



April 27, 2021

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 –  
Delivery Procedures 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, amendments to its Delivery Procedures (the “Delivery Procedures” or “Procedures”)<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 Delivery Procedures to add a new Part A1 addressing ICE Deliverable UK Emissions Futures Contracts (“ICE Deliverable UK Emissions Contracts”), which include ICE Futures UKA Auction Contracts, ICE Futures UKA Futures Contracts and ICE Futures UKA Daily Contracts. ICE Deliverable UK Emissions Contracts will be traded on ICE Futures Europe and cleared at ICE Clear Europe.

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<sup>1</sup> Capitalized terms used but not defined herein have the meanings specified in the Delivery Procedures or, if not defined therein, the ICE Clear Europe Clearing Rules.

Part A1 applies to ICE Deliverable UK Emissions Contracts which go to physical delivery on the expiry date and provides that deliveries under ICE Deliverable UK Emissions Contracts are effected upon (i) in the case of Seller effecting delivery, the completion of the transfer of the relevant UK Carbon Emissions Allowances, or “UKAs”, from the relevant Nominating Holding Account of the Seller to the relevant Nominating Holding Account of the Clearing House, and (ii) in the case of the Buyer taking delivery, the completion of the transfer of the relevant UKAs from the Nominating Holding Account of the Clearing House to the relevant Nominating Holding Account of the Buyer. Such delivery takes place during the Delivery Period for the relevant Emissions Contracts in accordance with the ICE Futures Europe Rules. UKAs to be delivered must conform to the specifications in ICE Futures Europe Rules and the registry through which delivery may be made.

The amendments further specify certain details of the delivery process and address certain responsibilities of the Clearing House and relevant parties for delivery under ICE Deliverable UK Emissions Contracts. Routine delivery of ICE UKA Auction Contracts is based on submission of delivery intentions via the Clearing House ECS system. Part A1 also specifies the pricing for delivery under the ICE Deliverable UK Emissions Contracts and the method for calculation of invoices. The amendments include delivery timetables, which distinguish between ICE UKA Futures Contracts, the ICE UKA Daily Futures Contracts and the ICE UKA Auction Contracts. The timetables each include a detailed timeframe for submission of Registry Account Details, submission of delivery intentions, submission of Transfer Requests to the relevant registry, , payment and release of delivery Margin (if relevant), payment and other matters. Delivery timetables are also set out for late and failed deliveries.

The amendments also detail limitation of liability for the Clearing House. The Clearing House is not liable as a result of the performance or non-performance of any Auction Seller, Auction Monitor, Administrator, GG ETS Regulator, Governmental Authority, Registry or UK Transaction Log, the validity of any UKA for purposes of meeting the requirements of the Scheme, any act or omission of any operator the Registry or UK Transaction Log or Authorised Representative of any other party, among other matters.

In addition, the amendments address the posting of EFPs and EFSs in respect of the ICE UKA Futures Contracts. Finally, the amendments also address an alternative delivery procedure in the event of a transfer request failure relating to ICE Deliverable UK Emissions Contracts other than the ICE UKA Auction Contract, pursuant to which a Clearing Member may seek agreement of the Clearing House to make or take delivery beyond the point of failure on terms other than those required under ICE Futures Europe Rules.

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

The amendments to the Delivery Procedures are potentially relevant to the following core principles: (C) Participant and Product Eligibility and (E) Settlement Procedures, and the applicable regulations of the Commission thereunder.

- *Product Eligibility.* The amendments to the Delivery Procedures are intended to facilitate the clearing of new physically settled ICE Deliverable UK

Emissions Contracts, which are being launched for trading by ICE Futures Europe. The amendments set out the obligations and role of the Clearing House and relevant parties for delivery under the Contracts, supplementing the existing provisions of the Rules. ICE Clear Europe believes that its financial resources, risk management, systems and operational arrangements are sufficient to support clearing of such products (and to address physical delivery under such contracts) and to manage the risks associated with such contracts, which are similar to deliverable EU emissions contracts currently cleared by the Clearing House. As a result, ICE Clear Europe believes that the amendments are consistent with the requirements of Core Principle C and Commission Rule 39.12(b).

- *Settlement Procedures.* As discussed above, the amendments establish a new Part A1 of the Delivery Procedures applicable to the settlement of ICE Deliverable UK Emissions futures contracts, under which delivery will be made through the registry account of the Clearing House. The amendments set out the role, responsibilities, rights and liabilities of the Clearing House, Clearing Members and designated transferors and transferees in the physical delivery process. As a result, ICE Clear Europe believes the amendments are consistent with the requirements of Core Principle E and Commission Rule 39.14.

As set forth herein, the amendments consist of the amendments to the Delivery Procedures, 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 [giulia.honorati@ice.com](mailto:giulia.honorati@ice.com) or +44 20 7429 7127.

Very truly yours,



Giulia Honorati  
Compliance and Regulation, Manager