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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-69628; File No. SR-ICEEU-2013-09)

May 23, 2013

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change, and Amendment No. 1 Thereto, to Clear Contracts Traded on the LIFFE Administration and Management Market

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 May 13, 2013, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change, as modified by Amendment No. 1, and as described in Items I, II, and III below, which Items have been prepared primarily by ICE Clear Europe.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed change from interested persons.

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

ICE Clear Europe submits revised Parts 1, 2, 4, 5, 7, 8, 11, and 12 and new Part 18 of its Rules (along with other clarifying and conforming Rule amendments) and revisions to its Finance Procedures, Clearing Procedures, Delivery Procedures and Membership Procedures. As announced on December 20, 2012, ICE Clear Europe has agreed to act as the clearing organization for futures and option contracts traded on LIFFE Administration and Management,

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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> On May 22, 2013, ICE Clear Europe submitted Amendment No. 1 to the proposed rule change to, among other things, clarify the scope of products proposed to be cleared, add new Rule 207(f) prohibiting FCM/BD Clearing Members and other Clearing Members organized in the U.S. from clearing LIFFE Contracts that are futures or options on underlying U.S. securities, add additional clarification surrounding the operation of the combined F&O Guaranty Fund and the margining of LIFFE Contracts, and supplement the statutory basis for the proposed rule change.

a recognized investment exchange under the UK Financial Services and Markets Act of 2000, including those processed through LIFFE Administration and Management's Bclear service. Bclear is the service operated by LIFFE, which enables LIFFE Clearing Members to report certain bilaterally agreed off exchange trades to LIFFE, for the purposes of the LIFFE Rules. Upon trades being reported they will be eligible for clearing by ICE Clear Europe as a LIFFE Block Transaction under the ICE Clear Europe Rules.

The LIFFE contracts ("LIFFE Contracts") that are proposed to be cleared by ICE Clear Europe include interest rate and government bond futures and options, certain agricultural futures and options, and futures and options on underlying equity securities and equity indices.

With respect to LIFFE Contracts that constitute securities for purposes of the U.S. securities laws (i.e., LIFFE futures and options on equity securities) (the "LIFFE securities products"), LIFFE does not permit direct access by U.S. persons (including U.S. LIFFE members) to its trading facility for purposes of trading such products. In addition, only certain LIFFE securities products are made available for trading indirectly by U.S. persons, in accordance with applicable U.S. legal and regulatory requirements.<sup>4</sup> (Attached in Exhibit 5 hereto is a list of LIFFE securities products proposed to be cleared by ICE Clear Europe.) Consistent with these arrangements and U.S. legal and regulatory restrictions, ICE Clear Europe proposes to adopt new rule 207(f), which provides that FCM/BD Clearing Members and other clearing members of ICE Clear Europe that are organized in the United States will not be permitted to clear LIFFE Contracts that are futures or options on underlying U.S. securities (other than futures contracts on broad-based security indices). In addition to adopting this Rule,

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<sup>4</sup> See, e.g., SEC No-Action Letter to LIFFE A&M, dated July 29, 2009; SEC No-Action Letter to LIFFE A&M, dated March 6, 1996; SEC No-Action Letter to LIFFE A&M, dated May 1, 1992.

ICE Clear Europe will notify clearing members of these restrictions and is adopting procedures for monitoring and enforcing compliance by clearing members with these restrictions.

ICE Clear Europe's clearing activities with respect to the LIFFE securities products, and in particular those involving U.S. securities, will be conducted outside the United States. As noted above, all Clearing Members entitled to clear products involving U.S. securities will be located outside the United States. In addition, the internal ICE Clear Europe financial, managerial, operational and similar resources dedicated to the clearing function for LIFFE securities products are located in the United Kingdom or otherwise outside the United States. Specifically, the ICE Clear Europe management team and risk management personnel are located in London. There will be a dedicated LIFFE Risk Manager supported by a team of risk analysts in place on, or after, 1 July 2013, and further resources within the Operations, Corporate Development, Finance and Treasury Departments all situated in London.

ICE Clear Europe itself does not have employees or offices located in the United States. ICE Clear Europe is recognized as an interbank payment system by the Bank of England under the Banking Act 2009 in the UK. Physical settlement of any LIFFE securities products will also occur through facilities outside the United States, in particular through the Euroclear UK and Ireland systems as well as other European Central Securities Depositories (CSDs). ICE Clear Europe does obtain certain information technology services from its U.S. affiliates pursuant to intercompany services agreements. However, all clearing personnel and decision-making, including supervision of such information technology services by ICE Clear Europe, remains in London, and those U.S. affiliates do not have any other role in ICE Clear Europe's clearing operations for the LIFFE securities products.

The clearing of the LIFFE Contracts, including the LIFFE securities products, will be supported by the F&O Guaranty Fund. The F&O Guaranty Fund replaces the existing Energy Guaranty Fund, and will support the clearing of both the existing energy futures and options products cleared by ICE Clear Europe and the LIFFE Contracts. (The F&O Guaranty Fund will not support the clearing of credit default swap (“CDS”) or FX products cleared at ICE Clear Europe, and the CDS and FX Guaranty Funds will not support the clearing of energy or LIFFE contracts.) The F&O Guaranty Fund will be divided into two segments, an energy clearing segment and a LIFFE clearing segment, each of which is primarily allocated to losses from products in that segment and secondarily to losses from products in the other segment, as discussed below. The size of each segment will be determined separately based on ICE Clear Europe’s risk assessment of the energy and LIFFE products, respectively, and each segment will be separately stress-tested in accordance with the clearing house’s risk management policies and procedures. The energy segment will initially be the same size as the existing Energy Guaranty Fund, approximately USD650 million. The LIFFE clearing segment is expected to initially be approximately GBP370 million (the exact size will be determined prior to the commencement of LIFFE Contract clearing).

In the event of a default of a clearing member for which ICE Clear Europe needs to apply the F&O Guaranty Fund in accordance with the risk waterfall under the Rules, the energy segment will be applied first to losses resulting from cleared energy products, and the LIFFE segment will be applied first to losses resulting from cleared LIFFE Contracts. Once a segment has been exhausted by losses in its product category, remaining assets from the other segment may be applied to those losses.

The purpose of the rule and procedure changes is to implement this clearing relationship. The other proposed changes in the Rules and procedures reflect conforming changes to definitions and related provisions and other drafting clarifications and updates, as noted below. In order to effect these amendments, the Finance Procedures have been updated more generally, and the Finance Procedures and Delivery Procedures have been updated to reflect changes in EU Law with respect to Registry Regulations and the emissions markets operated by ICE Futures Europe.

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 significant aspects of these statements.

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

(a) Purpose

ICE Clear Europe submits revised Parts 1, 2, 4, 7, 8, 11, and 12 and new Part 18 of its Rules (along with other clarifying and conforming Rule amendments) and revisions to its Finance Procedures, Clearing Procedures, Delivery Procedures and Membership Procedures. As announced on December 20, 2012, ICE Clear Europe has agreed to act as the clearing organization for futures and option contracts traded on LIFFE Administration and Management, a recognized investment exchange under the UK Financial Services and Markets Act of 2000. The purpose of the rule and procedure changes is to implement this clearing relationship. The

other proposed changes in the Rules and procedures reflect conforming changes to definitions and related provisions and other drafting clarifications, and do not affect the substance of the Rules and procedures. The text of the proposed rule and procedure amendments are attached, with additions underlined and deletions in strikethrough text.

### Rules

The amendments revise Part 1 of the Rules, in which Rule 101, which provides definitions for certain terms, is modified to add new defined terms and revise existing definitions. Included in the changes to Rule 101 are the designation of LIFFE as a Market for which ICE Clear Europe provides clearing services, the addition of defined terms and other revisions to cover LIFFE Contracts and the creation of a new category “F&O Contracts” that will include Energy Contracts and LIFFE Contracts (and related definitions). The Energy Guaranty Fund will be redesignated as the F&O Guaranty Fund, which fund will be sub-divided with respect to Energy Contracts and LIFFE Contracts as discussed above.

Part 2 of the Rules has been revised to address requirements for LIFFE Clearing Members and other conforming changes. New Rule 207(f) would be adopted to prohibit U.S. clearing members from clearing LIFFE securities products involving underlying U.S. securities.

Part 3 of the Rules contain certain conforming changes.

Changes to Part 4 of the Rules address the submission of LIFFE Contracts for clearing and related matters. A new Rule 410 has been added to set out a framework for Link Agreements, which are generally defined as agreements entered into between ICE Clear Europe and another exchange for which ICE Clear Europe does not otherwise provide clearing services that provides for the transfer of contracts to or from that exchange (or its clearing house) to ICE Clear Europe. LIFFE currently has link arrangements with Tokyo Financial Exchange Inc. and

Tokyo Stock Exchange Inc., which exchanges would constitute "Participating Exchanges" pursuant to the new Rules.

Part 5 of the Rules, which addresses margin requirements, contains certain conforming changes. Margin requirements for LIFFE Contracts will be calculated using the SPAN®1 v4 algorithm,<sup>5</sup> with modifications for concentration charges and a trinomial model used with respect to certain LIFFE option transactions. ICE Clear Europe will determine the margin parameters used in the SPAN algorithm for LIFFE Contracts cleared by ICE Clear Europe, and make appropriate modifications to those parameters from time to time, within the framework of the margin requirement policy approved by the ICEU F&O Risk Committee. The margin parameters applicable from time to time will be issued and amended by ICE Clear Europe via a circular posted on its website.

Part 6 of the Rules contain no changes.

The amendments revise Part 7 of the Rules, which deals with settlement and delivery of futures, to address settlement of LIFFE Contracts. Specifically, Rule 703 has been amended to address the treatment of tenders delivered in relation to Futures that are not settled in cash. Additionally, Rule 704, which deals with the credit and debit of accounts, has been amended to provide that any payment or other allowance payable by or to either the Buyer or Seller under the terms of the Contract shall be paid by or to the Clearing House for onward payment to the Buyer or Seller, as the case may be.

The amendments revise Part 8 of the Rules, which deals with Options, to provide additional terms with respect to the exercise of option contracts other than options on futures. Specifically, new Rule 806 provides that upon exercise of any Option with a Deliverable which

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<sup>5</sup> SPAN is a registered trademark of Chicago Mercantile Exchange Inc. and used by ICE Clear Europe under license. SPAN is a risk evaluation and margin framework algorithm.

is not a Future, a Contract for the sale and purchase of the relevant Deliverable (a “Contract of Sale”) at the Strike Price (or such other price as is required pursuant to the Contract Terms) will arise pursuant to Rule 401 and in accordance with the Contract Terms for the Option and applicable Market Rules. Additionally, new Rule 806 provides that upon such Contract of Sale or Contracts of Sale having arisen and all necessary payments having been made by the Clearing Member and Clearing House pursuant to the Clearing Procedures, the rights, obligations and liabilities of the Clearing House and the relevant Clearing Member in respect of the Option shall be satisfied and the Option shall be terminated.

The amendments to Part 8 of the Rules also include the addition of new Rule 809, which clarifies the delivery and settlement procedures with respect to Contracts of Sale arising from Options. Pursuant to new Rule 809, the Clearing House has the authority to direct a Clearing Member, who is a seller under a Contract of Sale subject to delivery, to deliver the Deliverable under such Contract to another Clearing Member that is a buyer. New Rule 809 further provides that if a buyer under a Contract of Sale rejects a Deliverable delivered to it, the Clearing House as buyer under the back-to-back Contract with the Seller shall be entitled, if to do so would be in accordance with the applicable Contract Terms, to take the same action as against the seller under the equivalent Contract and the Clearing House shall not be deemed to have accepted such delivery until the relevant buyer has accepted delivery under the first Contract.

New Rule 810 addresses the cash settlement terms of Options with Deliverables other than Futures. New Rule 811 provides that the Clearing House shall make any necessary credits or debits to or from Clearing Members' Proprietary Margin Account and Customer Margin Accounts, as appropriate, arising as a result of each cash settlement and delivery in accordance with Part 3 of the Rules.

Part 9 of the Rules contain certain conforming changes.

Part 10 of the Rules contain no changes.

The amendments revise Part 11 of the Rules, which deals with the Guaranty Funds. The clearing of LIFFE Contracts will be supported by the existing Energy Guaranty Fund, which will be re-designated the “F&O Guaranty Fund.” Contributions to the F&O Guaranty Fund will be primarily allocated to losses from either Energy Contracts or LIFFE Contracts, and secondarily allocated to the other such class of Contracts, as set forth in Rule 1103 and as discussed above.

The amendments also revise Part 12 of the Rules, which addresses UK Settlement Finality Regulations and the Companies Act 1989. Conforming changes have been made to incorporate LIFFE Contracts in the provisions addressing various categories of transfer orders.

The amendments include a new Part 18 of the Rules, which provide for transitional provisions concerning the novation of open contracts with LIFFE A&M and LCH.Clearnet Limited, under LIFFE A&M’s existing clearing arrangements, to ICE Clear Europe, under the new clearing relationship, and the transfer of Clearing Member cash and securities from LCH.Clearnet Limited to ICE Clear Europe.

#### Membership Procedures

ICE Clear Europe Limited also submits revised Membership Procedures. ICE Clear Europe’s Membership Procedures have been updated to provide for the clearing of LIFFE Contracts and to reflect a new membership category, “F&O Clearing Members”, which identify Clearing Members seeking to clear LIFFE Contracts as well as existing Energy Clearing Members. The amendments reflect various other updates and changes to conform to other provisions of the Rules and procedures. In Section 4 (“Matters Requiring Notification by Clearing Members”), the chart governing all notifications, their timing and their form

requirements have been generally updated to address the changes to the numbering of provisions and otherwise to reflect the latest version of ICE Clear's Clearing Rules. New subsections G (“Clearing Procedures”), H (“Finance Procedures”), I (“Complaint Resolution Procedures”) and J (“Business Continuity Procedures”) have also been added, reflecting the notifications, timing and form requirements contained in such procedures.

#### Finance Procedures

ICE Clear Europe also submits revised Parts 2, 3, 4, 5, 6 and 9 of its Finance Procedures, which reflect general updates as well as changes to the clearing of LIFFE Contracts.

Section 2.1 has been revised to clarify the currencies supported by ICE Clear Europe in various contexts. Initial and Original Margin obligations may be met only in USD, GBP and EUR currency. CAD, CHF and SEK currency may be used by Clearing Members only for the receipt of income on non-cash Permitted Cover with coupons payable in those currencies. CAD may also be used for Variation Margin and settlement payments only for Energy Contracts which settle in CAD. Certain additional currencies may be used for Variation Margin and settlement payments for LIFFE Contracts which settle in such currencies.

Similarly, Section 3.7 has been amended to clarify that currencies eligible for Triparty Collateral for Original or Initial Margin are limited to USD, GBP and EUR.

Section 4.1 governing currency requirements for the accounts of the Clearing Members has been slightly modified: all F&O Clearing Members must have an account, denominated in USD; all CDS Clearing Members must have an account denominated in EUR; all F&O Clearing Members must additionally have at least one further account denominated in either GBP or EUR; all CDS Clearing Members must additionally have at least one further account denominated in either GBP or USD; a Clearing Member which has an Open Contract Position in a contract for

which EUR, GBP, USD or CAD is the settlement currency must have an account denominated in such currency; a Clearing Member which transfers non-cash Permitted Cover to the Clearing House which pays a coupon, interest or redemptions in USD, EUR, GBP, CAD, CHF or SEK must have an account in that currency; and an F&O Clearing Member that is a LIFFE Clearing Member and is party to LIFFE Contracts which settle in CAD, CHF, CZK, DKK, HUF, JPY, NOK, PLN, SEK or TRY must have an account in each such currency.

The procedures of the assured payment system have been updated under Section 5.5 of the Finance Procedures to conform to changes recently made to Rule 301(f) regarding the liability of Clearing Members for the remittance of funds through Approved Financial Institutions.

Section 6.1(h), which addresses the various payments that may be included in a cash transfer, has been modified to address intra-day call of additional Initial or Original Margin Call, the proceeds of which may be applied against future Variation Margin or Mark-to-Market Margin calls. Intra-day Calls will now only be processed in USD, GBP or EUR. Section 6.1(h)(vi) has been revised to address general procedures for rebates, fee discounts and incentive programs that the Clearing House may adopt from time to time. In addition, the provisions on Currency Holidays and payments on other currencies, Section 6.1(h)(viii), have also been updated and now include language on Force Majeure Events and Financial Emergencies.

In Section 9, the definitions relating to the use of Emission Allowances and Permitted Cover have been updated to reflect changes in EU Law with respect to Registry Regulations. Certain conforming changes are made in Part 10 of the Finance Procedures. Finally, Section 12.1 has been revised to reflect the sub-categories of Letters of Credit that might be used to

satisfy Original Margin, being a “Standard Letter of Credit” and a “Pass-Through Letter of Credit”. The relevant forms of the Letters of Credit have also been updated in Section 12.4.

#### Clearing Procedures

ICE Clear Europe submits its revised Clearing Procedures. ICE Clear Europe’s Clearing Procedures have been updated to provide for the clearing of LIFFE Contracts as well as certain other updates and confirmations. Accordingly, amendments have been made to the provisions relating to ICE Clear Europe’s post-trade administration, clearing and settlement systems, position management and position accounts in Sections 1, 2 and 3, respectively.

#### Delivery Procedures

ICE Clear Europe submits its revised Delivery Procedures. ICE Clear Europe’s Delivery Procedures have been amended to provide for the delivery of LIFFE Contracts. The following provisions have been added to the Delivery Procedures, which set out the new delivery arrangements:

- Section 8 (“Alternative Delivery Procedure: LIFFE White Sugar and Raw Sugar”);
- Section 17 (“LIFFE Guardian”), which describes the LIFFE Guardian electronic grading and delivery system which will be used in certain LIFFE deliveries; and
- Parts I – Q, which set out the delivery arrangements for the additional LIFFE Contracts as follows:

- Part I: “LIFFE Cocoa Contracts”
- Part J: “LIFFE Coffee contracts”
- Part K: “LIFFE White Sugar Contracts”
- Part L “LIFFE Wheat Contracts”

- Part M: “LIFFE Deliveries”
- Part N: “LIFFE Common Delivery Procedures”
- Part O: “LIFFE Gilt Contracts”
- Part P: “LIFFE Japanese Government Bond Contracts”
- Part Q: “LIFFE Equity Futures/Options”.

Further, the Schedule of Forms and Reports has been updated and lists additional delivery forms used for the LIFFE Contracts.

Part A of the Delivery Procedures relating to emissions contracts has also been amended, reflecting changes to EU legislation, certain new emission contracts previously launched by ICE Futures Europe and the use of a single EU registry together with additional conforming and updating changes to the Delivery Procedures generally.

(b) Statutory Basis

ICE Clear Europe believes that the proposed rule and procedure changes are 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> The amendments will provide for clearing of LIFFE Contracts by ICE Clear Europe, consistent with ICE Clear Europe’s existing clearing arrangements and related financial safeguards, protections and risk management procedures, as discussed herein. Acceptance of LIFFE Contracts for clearing, and conditions set out in these rule and procedure amendments, will promote the prompt and accurate clearance of and settlement of securities transactions, 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

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

<sup>7</sup> 17 CFR 240.17Ad-22.

meaning of Section 17A(b)(3)(F) of the Act.<sup>8</sup> The proposed amendments do not impact ICE Clear Europe's financial resources devoted to its security-based swap related (i.e., credit default swap) clearing business. Clearing of LIFFE Contracts will satisfy relevant requirements of Rule 17Ad-22,<sup>9</sup> as discussed below.

*Financial Resources.* As discussed above, ICE Clear Europe has structured the F&O Guaranty Fund to provide sufficient additional financial resources to support the clearing of LIFFE Contracts consistent with the requirements of Rule 17Ad-22.<sup>10</sup> The proposed amendments do not impact ICE Clear Europe's financial resources devoted to its security-based swap related (i.e., credit default swap) clearing business. Moreover, new policies were approved covering margin requirements, mark-to-market margin, capital to margin, membership, internal rating, backtesting, wrong-way risk, concentration charges, intraday margin and stress testing in respect of the LIFFE A&M clearing relationship. Relevant models applicable to the clearing of LIFFE Contracts were subjected to independent validation as required by ICE Clear Europe's model governance framework.

*Operational Resources.* ICE Clear Europe believes it will have the operational and managerial capacity to clear the LIFFE Contracts as of the commencement of clearing, consistent with the requirements of Rule 17Ad-22(d)(4).<sup>11</sup> Staffing levels and resources at ICE Clear Europe related to operational and technology needs for the clearing of LIFFE Contracts will be subject to ongoing review. ICE Clear Europe believes that its existing systems are appropriately scalable to handle the expected increase in volume. ICE Clear Europe may also enter into

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

<sup>9</sup> 17 CFR 240.17Ad-22.

<sup>10</sup> Id.

<sup>11</sup> Id.

services arrangements with LIFFE A&M from time to time in connection with the clearing of LIFFE Contracts, under which LIFFE A&M or its personnel may assist with certain clearing functions, particularly with respect to contracts that go to delivery.

*Participant Requirements.* ICE Clear Europe believes that the Amendments and the clearing of LIFFE Contracts are consistent with the requirements of Rule 17Ad-22(d)(2)<sup>12</sup> to provide fair and open access through participation requirements that are objective and publicly disclosed. ICE Clear Europe believes that the Amendments establish fair and objective criteria for the eligibility to clear LIFFE Contracts. ICE Clear Europe clearing membership is available to participants that meet such criteria. ICE Clear Europe clearing members that wish to clear LIFFE Contracts will have to satisfy the financial resources requirements to clear these products and continue to do so in order to preserve their eligibility to clear LIFFE Contracts. Clearing member compliance with the requirements to clear LIFFE Contracts will be monitored by ICE Clear Europe.

*Settlement.* ICE Clear Europe believes that the Amendments will improve the finality and accuracy of its daily settlement process and reduce the risk to ICE Clear Europe of settlement failures, consistent with the requirements of Rule 17Ad-22(d)(5), (12) and (15).<sup>13</sup> The proposed Amendments require ICE Clear Europe clearing members that clear LIFFE Contracts to maintain accounts at approved financial institutions and that are denominated in the settlement currency of the LIFFE Contracts such clearing member clears. Also, the Finance Procedures Amendments clarify the steps a clearing member (and its approved financial institutions) must take in order for the clearing member's obligations to pay ICE Clear Europe to be deemed satisfied and complete.

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<sup>12</sup> Id.

<sup>13</sup> Id.

Likewise, the proposed Amendments to the delivery procedures clarify the obligations of ICE Clear Europe and its clearing members in respect of physically-settled LIFFE Contracts. The proposed Amendments contemplate that ICE Clear Europe may, from time to time, enter into clearing services arrangements with LIFFE A&M, in respect of LIFFE Contracts, pursuant to which certain functions may be performed by LIFFE A&M for ICE Clear Europe. In general, the terms to be added to the ICE Clear Europe delivery procedures in large part reflect the terms currently applicable to the LIFFE Contracts under their existing clearing arrangements.

ICE Clear Europe believes these changes are thus in furtherance of, and are consistent with, the requirements of Rule 17Ad-22<sup>14</sup> and will facilitate the continued operation of the clearing house's settlement process. ICE Clear Europe believes that its Rules and procedures related to settlements (including physical settlements), as amended, appropriately identify and manage the risks associated with settlements under LIFFE Contracts.

*Default Procedures.* ICE Clear Europe believes that the Rules and its relevant procedures allow for it to take timely action to contain losses and liquidity pressures and to continue meeting its obligations in the event of clearing member insolvencies or defaults, including in respect of LIFFE Contracts, in accordance with Rule 17Ad-22(d)(11).<sup>15</sup>

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

ICE Clear Europe does not believe the proposed rule changes would have any impact, or impose any burden, on competition. LIFFE A&M is an established market for the LIFFE Contracts, and ICE Clear Europe does not anticipate that its becoming the clearing house for the LIFFE Contracts will adversely affect the trading market for those contracts on LIFFE A&M. Moreover, ICE Clear Europe has established fair and objective criteria for eligibility to clear

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<sup>14</sup> Id.

<sup>15</sup> Id.

LIFFE Contracts, and accordingly ICE Clear Europe does not believe that the proposed rule changes will impose any burden on competition among clearing members.

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

Written comments relating to the rule changes have been solicited and one comment has been received to date but was not in connection with the specific rule and procedure changes. 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 (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](mailto:rule-comments@sec.gov). Please include File Number SR-ICEEU-2013-09 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-2013-09. 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/publicdocs/regulatory\\_filings/ICEU\\_SEC\\_051313\\_3.pdf](https://www.theice.com/publicdocs/regulatory_filings/ICEU_SEC_051313_3.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-2013-09 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>16</sup>

Kevin M. O'Neill  
Deputy Secretary

[FR Doc. 2013-12704 Filed  
05/28/2013 at 8:45 am;  
Publication Date: 05/29/2013]

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<sup>16</sup> 17 CFR 200.30-3(a)(12).