

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73645; File No. SR-ICEEU-2014-22)

November 18, 2014

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change Relating to ICE Clear Europe Board Risk Committee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 10, 2014, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by ICE Clear Europe. 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 proposed changes is to establish a risk committee (the “Board Risk Committee”) which would advise the ICE Clear Europe Board (the “Board”) on certain clearing house-wide risk management matters.

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 and discussed any comments it received on 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 these statements.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

(a) Purpose

The purpose of the amendments is for ICE Clear Europe to establish the Board Risk Committee. Establishment of the Board Risk Committee is required under Article 28 of the European Market Infrastructure Regulation (“EMIR”),³ which will apply to ICE Clear Europe as an authorized central counterparty. The Board Risk Committee will advise the Board with respect to various firm-wide risk management matters, with the goal of enabling the Board to ensure that ICE Clear Europe (i) implements and maintains agreed risk management procedures, processes and controls, (ii) provides appropriate access to participation in its clearing services and (iii) appropriately considers the interests of non-clearing member users of cleared products, including with respect to account segregation and collateral protection. The activities of the Board Risk Committee will relate to all categories of products cleared at ICE Clear Europe, and are in addition to ICE Clear Europe’s existing product-specific risk committees (F&O, CDS and FX).

Pursuant to its terms of reference, the Board Risk Committee will report directly to the Board and receive and review all recommendations from each of the product-specific risk committees. The Board Risk Committee will undertake at least annual reviews of business risk mitigation procedures and controls and will have oversight of all risks facing ICE Clear Europe, including counterparty credit risk (across all clearing services) and non-counterparty credit risk matters, such as operational and liquidity risk. The Board Risk Committee will also advise the Board regarding any arrangements that may materially impact the risk management of ICE Clear

³ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

Europe, such as a significant change in its criteria for accepting clearing members, clearing in new markets, or outsourcing of certain functions. The advice of the Board Risk Committee is not required for the daily operations of ICE Clear Europe.

The Board Risk Committee will be provided (in addition to other relevant information) with results and analysis of back-testing, sensitivity testing, stress testing and reverse stress testing in respect of any review of margin models, methodologies and/or the liquidity risk management framework. The Board Risk Committee will also consider any other issues that may be referred to it by the Board and/or executive, including the exercise of discretion in relation to recovery arrangements under the Rules.

In the course of its work the Board Risk Committee may obtain external legal or other independent advice and secure the attendance of third parties with relevant experience and expertise if it considers this necessary.

The Board Risk Committee will consist of at least two and up to four Clearing Member representatives and at least two and up to four customer representatives, in each case appointed by the Chairman of the Board Risk Committee following consideration by the ICE Clear Europe Nominations Committee. The Chairman of the Board Risk Committee will be an independent non-executive director of ICE Clear Europe appointed by the Board and will be a full voting member of the committee. Any member of the Board Risk Committee may be removed by the Board without cause. The composition of the Board Risk Committee will be reviewed on an annual basis to determine whether the committee has appropriate representation of Clearing Members, customers and independent non-executive directors, and appropriate representation of expertise and experience in relevant risk disciplines, including market, credit and operational risk. Based on this review, the Chairman may determine to request the resignation of one or

more committee members and/or appoint one or more additional committee members to achieve such appropriate representation.

The ICE Clear Europe Chief Risk Officer, President and other appropriate ICE Clear Europe staff members will attend Board Risk Committee meetings in a non-voting capacity. In addition, the chairs of any groups or committees involved in the development of risk policies and a representative from each of the markets cleared by ICE Clear Europe will have a right to attend, but not vote, at Board Risk Committee meetings. The Board Risk Committee may also invite external independent experts to attend meetings in a non-voting capacity. A quorum will be a minimum of four members, one of whom must be a customer representative and one of whom must be a Clearing Member representative. (The Chairman of the committee will count toward the quorum for this purpose.) Each Board Risk Committee member will have one vote and decisions of the Board Risk Committee will be made by a simple majority, provided that if the committee is evenly divided, the Chairman may cast a deciding vote (in addition to the Chairman's normal vote as a member of the committee). Meetings will be held as needed and at least quarterly.

(b) Statutory Basis

ICE Clear Europe believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁴ and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22.⁵ Section 17A(b)(3)(F) of the Act⁶ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative

⁴ 15 U.S.C. 78q-1.

⁵ 17 CFR 240.17Ad-22.

⁶ 15 U.S.C. 78q-1(b)(3)(F).

agreements, contracts, and transactions. The establishment of the Board Risk Committee is intended to enhance the governance structure and overall risk management of the Clearing House, in compliance with the requirements of EMIR. As described above, the Board Risk Committee is intended to advise the Board with respect to a range of enterprise-wide risk management matters across all product categories. It is also designed to provide appropriate representation for both Clearing Members and customers, and thereby to enable the Board to ensure that it provides appropriate access to participation in clearing services and that the interests of Clearing Members and customers are appropriately considered. As a result, ICE Clear Europe believes that the proposed rule change will promote the prompt and accurate clearance and settlement of cleared transactions, and in general is designed to protect investors and the public interest, within the meaning of Section 17A(b)(3)(F).⁷ In addition, the change is consistent with the requirements of Rule 17Ad-22(d)(8),⁸ which requires that a clearing agency have governance arrangements that are clear and transparent to fulfill the public interest requirements of Section 17A of the Act applicable to clearing agencies, to support the objectives of owners and participants, and to promote the effectiveness of the clearing agency's risk management procedures. As set forth above, the Board Risk Committee is intended to enhance the Board's ability to oversee enterprise-wide risk management for all product categories, and to provide representation to, and take into account the interests of, both Clearing Members and their customers.

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

ICE Clear Europe does not believe the proposed amendments would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purposes of

⁷ Id.

⁸ 17 CFR 240.17Ad-22(d)(8).

the Act. The change will not affect the terms or conditions of any cleared contract or the standards or requirements for participation in or use of the Clearing House, and accordingly should not, in the Clearing House's view, affect the availability of clearing, access to clearing services or the costs of clearing for clearing members or other market participants. ICE Clear Europe further believes that the establishment of the Board Risk Committee will strengthen its risk management capabilities and governance, as required in order to comply with EMIR. As a result, ICE Clear Europe believes that any impact on competition is appropriate in furtherance of the purposes of the Act.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days of such date (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change; or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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. Please include File Number SR-ICEEU-2014-22 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-2014-22. 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 also will 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>.

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-2014-22 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.⁹

Kevin M. O'Neill
Deputy Secretary

⁹ 17 CFR 200.30-3(a)(12).