



April 25, 2023

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
– Investment Management 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 Investment Management Procedures (the “Procedures”) to change the maximum maturities for certain investments made with amounts held by the Clearing House as regulatory capital.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 the Investment Management Procedures in the Table of Authorised Investments and Concentration Limits for ICEU’s Regulatory Capital (the “Table”) to change the maximum maturity of certain investments in sovereign and government agency bonds. In particular, the maximum maturity on the purchase of US Sovereign Bonds, UK Sovereign Bonds, EU Sovereign Bonds, US Government Agency Bonds, UK Government Agency Bonds, and EU Government Agency Bonds will be

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.

amended from 90 days to 13 months. The amendments align the maximum maturity for such investments with the existing maximum maturity for permitted investments in the same instrument that are made with cash provided by Clearing Members (“CMs”) (e.g., as margin or guaranty fund contribution) and the Clearing House’s own contribution to the guaranty fund. By extending the maximum maturity, ICE Clear Europe will have the flexibility to invest its regulatory capital in longer term sovereign and government bonds. ICE Clear Europe believes that such flexibility is important in light of current and expected market conditions, including to assist ICE Clear Europe in avoiding having to invest or reinvest in shorter duration instruments during potential periods of market volatility, such as those that may arise in connection with U.S. debt ceiling developments.

Compliance with the Act and CFTC Regulations

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

- *Financial Resources.* As set forth above, the amendments to the Procedures are intended to align the maximum maturities for certain investments made with ICE Clear Europe’s own regulatory capital with the maximum maturities for investments in the same assets when made with Clearing Member cash or the Clearing House’s own contribution to the guaranty fund. As with such other investments made by the Clearing House, ICE Clear Europe believes that investments of its own regulatory capital under the revised Procedures will continue to be in assets with minimal credit, market and liquidity risks. The investment profile will remain conservative, allowing for investment only in the highest rated securities. ICE Clear Europe believes that under the revised Procedures, such investments of its capital will be of sufficient high quality and liquidity to ensure the Clearing House has adequate liquid resources to cover potential business losses that are not related to Clearing Member defaults, so that the Clearing House can continue to provide services as a going concern. As such, the amendments are consistent with the requirements of Core Principle B and Commission Rule 39.11.
- *Risk Management.* In ICE Clear Europe’s view, the amendments are appropriate to manage investment risks with respect to its regulatory capital. As discussed above, the amendments to the Procedures are intended to align the maximum maturities for certain investments made with ICE Clear Europe’s own regulatory capital with the maximum maturities for investments in the same assets when made with Clearing Member cash or the Clearing House’s own contribution to the guaranty fund. Although regulatory capital serves a different purpose from default resources, ICE Clear Europe does not believe it is necessary to distinguish between the two types of investments in terms of maximum maturity. ICE Clear Europe believes that the same principles of capital preservation and maintaining high levels of liquidity are appropriate for all cash managed by the Clearing House. As revised, the Procedures will limit investment of Clearing House cash of all varieties to instruments with minimal credit, market and liquidity risks, consistent with the

manner in which Clearing Member cash and Clearing House guaranty fund contributions are currently invested. As such, ICE Clear Europe believes the amendments further its overall risk management 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 Investment Management Procedures. 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 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