

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

**Treatment of Funds Held in Connection with
Clearing by ICE Clear Europe of Credit Default Swaps**

ORDER

ICE Clear Europe Limited (“ICE Clear Europe”), a derivatives clearing organization (“DCO”) registered under Section 5b of the Commodity Exchange Act (“Act”) and a securities clearing agency registered under Section 17A of the Securities Exchange Act of 1934 (“Exchange Act”), has submitted a request that the Commodity Futures Trading Commission (“Commission”) issue an Order permitting ICE Clear Europe and its clearing members that are broker-dealers registered under Section 15(b) of the Exchange Act and are also futures commission merchants registered under Section 4f(a)(1) of the Act (“Participants”) (i) to hold in a cleared swaps account, subject to Section 4d(f) of the Act, customer money, securities, and property (collectively, “customer property”) used to margin, guarantee, or secure both cleared swaps and cleared security-based swaps; and (ii) to provide for portfolio margining of such cleared swaps and cleared security-based swaps.

The request was posted on the Commission’s website for a 30-day public comment period which ended on December 14, 2012. One comment letter was received during the comment period, which supported the Commission’s issuance of an Order pursuant to Section 4d(f) of the Act.

The Commission has reviewed the request and supplemental information provided by ICE Clear Europe (“Submission”), and finds that ICE Clear Europe has demonstrated that it can continue to comply with the requirements under the Act and the Commission’s regulations thereunder applicable to it, including in connection with the Submission. Therefore,

IT IS ORDERED, pursuant to Section 4d(f) of the Act, 7 U.S.C. § 6d(f), that, subject to the terms and conditions below, ICE Clear Europe and its Participants that are acting pursuant to this Order may hold customer property used to margin, guarantee, or secure positions in cleared security-based swaps with other customer property used to margin, guarantee, or secure positions in cleared swaps, in a cleared swaps account or accounts maintained in accordance with Section 4d(f) of the Act (including any applicable orders issued pursuant to Section 4d(f) of the Act) and the regulations thereunder, and provide for portfolio margining of such cleared swaps and cleared security-based swaps, subject to the requirements of Commission Regulation 39.13(g)(4). All such customer property shall be accounted for and treated and dealt with as belonging to the cleared swaps customers of the Participant consistent with Section 4d(f) of the Act and the regulations thereunder.

IT IS FURTHER ORDERED, that:

- (1) Customer property used to margin, guarantee, or secure positions in credit default swaps (“CDS”) that are narrow-based index CDS or single-name CDS (together, “Security-Based CDS”) that are currently, or will in the future be, cleared through ICE Clear Europe, may be commingled and portfolio margined with broad-based index CDS that are currently, or will in the future be, cleared through ICE Clear Europe, in accounts subject to Section 4d(f) of the Act.
- (2) Each Participant acting pursuant to this Order shall take appropriate measures to identify, measure, and monitor financial risk associated with carrying the Security-Based CDS in

a cleared swaps account and implement risk management procedures to address those financial risks.

(3) Each Participant acting pursuant to this Order shall provide notice to its customers that customer property used to margin, guarantee, or secure Security-Based CDS will not receive customer protection treatment under the Exchange Act or Securities Investor Protection Act of 1970, and will instead receive customer protection treatment under Subchapter IV of Chapter 7 of Title 11 of the United States Code and the rules and regulations thereunder.

(4) ICE Clear Europe shall apply appropriate risk management oversight procedures with respect to positions in the Security-Based CDS. ICE Clear Europe shall conduct oversight sufficient to assure that each Participant acting pursuant to this Order has the operational capabilities necessary to manage defaults in such positions.

(5) ICE Clear Europe shall require Participants to collect customer initial margin, as defined in Commission Regulation 1.3(bbb), from their customers at a minimum level determined by ICE Clear Europe.

(6) ICE Clear Europe shall conduct financial surveillance and oversight with respect to the Security-Based CDS carried by each Participant acting pursuant to this Order.

(7) ICE Clear Europe and each Participant acting pursuant to this Order shall take all other steps appropriate to manage risk related to clearing the Security-Based CDS.

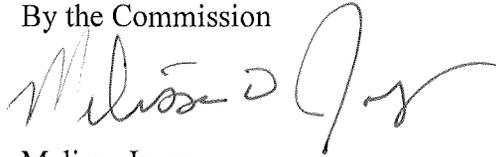
(8) ICE Clear Europe and each Participant acting pursuant to this Order shall hold all customer property deposited with ICE Clear Europe and such Participant, respectively, to margin, guarantee, or secure Security-Based CDS in accordance with the requirements of section 4d(f) of the Act and the Commission's regulations thereunder.

(9) ICE Clear Europe shall at all times fulfill all representations made in the Submission.

This Order is issued pursuant to Section 4d(f) of the Act based upon the representations made and supporting material provided to the Commission by ICE Clear Europe in its Submission. Any changes or omissions in the material facts and circumstances pursuant to which this Order is granted might require the Commission to reconsider its finding that the relief set forth herein is appropriate. Further, in its discretion, the Commission may condition, modify, suspend, terminate, or otherwise restrict the exemptive relief granted in this Order, as appropriate, on its own motion.

Issued in Washington, D.C., this 9th day of April, 2013.

By the Commission

A handwritten signature in black ink, appearing to read "Melissa Jurgens", written over a faint, illegible stamp or background.

Melissa Jurgens
Secretary of the Commission