

Circular C21/094 ICE Clear Europe: Annual Default Management Test 04-05 October 2021

Category

Risk Management

Attachments

None

ICE Clear Europe (“the Clearing House”) will perform an annual test of its Default Management Procedures on **Monday 04 October 2021** and **Tuesday 05 October 2021**.

The Clearing House plans to conduct a Default Management Test based on the hypothetical Default of a Clearing Member covering the CDS and F&O Clearing Services.

Clearing Members are reminded that participation in the annual Default Management Tests organised by the Clearing House is **mandatory** under Rule 202(a)(xix). Failure by Clearing Members to participate in, or inadequate participation in, Default Management Tests may result in disciplinary action being taken. Further, the Auction Terms for F&O Default Auctions and the Auction Terms for CDS Default Auctions (“Auction Terms”) as applicable, set out, amongst other things, the minimum bid requirements and the consequences for Clearing Members who do not comply with their obligations under the Auction Terms. It is anticipated that, as in previous years, there will be oversight and attendance from the Bank of England and other regulators for parts of the 2021 test.

In preparation for the Default Management Test, Clearing Members are advised that:

- The Clearing House will contact the relevant default management contacts as provided by Clearing Members in the Annual Member Return in order to support coordination of the Default Management Test;
- In order for users to familiarise themselves with ICE’s Default Management System (“DMS”), the Clearing House will hold a series of Webinars to the formal Default Management Test. Further information will be provided in due course; and
- Following each Default Management Test, the Clearing House communicates results to each auction participant, the relevant Product Risk Committee(s) and relevant regulatory authorities.

The Clearing House also encourages clients of the F&O and CDS Clearing Services to participate in the Default Management Test. This will enable market participants to familiarise themselves with the Clearing House’s Default Management processes, including porting and supporting technology.

Should you have any questions in relation to this Circular or require any further information, please contact ICEClearEuropeFnODefaultManagement@ice.com or by phone on +44 (0)20 7065 7600 for F&O related queries or ICEClearEuropeCDSDefault@ice.com or by phone on +44 (0)20 7429 3130 for CDS related queries.

Please ensure that the appropriate members of staff within your organisation and customers are advised of the content of this Circular.

Signed:



Hester Serafini
President

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For more information, please contact:

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