



October 17, 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”) cash margin and Guaranty Fund deposits¹ 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 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 Pound Sterling (“GBP”) deposits. The IDR is calculated as the net income earned on cash deposits in the relevant currency (positive or negative) less a charge or spread.

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



ICE

Clear Europe is reducing the spread for EUR balances from 25 bps to 15 bps. The spread for USD balances and GBP balances would remain unchanged at 15 bps and 12 bps respectively. ICE Clear Europe has determined that in light of current financial market conditions, including central bank rates for Euro deposits and repo rates available in the market for EUR balances, it is appropriate to increase the net IDR on EUR balances (through a lower spread). ICE Clear Europe believes the change would better align the relative costs and benefits of using EUR to cover margin and Guaranty Fund obligations with otherwise available market rates and facilitate the Clearing House's ability to maintain adequate EUR balances for liquidity management purposes.

Compliance with the Act and CFTC Regulations

The amendments to the rate of return 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 better align the relative costs and benefits of using EUR with otherwise available market rates for EUR balances and thereby facilitate ICE Clear Europe's liquidity management with regard to EUR balances. 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 central bank and repo rates, for EUR balances. The modifications apply to all Clearing Members who hold cash balances in EUR. ICE Clear Europe is not otherwise changing the manner in which EUR 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 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 or +44 20 7429 4564.



Very truly yours,

A handwritten signature in blue ink, appearing to read 'G. Milton', with a stylized flourish at the end.

George Milton
Head of Regulation & Compliance