

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-74148; File No. SR-ICEEU-2015-002)

January 27, 2015

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Clearance of New Government Bond Contracts

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 January 16, 2015, ICE Clear Europe Limited (“ICE Clear Europe” or the “Clearing House”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by ICE Clear Europe. ICE Clear Europe filed the proposal 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 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 rule change is to modify certain aspects of the ICE Clear Europe Delivery Procedures in connection with Euro-Denominated Government Bond Contracts and Swiss Confederation Bond Contracts (collectively, the “European Government Bond Contracts”), which are traded on the ICE Futures Europe market and cleared by ICE Clear Europe.

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 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.

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

The purpose of the proposed rule change is to modify certain aspects of the ICE Clear Europe Delivery Procedures in connection with European Government Bond Contracts, which are traded on ICE Futures Europe and cleared by ICE Clear Europe. ICE Clear Europe does not otherwise propose to amend its clearing rules or procedures in connection with the European Government Bond Contracts.

The amendments adopt new Parts U and V of the Delivery Procedures, which will be applicable to the European Government Bond Contracts in the case of physical delivery. Part U applies to Euro-Denominated Government Bond Contracts (a category that currently consists of futures contracts on German, Italian and Spanish government bonds). Part V applies to Swiss franc-denominated futures contracts on Swiss government bonds. The amendments also adopt new Part W of the Delivery Procedures, which addresses the treatment of certain cash claims, distributions, transformations or other events (collectively, "debt events") that may arise or occur with respect to a bond underlying a government bond contract during the delivery period.

Each of new Parts U and V of the Delivery Procedures provides, among other matters, specifications for delivery of the applicable deliverable bonds under a European Government Bond Contract through the Clearing House's account at the relevant European securities settlement system (Euroclear, Clearstream Banking or SIX SIS AG, as applicable) for the particular government bonds. Each Part also provides relevant definitions and a detailed timetable for the respective notice, allocation, delivery and other obligations of the parties (and the Clearing House) in respect of delivery under the relevant contracts. The amendments further address invoicing and payment for delivery.

New Part W of the Delivery Procedures addresses the occurrence of certain debt events with respect to the bonds underlying a government bond contract after the expiry date of the contract (and thus during the relevant delivery period for the contract). These include cash claims arising in relation to the underlying bond, the distribution of other obligations to a bondholder (such as a payment in kind), and/or a transformation of the underlying bond (for example pursuant to a currency redenomination or debt restructuring). Part W clarifies the rights and obligations of the buyer and seller under the relevant contract in respect of such an event (in general, the buyer under the contract will be entitled to the relevant cash claim, distribution or transformed obligation). Part W also provides certain limitations on the obligations and liability of the Clearing House with respect to a debt event. The amendments provide mechanics for notification of a debt event where an election is required to be made. The amendments also contain procedures to address failed deliveries and settlements in connection with debt events, as well as certain related tax liabilities.

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, including the standards under Rule 17Ad-22,⁶ and are consistent with the prompt and accurate clearance of and settlement of 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.⁷ The proposed delivery procedures for European Government Bond Contracts are similar to those of other ICE Futures Europe contracts currently cleared by ICE Clear Europe, including the UK government bond futures contracts. ICE Clear Europe believes that its existing financial resources, risk management, systems and operational arrangements are sufficient to support clearing of such products and physical delivery under such products (and will not be adversely affected by the proposed amendments to the Delivery Procedures).

Specifically, ICE Clear Europe believes that it will be able to manage the risks associated with physical delivery under the European Government Bond Contracts. The European Government Bond Contracts present a similar risk profile to other government bond futures contracts currently traded on ICE Futures Europe and cleared by ICE Clear Europe, and ICE Clear Europe believes that its existing risk management and margin framework is sufficient for purposes of risk management of the European Government Bond Contracts and related deliveries.

⁵ 15 U.S.C. 78q-1.

⁶ 17 CFR 240.17Ad-22.

⁷ 15 U.S.C. 78q-1(b)(3)(F).

Similarly, ICE Clear Europe has established appropriate standards for determining the eligibility of contracts submitted to the Clearing House for clearing, and ICE Clear Europe believes that its existing systems are appropriately scalable to handle physical delivery under the European Government Bond Contracts, which is generally similar from an operational perspective to delivery under other ICE Futures Europe bond contracts currently cleared by ICE Clear Europe.

For the reasons noted above, ICE Clear Europe believes that the proposed rule change is consistent with the requirements of Section 17A of the Act⁸ and regulations thereunder applicable to it.

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

ICE Clear Europe does not believe the proposed rule change will have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the Act. ICE Clear Europe is adopting the amendments to the Delivery Procedures in connection with European Government Bond Contracts traded on the ICE Futures Europe market. ICE Clear Europe believes that such contracts will provide additional opportunities for interested market participants to engage in trading activity relating to European government bond futures. ICE Clear Europe does not believe the adoption of related Delivery Procedures amendments would adversely affect access to clearing for clearing members or their customers, or otherwise adversely affect competition in clearing services.

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

⁸ 15 U.S.C. 78q-1.

Written comments relating to the proposed rule change 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)⁹ of the Act and Rule 19b-4(f)(4)(ii)¹⁰ thereunder. 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:

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-2015-002 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.

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(4)(ii).

All submissions should refer to File Number SR-ICEEU-2015-002. 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>.

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--2015-002 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.¹¹

Jill M. Peterson
Assistant Secretary

¹¹ 17 CFR 200.30-3(a)(12).