

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-75692; File No. SR-ICEEU-2015-009)

August 13, 2015

Self-Regulatory Organizations; ICE Clear Europe Limited; Order Approving Proposed Rule Change Relating to Finance Procedures to Add Clearstream Banking as a Triparty Collateral Service Provider

I. Introduction

On May 5, 2015, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² to amend its Finance Procedures in order to facilitate CDS Clearing Members’ use of Clearstream Banking as a triparty collateral service provider. The proposed rule change was published for comment in the Federal Register on May 15, 2015.³ On June 29, 2015, the Commission extended the time period in which to either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change to August 13, 2015.⁴ The Commission did not receive comment letters regarding the proposed change. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description of the Proposed Rule Change

ICE Clear Europe proposes to modify the Finance Procedures to allow Clearstream Banking to serve as a triparty collateral service provider for initial or original margin provided in respect of all product categories, including CDS Contracts. Clearstream Banking currently

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34-74922 (May 11, 2015), 80 FR 28035 (May 15, 2015) (File No. SR-ICEEU-2015-009).

⁴ Securities Exchange Act Release No. 34-75320 (June 29, 2015), 80 FR 38488 (July 6, 2015) (File No. SR-ICEEU-2015-009).

serves as a triparty collateral service provider solely for original margin provided in respect of F&O Contracts.

Specifically, paragraph 3.1 of the Finance Procedures will be revised to remove the existing restriction that Clearstream Banking may only act as a triparty collateral service provider with respect to Original Margin in respect of F&O Contracts. As a result of such change, Clearstream Banking would be permitted to act as a triparty collateral service provider for initial or original margin in respect of any product category, including the CDS product category. (The other currently authorized triparty collateral service provider, Euroclear Bank, is similarly eligible to act as such for any product category.) A correction would also be made in paragraph 3.20 to provide that the specified instruction deadlines apply to triparty collateral arrangements with both Euroclear Bank and Clearstream Banking.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act⁵ directs the Commission to approve a proposed rule change of a self-regulatory organization if the Commission finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such self-regulatory organization. Section 17A(b)(3)(F) of the Act⁶ requires, among other things, that the rules of a clearing agency are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions and assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

⁵ 15 U.S.C. 78s(b)(2)(C).

⁶ 15 U.S.C. 78q-1(b)(3)(F).

The Commission finds that the proposed rule change is consistent with Section 17A of the Act⁷ and the rules thereunder applicable to ICE Clear Europe. The proposed rule change will provide Clearing Members with the option to use Clearstream Banking as a triparty collateral service provider with respect to initial and original margin for the CDS (and FX) product categories. According to ICE Clear Europe, the proposed rule change does not otherwise change the substantive terms of the service. Based on ICE Clear Europe's representation regarding its experience with Clearstream Banking as triparty collateral service provider with respect to original margin for the F&O product category, the use of Clearstream Banking can be appropriately extended to other product categories. As such, the Commission believes that the proposed rule change would allow ICE Clear Europe's Clearing Members to use an additional triparty collateral service provider that offers appropriate safeguarding of securities and funds while maintaining ICE Clear Europe's ability to access initial margin when appropriate. The Commission therefore finds that the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, in accordance with Section 17A(b)(3)(F) of the Act.⁸

⁷ 15 U.S.C. 78q-1.

⁸ 15 U.S.C. 78q-1(b)(3)(F).

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act⁹ and the rules and regulations thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,¹⁰ that the proposed rule change (File No. SR-ICEEU-2015-009) be, and hereby is, approved.¹¹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Brent J. Fields
Secretary

⁹ 15 U.S.C. 78q-1.

¹⁰ 15 U.S.C. 78s(b)(2).

¹¹ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

¹² 17 CFR 200.30-3(a)(12).