



# ICE CLEAR CREDIT

## CDS COLLATERAL MANAGEMENT

DECEMBER 2022

# CLEARING ELIGIBLE COLLATERAL

## Client-Related Initial Margin

- Client-Related US Dollar Denominated Product Requirements
  - 65% US cash and/or US Treasuries
  - +35% US cash, Euro cash, and/or US Treasuries
- Client-Related Euro Denominated Product Requirements
  - 100% US cash, Euro cash, and/or US Treasuries

## Non-Client Initial Margin & Guaranty Fund

- Non-Client US Dollar Denominated Product Requirements
  - 45% US cash
  - +20% US cash and/or US Treasuries
  - +35% US cash, Euro cash, and/or US Treasuries
- Non-Client Euro Denominated Product Requirements
  - 45% Euro cash
  - +20% Euro cash and/or US cash
  - +35% Euro cash, US cash, and/or US Treasuries

*Subject to GF minimum required contribution of \$20 MM being 100% in US Cash*

## Mark-to-Market Margin & Trade Payments\*

- US cash for US Dollar Denominated Products
- Euro cash for Euro Denominated Products

\*Interest on mark-to-market margin, credit event, quarterly coupons and upfront fee payments

# COLLATERAL MANAGEMENT

## ICE CLEAR CREDIT HAIRCUT SCHEDULE

### Security Haircut as Function of Maturity in Years (Y) to Establish USD Cash Equivalent Value

US Government Security	Maturity < 1Y	1Y ≤ Maturity < 3Y	3Y ≤ Maturity < 5Y	5Y ≤ Maturity < 10Y	10Y ≤ Maturity < 20Y	20Y ≤ Maturity
U.S. Government Treasury (Bills, Notes and Bonds) Excluding: Floating Rate Notes and STRIPS	1.75%	3.00%	4.50%	6.75%	11.00%	16.00%
U.S. Government Treasury (Inflation-Protected Securities, "TIPS")	2.50%	3.75%	5.25%	7.50%	11.00%	16.00%

### Currency Haircut to Establish Cross-Currency Cash Value

Initial Currency	Final Currency	Haircut
EUR	USD	6.00%
USD	EUR	6.00%

- No haircut is applied to Euros used to cover a Euro Denominated Product Requirement.
- All other currency and collateral used to cover a Euro Denominated Product Requirement is first converted to the USD cash equivalent value, based on the haircuts above, then the USD value is haircut at the EUR currency haircut listed above.
- ICE Clear Credit will reduce the collateral valuation of maturing U.S. Treasury Securities deposited to satisfy margin and guaranty fund requirements to \$0 two business days prior to maturity.
- Any questions with respect to acceptable collateral should be directed to ICECLEARCREDITTREASURY@THEICE.com.

\*As of December 7, 2022

# COLLATERAL MANAGEMENT

## ICE CLEAR CREDIT FEE SCHEDULE

- ICC retains a portion of the interest earned on cash balances<sup>1</sup>, net of cash management expenses<sup>2</sup>, i.e. Net Investment Yield (NIY)

**Schedule of ICC Retained Portion of Net Investment Yield (NIY) on Cash Balances  
(All Currencies, Client and House Initial Margin and Guaranty Fund Cash Amounts)**

NIY Range in Bps	NIY ≤ 5	5 < NIY ≤ 10	10 < NIY ≤ 15	15 < NIY ≤ 20	20 < NIY ≤ 25	25 < NIY ≤ 30	30 < NIY ≤ 35	35 < NIY ≤ 40	40 < NIY ≤ 45	45 < NIY ≤ 50	50 < NIY ≤ 100	100.0 < NIY
ICC Retained Portion	0 bp	1 bp	2 bp	3 bp	4 bp	5 bp	6 bp	7 bp	8 bp	9 bp	10 bp	10% of NIY

- For Euro (House Initial Margin and Guaranty Fund), an additional 50 basis point fee applies to amounts in excess of the total EUR requirement.
- For U.S. Treasury securities held as collateral, a 7.5 basis point fee (annualized) based on par value of securities applies.
- Fees are calculated and charged monthly.
- The fees apply to both House and Client accounts.

<sup>1</sup> For USD the investment yield is based on the interest rate paid on excess reserves (IORR rate) as determined by the Fed Board of Governors. The following link provides the most recent IORR rate. <https://www.federalreserve.gov/monetarypolicy/regresbalances.htm>

<sup>2</sup> Expenses include external management fees, where utilized, and 1 bp for service related expenses