



## QCCP Status of ICE Clear Europe Limited

### Introduction

This document explains how ICE Clear Europe Limited ("ICEU") satisfies the criteria to be a Qualifying Central Counterparty ("QCCP").

### What is a QCCP?

In April 2014, the Basel Committee on Banking Supervision published '*Capital Requirements for Bank Exposures to CCPs*<sup>1</sup> as part of the Basel III framework. These standards impose a capital charge on banks' exposures to CCPs arising from certain transactions, including derivatives and securities financing transactions, but provide for lower capital charges for banks' exposures to a QCCP, as opposed to a non-QCCP.

Under this framework, a QCCP is defined as an entity that is licensed to operate as a CCP (including a license granted by way of confirming an exemption) and is permitted by the appropriate regulator to operate as such with respect to the products offered. This is subject to the provision that the CCP is based and prudentially supervised in a jurisdiction where the relevant regulator has established, and publicly indicated that it applies to the CCP on an ongoing basis, domestic rules and regulations that are consistent with the Committee on Payments and Market Infrastructures ("CPMI") and the International Organization of Securities Commissions' ("IOSCO") Principles for Financial Market Infrastructures ("PFMIs")<sup>2</sup>.

In addition, to be considered as a QCCP, a CCP must make available or calculate required data for the purposes of calculating the capital requirements for default fund exposures

### How does ICEU meet the criteria for being a QCCP?

ICEU meets the definition of a QCCP by virtue of the following:

- Compliance with the PFMIs<sup>3</sup>
- Authorisation as a recognised clearing house under the UK Financial Services and Markets Act 2000 and supervision by the Bank of England; and compliance with UK EMIR and related Technical Standards<sup>4</sup>
- Recognition by the European Securities and Markets Agency as a third-country CCP under EMIR and compliance with the relevant EMIR requirements
- Designation by the U.S. Commodity Futures Trading Commission ("CFTC") as a Derivatives Clearing Organization and compliance with the relevant CFTC requirements<sup>5</sup>
- Registration by the U.S. Securities and Exchange Commission ("SEC") as a Securities Clearing Agency and a Covered Clearing Agency and compliance with the relevant SEC requirements<sup>6</sup>

In addition, ICE Clear Europe computes capital requirements in accordance with the Basel Framework paragraphs 54.27 through 54.29 and provides results directly to its clearing members.

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<sup>1</sup> Published by the Basel Committee on Banking Supervision as part of the Basel III framework. BCBS282 (April 2014) [https://www.bis.org/basel\\_framework/chapter/CRE/54.htm?inforce=20191215](https://www.bis.org/basel_framework/chapter/CRE/54.htm?inforce=20191215)

<sup>2</sup> Committee on Payment and Settlement Systems (later renamed the Committee on Payments and Market Infrastructures) and Technical Committee of the International Organization of Securities Commissions, Principles for Financial Market Infrastructures (April 2012) <https://www.bis.org/cpmi/publ/d101a.pdf>

<sup>3</sup> ICE Clear Europe's PFMI Disclosure Statement (as updated periodically) is available here: [https://www.theice.com/publicdocs/clear\\_europe/ICE\\_Clear\\_Europe\\_Disclosure\\_Framework.pdf](https://www.theice.com/publicdocs/clear_europe/ICE_Clear_Europe_Disclosure_Framework.pdf)

<sup>4</sup> Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC Derivatives, Central Counterparties, and Trade Repositories as onshored into UK legislation under the European Union (Withdrawal) Act 2018 with effect from the end of the Brexit transition period

<sup>5</sup> <https://www.law.cornell.edu/cfr/text/17/chapter-1>

<sup>6</sup> <https://www.law.cornell.edu/cfr/text/17/240.17Ad-22>