



Atlanta Calgary Chicago Houston London New York Singapore

BY ELECTRONIC TRANSMISSION

Submission No. 14-26

March 24, 2014

Ms. Melissa Jurgens
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Amendment to ICE Clear US, Inc. Rules
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”) and CFTC Regulation 40.6(a), ICE Clear US, Inc. (“ICUS”) hereby notifies the Commission that ICUS is amending its current procedures for facilitating physical delivery of foreign currency. The amendment, which is described in the attached notice to clearing members, will become effective no earlier than June 16, 2014.

ICUS currently facilitates physical foreign currency delivery by acting as a delivery counterparty to each clearing member with a long or short currency delivery position, taking delivery from the clearing member with a short delivery position in a particular currency, and making delivery of the same currency to the clearing member with a long delivery position in that currency. The aforementioned deliveries are made through a third party bank that holds a membership in CLS Bank, an operator of the largest multicurrency cash settlement system for global FX Market transactions.¹ Because ICE Clear US is not a member of CLS Bank, it transacts through a member bank under a third party services model. However, the bank has expressed an intention to discontinue providing services to central counterparties (“CCPs”), such as ICUS. In addition, CLS Bank does not permit CCPs to hold direct membership in CLS Bank under its current bylaws and membership requirements. Accordingly, ICUS and ICE Futures U.S., Inc. (“IFUS”) are revising the current procedures for facilitating delivery of physical foreign currency to accommodate the preceding circumstances.²

Under the new procedures, ICUS will run an allocation to establish “matched pairs” of clearing members with delivery positions (as it currently does for other IFUS contracts) and the

¹ CLS Bank was formed in 2002 to address the mitigation of settlement risk. It is regulated by the Federal Reserve.

² See related IFUS Rule filing 14-18 filed with the Commission on or about March 11, 2014.

clearing members will be required to make and take physical delivery of currency directly with each other through CLS Bank, either as direct CLS members or through CLS member banks under the third party model. ICUS believes that most of the clearing members involved in physical deliveries on IFUS already are CLS members or have third party relationships with CLS members as a result of their broader FX trading activities. ICUS has communicated the proposed changes to its clearing members to ensure sufficient time for appropriate arrangements to be made, if necessary.

In addition, IFUS has amended its rules to provide for alternative delivery procedures, which may be entered into by clearing members that have been matched for delivery. Under the alternative delivery procedures, the clearing members may enter into mutually acceptable written agreements to physically deliver or financially settle the delivery obligations under conditions other than those stipulated in the IFUS Rules. Any such agreement formulated under the alternative delivery procedures must be reported to ICUS.

DCO Core Principle E and CFTC Regulation 39.14(g)(1), require a derivatives clearing organization to establish rules that clearly state the obligations it has assumed with respect to physical deliveries. ICUS is not changing its Rules 401(b)(ii) and 401(c), which clearly state that ICUS does not have an obligation to make or accept delivery of any commodity in fulfillment of a contract and ICUS is not liable once a delivery notice is issued. Rather, the change to procedures described in the attached Notice to clearing members is a change in the method by which ICUS facilitates the delivery process between clearing members.

ICUS is unaware of any opposing views by its Board of Directors, Risk Committee, clearing members or other market participants regarding the amendments.

Attached hereto is a copy of the notice to clearing members describing the amendment to ICUS' current methodology for facilitating delivery of physical foreign currency.

ICUS certifies that the amendments comply with the requirements of the Act and the rules and regulations promulgated thereunder. ICUS further certifies that this submission has been concurrently posted on the ICUS website at (<https://www.theice.com/notices/Notices.shtml?regulatoryFilings>).

If you have any questions or need further information, please contact me at 312-836-6716 or heidi.rauh@theice.com.

Sincerely,



Heidi M. Rauh
General Counsel and Chief Compliance Officer

NOTICE 14-025

March 6, 2014

Summary of content

ICUS System Release
- Update #1

For more information please contact:

ICE Clear US
212-748-4001
312-836-6777
ICEClearUS@theice.com

To sign up to receive
Clearing Notices
automatically, please go
to our [Subscriptions page](#)

A system release for ICE Clear US (ICUS) is tentatively scheduled to be implemented on **Friday, May 30, 2014**. The upgraded version of the system is expected to be available in the User Acceptance Test (UAT) environment for firm and vendor testing beginning on **Monday, April 28, 2014**. Changes to be included in this release along with the effective dates are detailed below. Links to additional information about each aspect of the release are also provided.

Currency Delivery Processing

Effective with the quarterly delivery cycle for currencies that begins on **June 16, 2014**, ICUS will change the methodology by which physical delivery will take place. Currently, the clearinghouse acts as a delivery counterparty to each clearing member with a long or short currency delivery position; taking delivery from the clearing member with a short delivery position in a particular currency, and making delivery of the same currency to the clearing member with a long delivery position in that currency.

Under the revised delivery procedures, physical delivery through CLS will continue without the clearinghouse being directly involved in the delivery process. These contracts will move to a model similar to the delivery of other physically delivered commodities. Specifically, ICUS will run an allocation to establish "matched pairs" of clearing members with delivery positions, and the clearing members will make and take physical delivery of currency directly with each other. ICUS is amending its currency contract rules to parallel the new delivery procedures and to provide for an alternate delivery procedure (ADP) which can facilitate the completion of delivery responsibilities among clearing members.

Prior to quarterly currency deliveries, clearing members will need to verify that other clearing members who can be potential counterparties are set up in CLS. ICUS will make available a file of counterparty instructions for clearing members to use for submission to CLS.

A document covering the [Currency Delivery Procedure Changes](#) has been posted in ICE Community. Meetings with clearing members who have historically been involved in ICUS currency deliveries are being scheduled.

NYSE/Liffe Transition

On **Saturday, June 28, 2014**, open interest in the following products currently cleared by the Options Clearing Corporation (OCC) will be transferred to ICE Clear US. Monday, June 30, 2014 will be the first day that these products will be listed by ICE Futures US and cleared by ICE Clear US.

- Gold (100 oz) futures and options
- Mini-sized (33.2 oz) Gold futures and options
- Silver (5000 oz) futures and options
- Mini-sized (1000 oz) Silver futures and options
- MSCI Indices

These products will be defined in the UAT environment so that firms/vendors can test receiving and processing trade data prior to the transition weekend.

In order to transfer its open interest, each clearing member will be required to execute a novation agreement by **May 30, 2014**. Novation agreements are currently being drafted and will be emailed to each clearing member. Please refer to the [Clearing Member Transition Plan](#) available in ICE Community for more information. Meetings will be held to review the transition requirements.

Billing system

Effective with the June 2014 billing cycle, ICUS will be adopting the system currently used to bill exchange and clearing fees at ICE Clear Europe. The use of Customer Trade Indicator (CTI) to determine the billing rate (Equity Member, Member Firm or Non-Member) will change and be replaced by Account Reference (PtyRole=24) on the trade record.

The format of the daily and monthly billing files distributed to the clearing members will also change. Information on how the old files translate to the new format have been provided in [CM Notice #14-020](#) published on March 3, 2014 and is also available in ICE Community. A production parallel of the new billing system is scheduled for May 2014.

PTMS Enhancements

This release will include enhancements to the display, update capability and filtering in PTMS and ACT. Detailed information on these changes can be found in [CM Notice # 14-013](#) published on February 12, 2014. These enhancements will be reflected in the UAT environment starting April 28, 2014.

Clearing members should also keep in mind this release of PTMS will not work with older versions of Java. PTMS users should make sure that their local machine has been upgraded to the 32 bit version 7 Update 25 (JRE 1.7.0_25).

PCS Submissions Report

A new PCS Submissions Report (MAPA) that details manual instructions entered in the ECS GUI will be produced. The report will be generated real time when a PCS update is made and will provide information on what was updated/entered, who entered and what time the entry was made. The report will be accessible under the Reports tab in ECS and also in MFT in the clearing/position folder.

Change to Weekly Option Contracts

Currently only the month and year can be used to define a product's expiration date. As a result, weekly options for Coffee, Sugar #11 and Cotton are currently listed using a different commodity code for each weekly expiration in a month. As part of this release, **the month and year expiration data will be expanded to include the day**. ICE Futures US will begin listing new option series using the same commodity code for each weekly option and expanding the @MMY tag on all FIXML formatted records to include the day (e.g. YYYYMMDD).

ICE Futures US will publish an exchange notice when the listing of the new option series is scheduled to change. Clearing members can test this change in the UAT environment beginning April 28, 2014. No official date for this change has been determined.

Technical Changes

This release includes updates that are required to support European Market Infrastructure Regulation (EMIR) and/or ICE Clear Europe

transition of NYSE/Liffe. **These changes are scheduled to be updated in the UAT environment on Monday, April 28, 2014.** More detailed information can be found in [CM Notice # 14-014](#) published on February 12, 2014 and under Technical Specifications in ICE Community:

- New values for existing FIXML tags for Position Accounts (EMIR), Product Exchange and Trade Type (for NYSE/Liffe transition).
- New FIXML tags to indicate if the trade is an opening or closing position for the transition of NYSE/Liffe equities.
- The addition of a new Regulatory Trade ID Group to satisfy EMIR Trade reporting requirements. **The @ID tag in the RegTrdID Group will be populated with a unique trade identifier (UTI) on all ICUS trades and for all ICUS life cycle events** (e.g. Exercise/Assignments, Splits, Give-ups, Account Changes, Transfers).
- Two new reports will be generated and distributed to MFT:
 - METR – EMIR Trade Reporting Reconciliation Report
 - MEDR – EMIR Trade Reporting Delegated Reports Reconciliation
- The addition of new EMIR attributes to the Product Reference Data File (GSPD).

The above technical changes should have little if any impact to ICUS members. New values for existing FIXML tags will not apply to ICUS trading activity with the exception of an Exchange value (e.g. IFUS) which must be specified on position transfers submitted using FIXML.

Clearing members and vendors should review the updated technical specifications posted in [ICE Community](#) to ensure these changes have no impact on their current processing with ICUS.