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25 November 2011

By email to [submissions@cftc.gov](mailto:submissions@cftc.gov) in pdf format

Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, NW  
Washington, DC 20581

Dear Sir or Madam,

**ICE Clear Europe Limited – Regulation 40.6 Self-Certification**

ICE Clear Europe Limited (“ICE Clear”), a derivatives clearing organization and a private limited company organized under the laws of England and Wales, hereby submits rule amendments pursuant to CFTC Regulation 40.6, effective 12 December 2011.

Please find enclosed:

1. a submission cover sheet; and
2. the text of the proposed rule amendments.

The proposed rule amendments relate to the Clearing House's designated payments system.

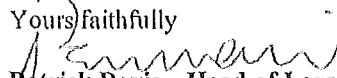
ICE Clear hereby certifies that the proposed rule amendments comply with the applicable provisions of the Commodity Exchange Act, including the DCO core principles and the Commission's regulations thereunder.

The proposed rule amendments have been provided to ICE Clear Clearing Members by Circular C11/169 ([https://www.theice.com/publicdocs/clear\\_europe/circulars/C11169.pdf](https://www.theice.com/publicdocs/clear_europe/circulars/C11169.pdf) and [https://www.theice.com/publicdocs/clear\\_europe/circulars/C11169\\_att1.pdf](https://www.theice.com/publicdocs/clear_europe/circulars/C11169_att1.pdf)).

ICE Clear has received no opposing views in relation to the proposed rule amendments.

If you have any further questions, or require any further information, please feel free to call the undersigned at +44 (0)20 7065 7738.

Yours faithfully

  
Patrick Davis – Head of Legal and Company Secretary  
ICE Clear Europe Limited  
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Enclosures



ICE Clear Europe<sup>sm</sup>

Clearing Rules

[PUBLISHED VERSION 2011 SED CHANGES]

16 July 2011

Part 12 Settlement Finality Regulations and Companies Act 1989

**Rule 1201 Introduction and Interpretation**

- (a) The Clearing House is the system operator of a Designated System for the purposes of the Settlement Finality Regulations in respect of Transfer Orders. In addition, Part VII of the Companies Act 1989 applies in respect of Contracts, the 'default rules' and 'default proceedings' of the Clearing House and certain other matters related to the Clearing House.
- (b) Clearing Members are subject to various obligations and requirements as a result of the Settlement Finality Regulations and Companies Act 1989. Clearing Members must comply with, facilitate compliance by the Clearing House with, and comply with any action taken by the Clearing House pursuant to, the Settlement Finality Regulations or the Companies Act 1989. Furthermore, various modifications to Applicable Laws relating to Insolvency affecting Clearing Members apply pursuant to the Settlement Finality Regulations and Companies Act 1989.
- (c) The term "AFI Agreement" means a payment services agreement between the Clearing House and an Approved Financial Institution.
- (d) The term "Custodian" means any custodian, sub-custodian, nominee, agent, depository or settlement system used by a Clearing Member or the Clearing House for the holding or transfer of Non-Cash Collateral that is subject of a Collateral Transfer Order provided that such person is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, such a person).
- (e) ~~(e)~~ The term "Default Arrangements" means the Rules and Procedures relating to, or that can be exercised upon, an Event of Default including, without limitation, all of Part 9 and Part 11 and this Part 12 of the Rules and Procedures relating thereto and any and all actions, omissions, powers and arrangements of the Clearing House pursuant to such Rules or Procedures.
- (f) ~~(d)~~ The term "Designated System" means the standardised system operated by the Clearing House consisting of the formal arrangements, between the Clearing House and Participants including the common rules and procedures, as set out in (including the Rules and the Procedures,) and the standardised arrangements (including the AFI Agreements, Clearing Membership Agreements and other agreements involving the Clearing House, Clearing Members and Approved Financial Institutions) and related functionality for the effecting of Transfer Orders between the Clearing House and Participants which, *inter alia*:
- (i) ~~enables~~ enables the Clearing House to give instructions and to place at the disposal of Clearing Members amounts of money on the account of Approved Financial Institutions;
- (ii) ~~enables~~ enables Clearing Members to give instructions and to place at the disposal of the Clearing House amounts of money on the accounts of Approved Financial Institutions;

- (iii) ~~enable~~enables the Clearing House and Clearing Members to fulfil the obligations they incur in respect of Contracts and otherwise to one another pursuant to the Rules;
  - (iv) ~~enable~~enables transfers, assignments and novations of Contracts between Clearing Members or following a Default; ~~and~~
  - (v) enables transfers of Non-Cash Collateral to or to the order of the Clearing House and Clearing Members;
  - (vi) enables Bilateral CDS Transactions to give rise to CDS Contracts;
  - (vii) enables ICE OTC Block Transactions and ICE Futures Europe Block Transactions to give rise to Energy Contracts;
  - (viii) facilitates physical settlement obligations under CDS Contracts; and
  - (ix) ~~(v)~~ ~~facilitate~~facilitates supplementary and incidental matters to the satisfaction of obligations pursuant to Contracts and the collection and payment of amounts due in respect of Contracts or Permitted Cover.
- (g) ~~(e)~~–The term "**Indirect Participant**" means any Disclosed Principal Member or Customer, provided that: (i) it is an 'indirect participant', within the meaning of the Settlement Finality Regulations, in the Designated System; (ii) the identity of that Disclosed Principal Member or Customer has been notified to the Clearing House in writing by the Clearing Member; (iii) the Clearing House has accepted such notification and treatment as an indirect participant in writing (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, an Indirect Participant); and (iv) such Disclosed Principal Member or Customer has executed such agreement as is prescribed by the Clearing House from time to time in order for it to become contractually bound by these Rules and this Part 12 in particular.
- (h) The term "**Intermediary Financial Institution**" means any bank or branch used by an Approved Financial Institution, whether as banker, corresponding banker, intermediary or agent, for the fulfilment of a Payment Transfer Order, that it is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, such a person).
- (i) The term "**Non-Cash Collateral**" means any Permitted Cover that is in the form of an SFD Security.
- (i) ~~(f)~~–The term "**Participant**" means the Clearing House, each Clearing Member and each Approved Financial Institution, in the case of a Clearing Member or Approved Financial Institution to the extent that it is a 'participant' (as defined in the Settlement Finality Regulations) in the Designated System (and this Part 12 shall apply equally to any Insolvency Practitioner appointed for, or with powers in respect of, a Participant).
- (k) ~~(g)~~–The term "**Payment Transfer Order**" means a payment transfer order (as defined in the Settlement Finality Regulations) that is ~~an Open Offer~~ a New Contract Payment Transfer Order, Credit/Debit Payment Transfer Order, AFI-CB Payment Transfer

~~Order, or CB-AFI Payment Transfer Order or Insufficient Funds Payment Transfer Order~~ subject to this Part 12.

- (l) ~~(h)~~ The term "Securities Transfer Order" means a securities transfer order (as defined in the Settlement Finality Regulations) that is a Position Transfer Order, Collateral Transfer Order, Energy Block Clearing Order, CDS Clearing Order or CDS Physical Settlement Order subject to this Part 12.
- (m) The term "SFD Security" means a 'security', as defined in the Settlement Finality Regulations.
- (n) ~~(i)~~ The term "Transfer Order" means a Payment Transfer Order or a Securities Transfer Order.
- (o) ~~(j)~~ The term "ICE Post Trade and Clearing Systems" or the "ICE Systems" means the trade registration and clearing processing and finance hardware and software used by the Clearing House and Clearing Members from time to time, as further described in the Procedures.
- (p) ~~(k)~~ No transfer orders (as defined in the Settlement Finality Regulations) shall arise, enter the Designated System or become irrevocable under these Rules except as set out in this Part 12.
- (q) ~~(l)~~ The Clearing House and each Clearing Member with a Pledged Collateral Account that is a Participant in the Designated System acknowledge and agree that: (i) all forms of Permitted Cover provided as Pledged Collateral constitute "realisable assets"; and (ii) Pledged Collateral is provided under a charge, repurchase or similar agreement for the purpose of securing rights and obligations potentially arising in connection with a designated system. Accordingly, the Clearing House and each such Clearing Member that is a Participant in the Designated System intend and agree that: (a) Pledged Collateral constitutes both "collateral security" and "collateral security in connection with participation in a designated system" for purposes of the Settlement Finality Regulations; and (b) the Clearing Membership Agreement, Pledged Collateral Addendum, Rules and Contracts insofar applicable to Pledged Collateral constitute a "collateral security charge" in respect of the Pledged Collateral, for purposes of the Settlement Finality Regulations.

**Rule 1202      *Transfer Orders Arising***

- (a) Subject to regulation 20 of the Settlement Finality Regulations, a Payment Transfer Order shall arise and shall enter the Designated System immediately and automatically upon:

  - (i) in relation to a Contract that forms in accordance with Rule 401, ~~at the point~~ 401 (excluding any Energy Contract arising under Rule 401(a)(vii) and further excluding any CDS Contract arising under Rule 401(a)(x) pursuant to a Bilateral CDS Transaction submitted for Weekly Clearing), at the time that a Contract arises under Rule 401 ("Open Offer such Payment Transfer Order, a "New Contract Payment Transfer Order");

- (ii) the Clearing House sending an instruction pursuant to Rule 302 (such Payment Transfer Order, a "Credit/Debit Payment Transfer Order");
  - (iii) the Clearing House sending an instruction by means of a SWIFT message, other electronic message, fax, telephone or other means to an Approved Financial Institution to transfer a sum of money from a Clearing House Account to an account of the Clearing House at the Concentration Bank (such Payment Transfer Order, a "AFI-CB Payment Transfer Order"); or
  - (iv) the Clearing House sending an instruction by means of a SWIFT message, other electronic message, fax, telephone or other means to a Concentration Bank to transfer a sum of money from an account of the Clearing House at the Concentration Bank to a Clearing House Account (such Payment Transfer Order, a "CB-AFI Payment Transfer Order"); or Payment Transfer Order").
  - ~~(v) the Clearing House receiving a notification pursuant to Rule 1205(b) ("Insufficient Funds Payment Transfer Order").~~
- (b) Subject to regulation 20 of the Settlement Finality Regulations ~~and only if both of the Clearing Members affected are Participants~~, a Securities Transfer Order shall arise and shall enter the Designated System immediately and automatically upon:
- (i) if either:
    - (A) the Clearing House, the relevant Market and the two Clearing Members involved (both being Participants) have already agreed to a transfer, assignment or novation of Contracts from one Clearing Member to another Clearing Member pursuant to Rule 408(a)(i); or
    - (B) the Clearing House has declared an Event of Default under Rule 901 and any Contracts to which a Defaulter is party are proposed to be transferred from the Defaulter to another Clearing Member (being a Participant) pursuant to the Clearing House's powers under Rule 902(a)(i), Rule 903 or otherwise,

in either case, instructions for settlement of the transfer, assignment or novation in question being effected through the ICE Systems at the relevant settlement transfer deadline for the relevant Contract (such Securities Transfer Order, a "Position Transfer Order");
  - (ii) the Clearing House accepts, through the ICE Systems, that a Clearing Member has validly requested either:
    - (A) the transfer of Non-Cash Collateral to or to the order of the Clearing House; or
    - (B) a transfer to that Clearing Member or to its order of Non-Cash Collateral (such Securities Transfer Order, in either case, a "Collateral Transfer Order");

- (iii) the Clearing House receiving full, complete and correct information in relation to an ICE OTC Block Transaction or ICE Futures Europe Block Transaction from the relevant Market (such Securities Transfer Order, a "Energy Block Clearing Order");
  - (iv) in respect of a Bilateral CDS Transaction submitted for Weekly Clearing, the Clearing House providing a report to a Clearing Member after it has checked whether a Bilateral CDS Transaction submitted for Clearing is consistent with the records submitted by another Clearing Member and with the records in Deriv/SERV (such Securities Transfer Order, a "Weekly CDS Clearing Order");
  - (v) in respect of a Bilateral CDS Transaction submitted for Trade Date Clearing, the Clearing House issuing an acceptance notice in accordance with Rule 401(a)(ix) to a Clearing Member through the ICE System (such Securities Transfer Order, a "Trade Date CDS Clearing Order" and, together with a Weekly CDS Clearing Order, "CDS Clearing Order"); or
  - (vi) (A) the Clearing House being provided with a copy of a notice delivered by a Matched CDS Buyer to a Matched CDS Seller in a Matched Pair of a Notice of Physical Settlement in respect of Matched CDS Contracts, where the Notice of Physical Settlement specifies an instrument to be delivered that is an SFD Security; or (B) the Clearing House being provided with a copy of a notice delivered by a Matched CDS Buyer to a Matched CDS Seller in a Matched Pair of a NOPS Amendment Notice in respect of Matched CDS Contracts, where the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security but where the Notice of Physical Settlement (including, as amended by any previous NOPS Amendment Notice) had specified an instrument that is not an SFD Security as the instrument that was to be delivered (either such Securities Transfer Order, a "CDS Physical Settlement Order").
- (c) If two or more Transfer Orders exist in respect of the same obligation prior to becoming irrevocable, all such Transfer Orders shall be valid. No duplication of an obligation to pay shall arise as a result of two or more Transfer Orders existing in respect of the same obligation.
  - (d) The status of a Transfer Order shall not be affected by any calculation of Open Contract Position, netting, set off or closing out of a Contract to which it relates.
  - (e) Each Payment Transfer Order shall apply and have effect in respect of the following amounts:
    - (i) in the case of an ~~Open Offer~~ a New Contract Payment Transfer Order, the amount due to or from the Clearing House pursuant to the Contract Terms as a result of the Contract to which the confirmation referred to in Rule 1202(a)(i) relates arising; (which, for any CDS Contract arising as a result of Trade Date Clearing, is the Initial Payment); or
    - (ii) in the case of a Credit/Debit Payment Transfer Order, AFI-CB Payment Transfer Order or CB-AFI Payment Transfer Order, the amount specified in the relevant instruction referred to in Rule 1202(a);

- (iii) ~~in the case of an Insufficient Funds Payment Transfer Order, the amount determined pursuant to Rule 1205(b).~~
- (f) Each Position Transfer Order shall apply and have effect in respect of the Contracts to be transferred, assigned or novated.
- (g) Each Collateral Transfer Order shall apply and have effect in respect of the Non-Cash Collateral to be transferred to or to the order of the Clearing House or Clearing Member.
- (h) Each Energy Block Clearing Order shall apply and have effect in respect of the ICE OTC Transaction or ICE Futures Europe Transaction in question and any resulting Energy Contract.
- (i) Each CDS Clearing Order shall apply and have effect in respect of the Bilateral CDS Transaction in question and any resulting CDS Contract.
- (j) Two separate CDS Physical Settlement Orders shall apply and shall have effect separately in respect of each of the CDS Contracts in the Matched Pair that are subject to a physical settlement obligation, and the instrument to be delivered pursuant thereto.
- (k) ~~(g)~~-Transfer Orders shall apply to, and have effect as against and between, each of the following Persons, in respect of any particular Person only to the extent that such Person is a Participant or an Indirect Participant:
- (i) in the case of an ~~Open Offer~~ New Contract Payment Transfer Order, the affected Clearing Member (if it is a Participant) and the Clearing House and, as from and after the time of irrevocability only, the affected Approved Financial Institution;
- (ii) in the case of a Credit/Debit Payment Transfer Order ~~or Insufficient Funds Payment Transfer Order~~, the affected Clearing Member (if it is a Participant), the affected Approved Financial Institutions and the Clearing House;
- (iii) in the case of an AFI-CB Payment Transfer Order, CB-AFI Payment Transfer Order, the affected Approved Financial Institution, the Concentration Bank and the Clearing House;
- (iv) in the case of a Position Transfer Order:
- (A) the Clearing Members (that are the transferor, assignor or person whose rights, liabilities and obligations are novated and the transferee, assignee or person that assumes rights, liabilities and obligations pursuant to a novation);
- (B) each Customer and Disclosed Principal Member affected by the Position Transfer Order which is an Indirect Participant (if any); and
- (C) the Clearing House;
- (v) in the case of a Collateral Transfer Order:



- (A) the Clearing Member that is the transferor of the Non-Cash Collateral in question;
  - (B) any Custodian of the Clearing Member or the Clearing House; and
  - (C) the Clearing House;
- (vi) in the case of an Energy Block Clearing Order:
- (A) each Clearing Member that has submitted or confirmed details of the ICE OTC Block Transaction or ICE Futures Europe Block Transaction;
  - (B) any Affiliate of the Clearing Member that was party to an ICE OTC Block Transaction or ICE Futures Europe Block Transaction and which is an Indirect Participant (if any); and
  - (C) the Clearing House;
- (vii) in the case of a CDS Clearing Order:
- (A) each Clearing Member that has submitted or confirmed details of the Bilateral CDS Transaction;
  - (B) any Affiliate of a Clearing Member that is or was party to a Bilateral CDS Transaction and which is an Indirect Participant (if any); and
  - (C) the Clearing House; and
- (viii) in the case of a CDS Physical Settlement Order:
- (A) each Clearing Member in the Matched Pair; and
  - (B) the Clearing House.
- (l) Where a Transfer Order applies to an Approved Financial Institution, it shall also apply to and be effective against any Intermediary Financial Institution used by that Approved Financial Institution.
- (m) (h) Where a Transfer Order applies additionally to an Indirect Participant, the liability of any Participant pursuant to the same Transfer Order shall not be affected.

***Rule 1203 Transfer Orders Becoming Irrevocable***

- (a) A Credit/Debit Payment Transfer Order or Insufficient Funds Payment Transfer Order shall become irrevocable at the time when the Approved Financial Institution sends a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be or has been made.
- (b) An AFI-CB Payment Transfer Order shall become irrevocable at the time when the Approved Financial Institution sends a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be or has been made.

- (c) A CB-AFI Payment Transfer Order shall become irrevocable at the time when the Concentration Bank sends a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be or has been made.
- (d) Subject to Rule ~~1207~~1205(ef) and Rule ~~1207~~(d), ~~an Open Offer~~1205(g), a New Contract Payment Transfer Order shall become irrevocable upon an Approved Financial Institution sending a SWIFT confirmation message, other electronic message, fax, telephone or other message confirming that the relevant payment will be amount to which the New Contract Payment Transfer Order relates (as specified in Rule 1202(e)(i)) will be or has been made.
- (e) A Position Transfer Order shall become irrevocable at the time when the definitive record of the ~~long or short position~~Open Contract Position of the Clearing Member (that is the assignee, transferee or person that assumes rights, liabilities and obligations pursuant to a novation) is updated as a result of a successful position transfer clearing run in the ICE Systems to reflect the transfer, assignment or novation of Contracts which are given effect to pursuant to the Position Transfer Order.
- (f) A Collateral Transfer Order shall become irrevocable at the earlier of the time when: (i) the Clearing House receives the Non-Cash Collateral; or (ii) any related securities transfer order (which relates to the same subject matter as the Collateral Transfer Order but which a securities transfer order in a designated system for purposes of Directive 98/26/EC which is not the Designated System) becomes irrevocable.
- (g) An Energy Block Clearing Order shall become irrevocable at the time that the Clearing House becomes party to resulting Contracts with the Clearing Members in question, pursuant to Rule 401(a)(iii) or (iv).
- (h) A CDS Clearing Order shall become irrevocable when the time specified pursuant to the Procedures occurs for the acceptance of the resulting CDS Contracts in question, pursuant to Rule 401(a)(x).
- (i) A CDS Physical Settlement Order shall become irrevocable at the earliest of: (i) the time when the Matched CDS Buyer in the Matched Pair has submitted irrevocable instructions to a securities system, depository, nominee or custodian for the transfer of securities to or to the account of the Matched CDS Seller; (ii) the time at which the instrument subject to physical settlement is delivered or assigned or at which physical settlement obligations are otherwise discharged; or (iii) if the Matched CDS Buyer or Matched CDS Seller has (in the absence of any Matching Reversal Notice or not later than one Business Day after any Matching Reversal Notice) given notice to the Clearing House in accordance with Rule 1511 or the Procedures (as applicable) that the relevant Matched Pair have settled the relevant Matched CDS Contracts.
- (j) ~~(f)~~-As from the time when a Transfer Order becomes irrevocable, it shall not be revoked or purported to be revoked by any Participant or the Clearing House and shall be binding upon all Participants.

**Rule 1204** *Variations to ~~Payment~~ Cancellation of Transfer Orders*

- (a) This Rule 1204 applies only to a Transfer Order that is not irrevocable and:

- (i) in the case of any Transfer Order, it is affected by manifest or proven error or an error that is agreed so to be by all affected Participants;
- (ii) (a) This Rule 1204 applies if an Open Offer in the case of a New Contract Payment Transfer Order, Credit/Debit Payment Transfer Order, Insufficient Funds Payment Transfer Order or Position Transfer Order that is not irrevocable, it relates to a Contract or Transaction which is:
  - (A) (i)-void *ab initio* pursuant to Rule 403;
  - (B) (ii)-avoided pursuant to Rule 404; or
  - (C) (iii)-amended as a result of the Clearing House exercising its discretion pursuant to Rule 104 or otherwise pursuant to these Rules; or
- (iii) without prejudice to the generality of Rule 1204(a)(i), in the case of a Weekly CDS Clearing Order, if an error or omission is noted by or notified to the Clearing House prior to the Acceptance Time or the data relating to any Bilateral CDS Transaction to which the Weekly CDS Clearing Order relates is otherwise capable of being amended in accordance with the Procedures;
- (iv) in the case of a CDS Physical Settlement Order, if a NOPS Amendment Notice is validly delivered by the Matched CDS Buyer in accordance with Rule 1505 and Rule 1509; or
- (v) without prejudice to the generality of Rule 1204(a)(i), (ii) or (iii), in the case of an Energy Block Clearing Order or CDS Clearing Order, it relates to a Transaction which is not eligible for Clearing or which is not accepted for Clearing by the Clearing House.
- (b) Neither Subject to Rule 1204(d), (e), (f) and (g), neither the validity nor the irrevocability of any Transfer Order shall of itself be affected by any event described in Rule 1204(a) occurring.
- (c) The terms of all Transfer Orders that have not become irrevocable shall each be subject to a condition (which, if not satisfied, shall enable the Clearing House to exercise its rights under this Rule 1204) that that the circumstances described in Rule 1204(a) have not occurred.
- (d) (e) The terms of all Open Offer Payment Transfer Orders, Credit/Debit Payment Transfer Orders, Insufficient Funds Payment Transfer Orders and Position Transfer Orders that have not become irrevocable shall each include the condition that the relevant Transfer Order does not relate to a Contract described in Rule 1204(a)(i) to (iii). The amount payable or If any of the circumstances described in Rule 1204(a) has occurred, the amount payable, Contracts to be transferred or to arise or SFD Securities or Non-Cash Collateral to be delivered pursuant to any such the affected Transfer Order relating to such a Contract and that has not become irrevocable may at the discretion of the Clearing House be reduced or increased, decreased or otherwise varied, as necessary, to reflect the payments or transfers, Contracts, assignments or novations of Contracts, SFD Securities, Non-Cash Collateral or deliveries that would have been required:

- ~~(i)~~ in the case of Rule 1204(a)(i) applying, had there been no error;
- ~~(ii)~~ (i) in the case of Rule 1204(a)(i) in the case of Rule 1204(a)(ii)(A), Rule 1204(a)(ii)(B) or Rule 1204(a)(iv) applying, had no Contract or Transaction ever arisen or occurred; or
- ~~(iii)~~ in the case of Rule 1204(a)(ii)(C) applying, had the Contract always been subject to such amended terms as are agreed or determined;
- ~~(iv)~~ (ii) in the case of Rule 1204(a)(iii) applying, had the Contract always been subject to such amended terms as are agreed or determined; details of the Bilateral CDS Transaction always been corrected or amended as permitted in accordance with the Procedures; or
- ~~(v)~~ in the case of Rule 1204(a)(iv) applying and the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security, had the Notice of Physical Settlement been originally issued as amended pursuant to the NOPS Amendment Notice

~~(each such variation, a "Transfer Order Variation").~~

- ~~(e)~~ (d) A Transfer Order Variation may be effected only by the Clearing House delivering a notice of amendment of an existing Transfer Order to all affected Participants. Valid delivery of a NOPS Amendment Notice in accordance with Rules 1505 and 1509 by a Matched CDS Buyer in a Matched Pair shall be deemed to constitute notice by the Clearing House for purposes of this Rule 1204(e) in respect of a Transfer Order Variation to a CDS Physical Settlement Order, if the NOPS Amendment Notice specifies an instrument to be delivered that is an SFD Security.
- ~~(e)~~ — This Rule 1204 does not affect the ability of the Clearing House to take steps giving rise to a new Transfer Order of opposite effect to an existing Transfer Order or part thereof in the event of any of the events described in Rule 1204(a) occurring.

***Rule 1205 — Insufficient Funds***

- ~~(a)~~ — If an Approved Financial Institution notifies the Clearing House prior to a Credit/Debit Payment Transfer Order becoming irrevocable otherwise than pursuant to this Rule 1205 that there are insufficient funds in the relevant Nominated Account, the Credit/Debit Payment Transfer Order shall nonetheless become irrevocable and shall bind all relevant Participants but only in respect of such amount as that Approved Financial Institution notifies to the Clearing House is available in the relevant Nominated Account (or such other amount, if greater, as is notified by the Approved Financial Institution).
- ~~(b)~~ — If a Credit/Debit Payment Transfer Order becomes irrevocable pursuant to this Rule 1205, the affected Clearing Member shall notify (or shall cause the relevant Approved Financial Institution to notify) the Clearing House immediately if any other amount is deposited in the Nominated Account. Upon the Clearing House receiving any such notification, an Insufficient Funds Payment Transfer Order shall arise in respect of such amount or the amount outstanding in respect of the original Credit/Debit Payment Transfer Order, whichever is the smaller amount. Insufficient Funds Payment Transfer

~~Orders shall arise upon any further amounts being received in the Nominated Account and notification being made from time to time until the amount due pursuant to the original Credit/Debit Payment Transfer Order has been paid to the Clearing House in full.~~

- ~~(e) This Rule 1205 shall not affect the obligation of the Clearing Member to make payment to the Clearing House in respect of the full amount to which the original Credit/Debit Payment Transfer Order related or the validity of any Open Offer Payment Transfer Order or Contract.~~

*~~Rule 1206 — Cancellation of Transfer Orders~~*

- ~~(f) (a) All Transfer Orders that have not become irrevocable shall be subject to the condition that they are not affected by manifest or proven error. A Transfer Order that is affected by manifest or proven error and that has not become irrevocable may be cancelled by If any of the circumstances described in Rule 1204(a) has occurred, the Transfer Order in question may at the discretion of the Clearing House alternatively be cancelled. Any such cancellation may be effected only by the Clearing House serving a notice of cancellation on all affected Participants. In respect of an Energy Block Clearing Order or CDS Clearing Order, such notice shall be deemed to have been given if the Clearing House (or, in the case of an Energy Block Clearing Order, any Market) rejects a Transaction for Clearing.~~
- ~~(g) A CDS Physical Settlement Order shall be cancelled immediately and automatically if and when a copy is provided to the Clearing House of a validly delivered NOPS Amendment Notice specifying an instrument for delivery which is not an SFD Security.~~
- ~~(h) (b) This Rule 12061204 does not affect the ability of the Clearing House to take steps giving rise to a new Transfer Order of opposite effect to an existing Transfer Order or part thereof in cases of manifest error if any of the events described in Rule 1204(a) occur. No Transfer Order Variation shall preclude the cancellation of a Transfer Order in any circumstances in which a Transfer Order may alternatively be cancelled by the Clearing House. The ability of the Clearing House to cancel or vary a Transfer Order shall not preclude a Transfer Order Variation from taking effect.~~

*~~Rule 1205 Rule 1207 Termination of Transfer Orders~~*

- ~~(a) Each Payment Transfer Order shall terminatebe satisfied immediately and automatically upon all payments required pursuant to the Payment Transfer Order being received in cleared funds or full satisfaction of the relevant underlying obligations is otherwise made, in either case not subject to any Encumbrances (except as envisaged under a Pledged Collateral Addendum).~~
- ~~(b) Each Position Transfer Order shall terminatebe satisfied immediately and automatically at the same time that it becomes irrevocable under Rule 1203(e) (whereupon, without prejudice to the foregoing, all Contracts arising in connection with the Position to which the Transfer Order in question relates will have arisenbeen transferred, assigned or novated pursuant to the Rules).~~
- ~~(c) Each Collateral Transfer Order shall be satisfied immediately and automatically at the later of the time when: (i) the Clearing House receives the Non-Cash Collateral in its~~

account; or (ii) the definitive record of the Permitted Cover transferred by the Clearing Member that is the transferor is updated in the ICE Systems to reflect the successful transfer of Non-Cash Collateral to or to the order of the Clearing House pursuant to the Collateral Transfer Order.

- (d) A CDS Clearing Order or Energy Block Clearing Order shall be satisfied immediately and automatically at the same time that the relevant resulting Contracts arise under Rule 401(a).
- (e) A CDS Physical Settlement Order shall be satisfied immediately and automatically at the time when the Clearing House updates its records of the relevant CDS Contracts in the ICE Systems to reflect that either physical delivery of the security in question has been completed or the delivery obligations of the parties under the relevant CDS Contracts have otherwise been discharged or settled.
- (f) (e) If a Credit/Debit Payment Transfer Order or Insufficient Funds Payment Transfer Order becomes irrevocable in respect of the same obligation to which an Open Offer New Contract Payment Transfer Order relates, the Open Offer New Contract Payment Transfer Order shall automatically be terminatedsatisfied and shall not become irrevocable. It is acknowledged that New Contract Payment Transfer Orders will generally terminate in accordance with this Rule 1205(f) when standard Clearing and payment processes apply.
- (g) (d) An Open Offer A New Contract Payment Transfer Order relating to an Energy Contract shall terminatebe satisfied immediately and automatically if and at the point that the relevant Energy Transaction or Contract is transferred or allocated to another Clearing Member pursuant to Rule 401(a)(viii) or Rule 408(a)(ii).

**Rule 1206** ~~*Rule 1208*~~ *Provision of Information by the Clearing House and Clearing Members* Participants

- (a) The Clearing House and any Participant must provide, upon payment of a reasonable charge, the following information to any person who requests it, save where the request is frivolous or vexatious, within 14 days of a request being made:
  - (i) details of the Designated System; and
  - (ii) information about the Rules relevant to the functioning of the Designated System.
- (b) The Clearing House will provide a copy of information referred to in Rule ~~1208~~1206 (a) to any Clearing Member upon request.

**Rule 1207** ~~*Rule 1209*~~ *Notice to the FSA and Bank of England*

- (a) Any notice which under Rule 204(a)(viii) must be copied to the FSA and Bank of England, shall be sent to the following addresses:
- (b) FSA:  
  
Manager, Clearing/Settlement  
Markets and Exchanges Division

Financial Services Authority  
25 The North Collonade  
London E14 5HS  
Fax: 020 7676 9735

(c) Bank of England:

The Senior Manager, Payment Systems Oversight  
Financial Resilience Division, HO-3  
Bank of England  
Threadneedle Street  
London EC2R 8AH  
Fax: 020 7601 3217

(d) Any such notice will only be effectively served, filed, made or provided and delivered to the FSA and Bank of England:

(i) if sent by post, on the fifth Business Day (or tenth Business Day in the case of airmail) after the day on which it was deposited in the post, full postage prepaid, in a correctly addressed envelope;

(ii) if delivered in person to the officer or department specified, at the time of delivery or, if not delivered during business hours on a Business Day, on the following Business Day.

(e) Any notice by fax shall not be effective until hard copy confirmation is served pursuant to Rule ~~1209~~1207(d).





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Document 2 ID	PowerDocs://LNDOCS01/688035/8
Description	LNDOCS01-#688035-v8-ICE_Clear_rules_SFD_amendments_including_new_orders
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Format change	
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Deleted cell	
Moved cell	
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Padding cell	

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Moved to	9
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