

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-66434; File No. SR-ICEEU-2012-02)

February 21, 2012

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change to Revise Procedures Related to Certain Technical and Operational Changes Relating to Operational Processing of Restructuring Credit Events under CDS 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 February 7, 2012, 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 and to approve the proposed rule change on an accelerated basis.

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

ICE Clear Europe is in regular communication with representatives of its Clearing Members, as that term is defined in the Rules of ICE Clear Europe<sup>3</sup> (the “Rules”), in relation to the operation of clearing processes and arrangements. ICE Clear Europe has published these proposed technical procedural changes, has carried out a public consultation process in respect of all of the changes described below, and has presented and agreed to the changes described below with its Clearing Members. These changes seek processes to be followed by ICE Clear Europe and its Clearing Members on the occurrence of any “restructuring credit event” under applicable

---

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

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

<sup>3</sup> See ICE Clear Europe Rule 101. The Rules of ICE Clear Europe are available on-line at: <https://www.theice.com/Rulebook.shtml?clearEuropeRulebook=>.

CDS Contracts (as defined by ICE Clear Europe Rule 101). ICE Clear Europe takes the view that the proposed rule changes are improvements in operational services that implement changes that are principally administrative in nature.

Specifically, ICE Clear Europe makes amendments to its procedures for the processing of restructuring credit events under CDS Contracts submitted and accepted for clearing by ICE Clear Europe, to reflect changes to systems used by the repository for recording such instruments, for processing of notices relating to such credit events. The repository presently used by ICE Clear Europe for these purposes is The Depository Trust & Clearing Corporation (“DTCC”) Trade Information Warehouse. These changes were published in ICE Clear Europe circular no. C11/171 on November 25, 2011, available at:

[https://www.theice.com/publicdocs/clear\\_europe/circulars/C11171\\_att1.pdf](https://www.theice.com/publicdocs/clear_europe/circulars/C11171_att1.pdf).

The proposed changes allow for more operationally efficient and straight-through processing of the service of credit event notices and other notices following the occurrence of a restructuring credit event. The changes reflect changes made to the account structures and processes for the service of notices within the DTCC and should considerably reduce risks for the clearing house and its clearing members.

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.<sup>4</sup>

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

The proposed rule changes consist of technical rule changes that are designed to implement operational and process improvements that have been discussed with and approved by the Clearing Members of ICE Clear Europe. The principal purpose of the proposed rule change is for the applicable rule or procedural provision to be updated to reflect such improvement. In particular, the proposed rule changes relate to the processing of restructuring credit events under the terms of cleared CDS Contracts submitted and accepted for clearing by ICE Clear Europe.

Following consultation with its Clearing Members, ICE Clear Europe determined that the CDS Procedures needed to be updated in order to process a restructuring credit event in light of changes to DTCC's systems. The proposed amended procedures modify the procedures for processing of restructuring credit events, principally those for the notification and processing of Matched Pairs (as defined below) in the event of any restructuring credit event. The majority of the changes relate to Section 8.4 of the procedures, which governs the allocation and processing of Matched Pairs. Matched Pairs are constituted of two clearing members who are matched with one another for purposes of delivering credit event notices to ICE Clear Europe and receiving credit event notices from ICE Clear Europe. While the proposed changes to Section 8.4 do not modify the basic principles of netting (or aggregation) of CDS Contracts prior to the processing of the applicable restructuring credit event, of the allocation of Matched Pairs pursuant to Rules 1507 and 1508, or of the obligation of ICE Clear Europe to issue Matched Pairs notices promptly pursuant to those Rules, the proposed amended procedures do modify: (a) the timing of

---

<sup>4</sup> The Commission has modified the text of the summaries prepared by ICE Clear Europe.

transmission of RMP Matching Reports,<sup>5</sup> and the procedures and timing for checking that any such RMP Matching Report reflects the applicable Clearing Members' net Open Contract Position (as defined in the Rules) (at Section 8.4(d)); (b) the timing, form, and method for delivery of Matched Pairs notices (at Section 8.4(e)); (c) the timing and process for the input of records of all CDS Contracts being replaced pursuant to such matching process (at Section 8.4(e)(v) and (vi)); (d) the specification of electronic notice for restructuring credit event notices (at Section 8.4(f)); and (e) changes to the Manual Notice Process<sup>6</sup> that specify procedures for reconciliation of the records of ICE Clear Europe with those of the Clearing Members and with those specified on the DTCC systems (at Sections 8.4(f)(v) and 8.4(g)). In each case, the applicable procedure is modified to harmonize the pre-existing procedures with those of DTCC and the Clearing Members. No change is made to the rights or obligations of Clearing Members in respect of CDS Contracts, and no change is made to the custody or guarantee fund functions of ICE Clear Europe.

ICE Clear Europe has engaged in a public consultation process in relation to all the changes, pursuant to the circular referred to above, as it was required to do under applicable U.K. law. This public consultation involved the publication of such circular on a publicly accessible portion of the Internet website of ICE Clear Europe. ICE Clear Europe has received no opposing views from its Clearing Members in relation to the proposed rule amendments and received no

---

<sup>5</sup> The term "RMP Matching Report" means the report given by the Clearing House, as referred to in paragraph 8.4(e), to each CDS Clearing Member identifying the RMPs and allocations of Matched Pairs and the associated MP Amounts affecting the Open Contract Position of that CDS Clearing Member, which report comprises Matched Pair Notices for purposes of Rule 1508 in respect of each Matched Pair.

<sup>6</sup> The term "Manual Notice Process" means the process for the delivery, receipt and copying to the Clearing House of notices pursuant to paragraph 8.4(g).

responses to its public consultations during the consultation period. The proposed rule change is not inconsistent with the existing rules of ICE Clear Europe, including any other rules proposed to be amended.

(B) Self-Regulatory Organization's Statement on Burden on Competition

ICE Clear Europe does not believe the proposed rule change would have any impact, or impose any burden on competition.

(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 rule change have been solicited by ICE Clear Europe pursuant to public consultation processes in the circulars referred to above. No comments have been received, presumably in light of the extensive discussions that preceded the public consultations. The time period for the public consultation has closed so ICE Clear Europe does not expect to receive any further written comments as a result of this process.

III. 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-2012-02 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-ICEEU-2012-02. 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 Section, 100 F Street, N.E., Washington, D.C. 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/publicdocs/regulatory\\_filings/ICE\\_Clear\\_Europe\\_Rule\\_Amendments\\_2012\\_02.pdf](https://www.theice.com/publicdocs/regulatory_filings/ICE_Clear_Europe_Rule_Amendments_2012_02.pdf).

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-2012-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

Section 19(b) of the Act<sup>7</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. The Commission finds that the proposed rule change is consistent with the requirements of the Act, in particular the requirements of Section 17A of the Act,<sup>8</sup> and the rules and regulations thereunder applicable to ICE Clear Europe. Specifically, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,<sup>9</sup> which requires, among other things, that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of derivative agreements, contracts, and transactions because it should permit ICE Clear Europe to align its restructuring credit event processing with the system used by the repository for processing notices related to such credit events.

ICE Clear Europe has requested that the Commission approve the proposed rule change on an accelerated basis for good cause shown. The Commission finds good cause for accelerating approval because ICE Clear Europe must have operational procedures that match the operational procedures of the system used by the repository for processing notices of restructuring credit events in order to process such credit events efficiently and effectively.

---

<sup>7</sup> 15 U.S.C. 78s(b).

<sup>8</sup> 15 U.S.C. 78q-1. In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

V. Conclusion

IT IS THEREFORE ORDERED pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-ICEEU-2012-02) be, and hereby is, approved on an accelerated basis.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

Kevin O'Neill  
Deputy Secretary

---

<sup>10</sup> 17 CFR 200.30-3(a)(12).