



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Clearing and
Risk

May 4, 2012

ELECTRONIC MAIL

Paul Swann
President and COO
ICE Clear Europe Limited
Milton Gate
60 Chiswell Street
Moorgate, London
United Kingdom

Re: Extension for Compliance with Regulation 39.13(g)(8)(ii)

Dear Mr. Swann:

By correspondence of May 4, 2012, you requested that the Division of Clearing and Risk (Division) grant an extension of 90 days from May 7, 2012, for compliance with the requirements of Commission Regulation 39.13(g)(8)(ii).¹

In your request, you represented the following:

In the past 24 hours a number of substantive issues have come to light regarding the potential negative impact the Regulation will have on our market participants and clearing member operations. ICE Clear Europe FCM Clearing Members currently receive a single margin parameter from ICE Clear Europe. We are concerned that the change to operational processes required to ensure compliance with the Regulation, leading to effectively two margin parameters being notified to such clearing members, in respect of relevant positions, including those in omnibus accounts, will present risks to the Clearing House, Clearing Members and the proper implementation of the Regulation in time to meet the 7 May 2012

¹ See 76 Fed. Reg. 69,334, 69,439 (Nov. 8, 2011). Regulation 39.13(g)(8)(ii) provides as follows:

(ii) *Customer initial margin requirements.* A derivatives clearing organization shall require its clearing members to collect customer initial margin, as defined in § 1.3 of this chapter, from their customers, for nonhedge positions, at a level that is greater than 100 percent of the derivatives clearing organization's initial margin requirements with respect to each product and swap portfolio. The derivatives clearing organization shall have reasonable discretion in determining the percentage by which customer initial margins must exceed the derivatives clearing organization's initial margin requirements with respect to particular products or swap portfolios. The Commission may review such percentage levels and require different percentage levels if the Commission deems the levels insufficient to protect the financial integrity of the clearing members or the derivatives clearing organization.

deadline. Clearing Members are working on developing system functionality to implement this process. These issues warrant careful consideration and we are requesting a ninety (90) day extension period to further analyze, in consultation with the Commission, the implications the regulation will have on our market participants and their systems.

The Division herein grants the requested extension to ICE Clear Europe thereby requiring compliance with Regulation 39.13(g)(8)(ii) no later than August 5, 2012, unless ICE Clear Europe is notified otherwise. This extension is granted by the Division in reliance on the representations contained in your request, and any different, changed, or omitted material facts or circumstances may require termination of the extension and immediate action by ICE Clear Europe, its clearing members, customers, or other FCMs to facilitate compliance. The Division retains the authority to condition further, modify, suspend, or otherwise restrict the extension granted herein.

Should you have questions regarding this matter, please contact Phyllis P. Dietz, Deputy Director (pdietz@cftc.gov, 202-418-5449) or Heidi M. Rauh, Special Counsel (hrauh@cftc.gov, 312-596-0644).

Sincerely,

Ananda Radhakrishnan / PD

Ananda Radhakrishnan
Director

cc: Phyllis P. Dietz
Heidi M. Rauh