

24 November, 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 –
ICE Deposit 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 the rate of return paid by the Clearing House on Euro (“EUR”) and Pound Sterling (“GBP”) cash deposits and non-cash collateral.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 rate of return paid on EUR and GBP cash margin and Guaranty Fund deposits and on non-cash collateral 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 GBP deposits. The IDR is calculated as the

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



net income earned on cash deposits in the relevant currency (positive or negative) less a charge or spread.

ICE Clear Europe is increasing the spread for EUR balances from 15 basis points to 20 basis points and for GBP balances from 12 basis points to 20 basis points. The spread for USD will remain unchanged at 15 basis points.

The Clearing House is also amending the charge applied to non-cash collateral margin deposits. For House and Affiliate Accounts, Segregated Customer Accounts and Standard Omnibus Indirect Customer Accounts the charge will increase from 8.33 basis points to 10 basis points. For Gross Omnibus Indirect Customer Accounts and Individually Segregated Operationally Co-mingled Accounts, the charge will increase from 10.33 basis points to 12 basis points. Finally, the charge for Individually Segregated Sponsored Accounts will increase from 13.33 points to 15 basis points.

ICE Clear Europe has determined to implement these changes in light of current financial market conditions, including central bank rates for deposits in relevant currencies and repo rates available in the market for balances in relevant currencies. ICE Clear Europe believes the change would better align the relative costs and benefits of using cash in relevant currencies and non-cash collateral margin to cover margin and Guaranty Fund obligations with otherwise available market rates and facilitate the Clearing House's ability to maintain adequate balances and non-cash collateral levels for liquidity management purposes.

Compliance with the Act and CFTC Regulations

The amendments to the rate of return of EUR, GBP and non-cash collateral 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 cash deposits in relevant currencies and thereby facilitate ICE Clear Europe's liquidity management. The amendments are also intended to reflect costs of the Clearing House in holding non-cash collateral and more generally facilitate maintaining appropriate levels of non-cash collateral given current market conditions. 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 interest and repo rates for the relevant currencies. The modifications apply to all Clearing Members and other market participants who hold cash balances in EUR and GBP and/or non-cash collateral. ICE Clear Europe is not otherwise changing the manner in which EUR and GBP balances and/or non-cash collateral 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 changes to the IDR and non-cash collateral charges, as described in the Circular titled Notification of Changes to ICE Deposit Rate Spread for EUR and GBP and the basis points charged for Collateral Margin Deposits, 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 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 long horizontal flourish extending to the right.

George Milton
Head of Regulation & Compliance