

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-76196; File No. SR-ICEEU-2015-017)

October 20, 2015

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Clearing Services for European Natural Gas Spot Contracts

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 9, 2015, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been primarily prepared by ICE Clear Europe. ICE Clear Europe filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(4)(ii)<sup>4</sup> thereunder, so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the rule change is to amend certain provisions of the ICE Clear Europe rules and procedures that address clearing services for European natural gas spot contracts.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(4)(ii).

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICE Clear Europe included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. ICE Clear Europe has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

ICE Clear Europe has agreed to act as the clearing organization for certain natural gas spot contracts (the "Natural Gas Spot Contracts") traded on the ICE Endex Gas B.V. ("ICE Endex Continental") and ICE Endex Gas Spot Ltd. ("ICE Endex UK") markets and has previously adopted amendments to its Rules and Procedures with respect to the clearing of such contracts.<sup>5</sup> ICE Clear Europe is proposing to adopt certain additional amendments to its Rules and Procedures with respect to the clearing of the Natural Gas Spot Contracts to clarify certain delivery procedures and related arrangements, including with respect to the interaction with relevant gas delivery facilities and systems. These amendments reflect input from Clearing Members and other market participants with respect to the Natural Gas Spot Contracts. ICE Clear Europe also proposes to adopt certain other conforming and clarifying changes, as discussed herein. ICE Clear Europe submits revisions to Parts 1, 7 and 22 of its Rules and Parts D, E, J and N of the Delivery Procedures.

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<sup>5</sup> Exchange Act Release No. 34-75170 (June 15, 2015) (File No. SR-ICEEU-2015-011), 80 FR 35418 (June 19, 2015) (the "Initial Spot Contract Filing").

In the Rules, the revisions to definitions in Parts 1 and 22 correct cross-references to certain definitions in the ICE Endex Continental market rules. In Rule 106(a), a clarification is made that disclosures of information may be made by ICE Clear Europe pursuant to obligations imposed on a Market under relevant gas delivery system rules. In Rule 703, which relates to settlement of physically settled futures contracts, Rule 703(h) is modified to clarify ICE Clear Europe's ability to require cash settlement (as may be provided in the relevant Delivery Procedures) where grounds for declaring an Event of Default or Force Majeure Event have occurred with respect to a Clearing Member, but without actually declaring an Event of Default. This approach reflects practices for gas and other relevant markets.

In Part D of the Delivery Procedures, which relates to delivery of ICE Futures UK Natural Gas Daily Futures Contracts, clarifications have been made to the timing of certain requirements, including the deadline for submission of certain documentation.

In Part E of the Delivery Procedures, various definitions relating to different types of ICE Endex UK natural gas spot contracts have been added or clarified. In addition, delivery responsibilities of transferors and transferees, and related delivery procedures, for the different types of ICE Endex UK spot contracts have been further specified. The amendments in particular address modifications the transferor or transferee (as applicable) may make to the amount of gas to be delivered to or offtaken from the relevant system, and provide that ICE Clear Europe is not responsible for such modifications. The amendments also correct an incorrect reference to ICE Clear Europe as making certain trade nominations with respect to gas delivery.

In Part J of the Delivery Procedures, which relates to delivery of ICE Endex Continental gas spot contract, the amendments provide that ICE Endex Continental will submit trade nominations on behalf of ICE Clear Europe and Clearing Members, as applicable, with respect to gas deliveries. The amendments also clarify the applicable responsibilities of the nominated transferor and transferee with respect to delivery.

In Part N of the Delivery Procedures (relating to US Emissions contracts), relevant terminology has been changed from “Position Day” and “Notice Day” to “Notice Day” and “Delivery Instruction Day” to conform to relevant exchange rules.

## 2. Statutory Basis

ICE Clear Europe believes that the proposed rule change is consistent with the requirements of Section 17A of the Act<sup>6</sup> and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22,<sup>7</sup> and in particular are consistent with the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts and transactions cleared by ICE Clear Europe, the safeguarding of securities and funds in the custody or control of ICE Clear Europe and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.<sup>8</sup> Specifically, the amendments will further specify certain arrangements related to delivery of Natural Gas Spot Contracts cleared by ICE Clear Europe, as well as make certain other clarifying and conforming changes. As discussed in the Initial Spot Contract Filing, the Natural Gas Spot Contracts are spot contracts in natural gas commodities that underlie natural gas futures and options contracts traded on the ICE Endex markets and cleared by

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<sup>6</sup> 15 U.S.C. 78q-1.

<sup>7</sup> 17 C.F.R. 240.17Ad-22.

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(F).

ICE Clear Europe, and present a similar risk profile to other ICE Endex contracts currently cleared by ICE Clear Europe. As a result, in ICE Clear Europe's view, its existing financial safeguards and resources, risk management, systems and operational arrangements are sufficient to support clearing of such products (and address physical delivery under such products). The proposed amendments are intended to make additional clarifying changes to support clearing of the Natural Gas Soot [*sic*] Contracts, consistent with these resources, systems and arrangements. The amendments in particular address certain aspects of the delivery under such contracts, and clarify certain default management arrangements applicable to such contracts, as discussed above. The other changes set forth in the proposed rules herein are similarly of a clarifying and conforming nature. As such, in ICE Clear Europe's view, the amendments are consistent with the prompt and accurate clearance and settlement of securities and derivative agreements, contracts and transactions, within the meaning of the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

ICE Clear Europe does not believe the proposed rule and procedure changes would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purpose of the Act. As discussed in the Initial Spot Contract Filing, ICE Clear Europe does not believe that clearing of the Natural Gas Spot Contracts, or the changes to the clearing arrangements made in the proposed amendments to the Rules and Procedures, would adversely affect access to clearing for clearing members or their customers or other market participants, or materially and adversely affect the cost of clearing for market participants. Similarly, ICE Clear Europe does not

believe the proposed change would otherwise adversely affect competition among clearing members or for clearing services generally.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments relating to the proposed changes to the rules have not been solicited or received. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Act and Rule 19b-4(f)(4)(ii)<sup>10</sup> thereunder because it effects a change in an existing service of a registered clearing agency that primarily affects the clearing operations of the clearing agency with respect to products that are not securities, including futures that are not security futures, swaps that are not security-based swaps or mixed swaps, and forwards that are not security forwards, and does not significantly affect any securities clearing operations of the clearing agency or any rights or obligations of the clearing agency with respect to securities clearing or persons using such securities-clearing service. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(4)(ii).

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>) or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ICEEU-2015-017 on the subject line.

##### Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICEEU-2015-017. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe's website at <https://www.theice.com/clear-europe/regulation#rule-filings>.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ICEEU-2015-017 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

Brent J. Fields  
Secretary

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<sup>11</sup> 17 CFR 200.30-3(a)(12).