

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-78874; File No. SR-ICEEU-2016-011)

September 19, 2016

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the F&O Intraday Risk Management Policy

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 September 9, 2016, ICE Clear Europe Limited (“ICE Clear Europe” or the “clearing house”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes described in Items I, II and III below, which Items have been prepared primarily by ICE Clear Europe. ICE Clear Europe filed the proposed rule changes pursuant to Section 19(b)(3)(A) of the Act,³ and Rule 19b-4(f)(4)(ii)⁴ 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 changes from interested persons.

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

The principal purpose of the changes is to make certain enhancements to ICE Clear Europe’s F&O intraday risk management policy.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 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

The purpose of the rule change is to incorporate certain enhancements to the F&O Intraday Margin Policy. ICE Clear Europe is not making any changes to its Clearing Rules or Procedures in connection with these amendments. The amendments do not affect margining for CDS Contracts.

Currently, ICE Clear Europe makes intraday margin calls with respect to F&O Contracts where uncollateralized intraday exposure exceeds defined risk limits. ICE Clear Europe is revising its intraday F&O margin call policy to incorporate an overall clearing member limit for uncollateralized exposure, as well as the existing limits at the individual account level (e.g., proprietary or customer account). Under the overall clearing member limit, an intraday F&O margin call will be triggered for a clearing member if the aggregate intraday margin shortfall across all accounts for that member exceeds one of several specified triggers (based on the member's total collateral on deposit, capital, guaranty fund contribution and original margin level). For this purpose, the intraday margin shortfall for an account for F&O Contracts will be the excess of the margin requirement (for both original and variation margin), calculated on an intraday

basis, over the current amount of margin on deposit for that account in respect of F&O Contracts.

ICE Clear Europe is also revising the individual intraday account limits to address both accounts margined on a net basis using a two-day margin period of risk and accounts margined on a gross basis using a one-day margin period of risk, as well as individually segregated sponsored accounts. The revised policy specifies procedures for calculation of intraday original margin requirements for gross-margined accounts. Under the revised policy, ICE Clear Europe also retains the discretion to reduce the trigger levels applicable to individual accounts.

The revised policy also provides for intraday F&O margin calls as a result of intraday declines in the value of collateral posted as margin for F&O Contracts that exceed the relevant haircut level under ICE Clear Europe's existing Collateral and Haircut Policy.

The revised policy implements a US\$ 1 million minimum threshold per account for a margin call, unless otherwise determined by the ICE Clear Europe risk department.

The revised policy clarifies certain notice procedures in connection with F&O intraday margin calls. It also includes various drafting improvements and clarifications and conforming changes.

2. Statutory Basis

ICE Clear Europe believes that the changes described herein are consistent with the requirements of Section 17A of the Act⁵ and the regulations thereunder applicable to it, and are consistent with the prompt and accurate clearance of and settlement of

⁵ 15 U.S.C. 78q-1.

securities transactions and, to the extent applicable, derivative agreements, contracts and transactions, the safeguarding of securities and funds in the custody or control of ICE Clear Europe or for which it is responsible and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.⁶ The amendments are designed to enhance the clearing house's ability to manage the risk of an intraday change in F&O margin requirements (as may result from market movements or changes in positions) or in the value of collateral previously posted to satisfy margin requirements. The amendments add a new trigger for intraday margin calls based on the aggregate F&O margin shortfall for a clearing member across all account categories. The amendments also revise the individual account triggers for intraday calls to reflect the different types of margining used for various F&O account categories by ICE Clear Europe (e.g., net margining with a two-day margin period of risk or gross margining with a one-day margin period of risk). ICE Clear Europe believes that the amendments will facilitate its risk management of F&O Contracts (and related collateral). In addition, the revised policy will help ensure that the clearing house maintains sufficient margin resources to support its F&O clearing and protect the clearing house against default by an F&O Clearing Member. As such, ICE Clear Europe believes that the changes will promote the prompt and accurate clearance and settlement of securities and derivatives transactions, and further the public interest in the safe and effective clearing of such transactions. ICE Clear Europe does not believe the amendments will adversely affect the safeguarding of

⁶ 15 U.S.C. 78q-1(b)(3)(F).

securities and funds in its custody or control or for which it is responsible. The changes are thus consistent with the requirements of Section 17A of the Act.⁷

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

ICE Clear Europe does not believe the proposed changes to the rules would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purpose of the Act. The amendments are intended to enhance the F&O Intraday Margin Policy, and will apply to all F&O Clearing Members. As a result, ICE Clear Europe does not believe the amendments would adversely affect access to clearing by Clearing Members or their customers, adversely affect competition among Clearing Members or adversely affect the market for clearing services or limit market participants' choices for clearing transactions. Although the amendments may impose additional costs on Clearing Members, to the extent that the new intraday margin policy may require posting of intraday margin in circumstances where it would not previously have been required (or in amounts greater than previously required), ICE Clear Europe believes that such costs are warranted in light of the risk management benefits provided to the clearing house (and the clearing system generally) under the revised policy. As a result, ICE Clear Europe does not believe that the proposed amendments to the F&O Intraday Margin Policy will impose any burden on competition not 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

⁷ 15 U.S.C. 78q-1.

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) of the Act⁸ and Rule 19b-4(f)(4)(ii)⁹ 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.

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:

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(ii).

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-2016-011 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-2016-011. 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-2016-011 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.¹⁰

Robert W. Errett
Deputy Secretary

¹⁰ 17 CFR 200.30-3(a)(12).