



8 April 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 –
Futures & Options Guaranty Fund Policy

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 Futures & Options Guaranty Fund Policy (“F&O Guaranty Fund Policy” or “Policy”) to make certain clarifications and updates.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

ICE Clear Europe is amending its F&O Guaranty Fund Policy to make certain updates and clarifications relating to the process for determining the F&O Guaranty Fund (the “F&O Fund”), as well as removing certain information that is duplicative or no longer applicable. The updates also clarify certain of the Clearing House’s governance arrangements for review of the level of the F&O Fund.

¹ Capitalized terms used but not defined herein have the meanings specified in the ICE Clear Europe Clearing Rules and the F&O Guaranty Fund Policy.

A Summary of Changes table has been removed since the same information is provided elsewhere in the Policy.

The amendments have updated the discussion of the purpose of the F&O Guaranty Fund Policy by, for increased readability, including in such discussion the objective and use of the F&O Fund. A summary of what the F&O Fund is and what it does has been removed as unnecessary as such information is set out elsewhere in the Policy. An explanation has been added that provides that the Policy describes the Clearing House's practices when calculating the size of the segments of the F&O Fund and the distribution of contributions among the membership. A new paragraph has been added which describes the reasons that a clearing fund would hold a contingency fund. Additionally, the amendments clarify that the terms "Original Margin" and "Initial Margin" are used interchangeably in the Policy. As revised, the Policy would have a single diagram reflecting the waterfall of default resources under the ICE Clear Europe Rules.

A minor update has been made to the section on Establishing the Size of the F&O Fund to reflect the correct name of the Futures & Options Product Risk Committee by removing a reference to "IRS". The amendments in the same section clarify governance arrangements following monthly stress-testing results performed by the Clearing House and reviewed internally. After such review, any recommendation by the Clearing House will include the opinion of the F&O Risk Committee on the level of the F&O Fund in the submission to the Model Oversight Committee for approval and the ICE Clear Europe Board for information.

A statement that the amber and red limits defined as part of the Board Risk Appetite may potentially trigger an extraordinary review of the F&O Fund has been deleted from the discussion of Extraordinary Reviews of the F&O Fund. Such statement is no longer applicable since none of the existing Risk Appetite Metrics have an impact on F&O Fund sizing.

The amendments update the Clearing House's governance arrangements for recommendations on the level of the Fund to reflect current practices. The amendments provide that such recommendations will be presented to the F&O Risk Committee prior to seeking Model Oversight Committee approval and that the ICE Clear Europe Board will be subsequently informed.

The table depicting the escalation and notification protocol for Risk Appetite Metrics has been removed as inapplicable, as discussed above.

Compliance with the Act and CFTC Regulations

The amendments to the Collateral and Haircut Procedures are potentially relevant to the following core principles: (B) Financial Resources and (O) Governance, and the applicable regulations of the Commission thereunder.

- *Financial Resources.* The changes to the F&O Guaranty Fund Policy are designed to clarify and strengthen ICE Clear Europe's procedures for ensuring it has adequate financial resources, including the F&O Fund, to manage the

risk of default losses. The amendments are intended to clarify certain provisions in the Policy relating to the determination of the F&O Fund, which provides default resources under the Rules to cover potential losses relating to F&O Clearing Members, including procedures relating to the review of F&O Fund levels. The amendments also are intended to conform the Policy to the relevant provisions of the Rules relating to default resources. In addition, the amendments, among other matters, generally enhance consistency with Clearing House Rules and Procedures and remove certain inapplicable provisions. Through these enhancements to the Policy the amendments support the ability of the Clearing House to determine the F&O Fund level such that the Clearing House can withstand an F&O Clearing Member default. As such, ICE Clear Europe believes the amendments are consistent with the requirements of Core Principle B and Commission Rule 39.11.

- *Governance.* The amendments to the F&O Guaranty Fund Policy update the governance arrangements for recommendations by the Clearing House following review of the F&O Fund and otherwise clarify certain responsibilities of the Clearing House's committees and personnel in relation to determining the F&O Fund level. ICE Clear Europe believes that the amendments are therefore consistent with the requirements of Core Principle O and CFTC Rule 39.24.

As set forth herein, the amendments consist of the amendments to the F&O Guaranty Fund Policy. ICE Clear Europe has requested confidential treatment with respect to the amendments, 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 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 or +44 20 7429 4564.

Very truly yours,



George Milton
Head of Regulation & Compliance