



April 03, 2024

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 Rule 40.6
– Collateral and Haircut 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 Collateral and Haircut Procedures (the “Procedures”).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

The Clearing House is amending its Collateral and Haircut Procedures to make certain clarifications for collateral eligibility criteria relating to market risk. The amendments will also clarify limits for certain collateral based on tests for potential liquidation and incorporate updates relating to anti-procyclicality measures.

The amendments will clarify certain eligibility criteria for permitted cover. The amendments add a general statement, consistent with current practice, of the goal of limiting collateral to that with low credit and market risk. In the context of margin cover (where the underlier of a contract is accepted as collateral), the amendments add a specific requirement that the assets must reduce market risk as they are the underlier of the contract and provide a right way risk offset.

The absolute limits for the use of securities and gold bullion as permitted cover will be revised to take into account tests for potential liquidation of collateral within 2 days under stressed market conditions.

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



In addition, the amendments will add to the list of considerations used to limit the procyclical impacts of the increase of collateral haircuts on margin requirements. The Procedures list certain measures such as the verification of haircut model calculations that will be used to identify shortfall outliers over an observation period and prioritization of reviews based on thresholds.

The appendix of eligibility criteria for various asset classes of permitted cover will be revised to clarify certain measures of market risk and independent credit criteria.

Compliance with the Act and CFTC Regulations

The amendments to the Procedures are potentially relevant to the following core principles: (D) Risk Management and the applicable regulations of the Commission thereunder.

- *Risk Management.* As discussed above, the amendments to the Procedures are intended to more clearly describe the Clearing House's practices regarding market and credit risk in the eligibility criteria for collateral to support margin requirements. The amendments will thus facilitate the Clearing House's ability to limit the assets it accepts as margin to those with minimal credit, market and liquidity risks, consistent with the requirements of Core Principle D and Commission Rule 39.13.

As set forth herein, the amendments consist of the amendments to the Collateral and Haircut Procedures. ICE Clear Europe has requested confidential treatment with respect to the Procedures, 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 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@ice.com or +44 20 7429 4564.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'G. Milton', is written over a light blue horizontal line.

George Milton
Head of Regulation & Compliance