin and Guaranty Fund obligations and thereby improve Clearing House liquidity management.

#### *Compliance with the Act and CFTC Regulations*

The amendments to the Delivery Procedures are potentially relevant to the following core principles: (B) Financial Resources and (F) Treatment of Funds and the applicable regulations of the Commission thereunder.

- *Financial Resources.* As discussed above, the IDR changes are intended to incentivize Clearing Members to provide GBP balances (as opposed to EUR balances), in order to better align the relative costs and benefits of using EUR and GBP to cover Clearing Member obligations and improve ICE Clear Europe's liquidity management. As such, the amendments are consistent with the financial resources requirements of Core Principle B and Commission Rule 39.11.
- *Treatment of Funds.* As discussed above, ICE Clear Europe believes the IDR, as amended, will be reasonable and appropriate in light of market conditions, including available repo rates, for the relevant currencies. The modifications apply to all Clearing Members and other market participants who hold cash balances in EUR and GBP. ICE Clear Europe is not otherwise changing the manner in which EUR and GBP balances are held by the Clearing House. As a result, in ICE Clear Europe's view, 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 IDR, as described in the Notification of Changes to ICE Deposit Rate Spread for EUR and GBP Circular, a copy of which is attached hereto.

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 proposed 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@theice.com](mailto:George.milton@theice.com) or +44 20 7429 4564.

Very truly yours,



George Milton  
Head of Regulation & Compliance