

Circular C21/113 ICE Clear Europe: Proposed Changes to the Clearing Rules

Category
Regulations

Attachments
ICE Clear Europe Clearing Rules

The purpose of this Circular is to advise Clearing Members of proposed amendments to the ICE Clear Europe Clearing Rules (the "Clearing Rules") which are required to give effect to ICE's LIBOR Transition Plan. The LIBOR Transition Plan is available here: https://www.ice.com/publicdocs/futures/IFEU_LIBOR_Transition_Fallback.pdf.

As contemplated in the LIBOR Transition Plan, the Clearing House proposes to introduce a new Part 24 of the Clearing Rules (the "LIBOR Transition Rules") which, among other things, will set out the process by which the Clearing House will give effect to the amendment and restatement of:

- the Transitioning Three Month Sterling LIBOR Contracts as SONIA Contracts with identical delivery month;
- the Transitioning Three Month EuroSwiss Contract as SARON Contracts with identical delivery month; and
- the Options on any Transitioning Three Month Sterling LIBOR Contracts as Options on SONIA Contracts, where the relevant Three Month Sterling LIBOR Contract and SONIA Contract have an identical delivery month.

The LIBOR Transition Rules will also include, without limitation, details on the calculation methodology and publication of the LIBOR Transition Settlement Prices, conversion mechanism for Open Contract Positions subject to the transition, and cash settlement of any relevant Open Contract Positions that are excluded from the Sterling LIBOR Transition.

The LIBOR Transition Rules will also confirm that, in relation to Options on the Three Month Sterling LIBOR Contracts for which the corresponding Option on the SONIA Contracts has a different expiry date, a one-off irreversible payment will take place under Rule 109(k) of the Clearing Rules to address the change in expiry date.

Capitalised terms used but not defined in this Circular or the Clearing Rules shall have the meaning given to the term in the LIBOR Transition Rules.

I therefore give formal notice that the amendments set out in the attached draft Clearing Rules are proposed, subject to completion of relevant regulatory processes.

Clearing Members are invited to comment on the proposed amendments to the Clearing Rules within 14 days of publication of this Circular.

Comments should therefore be made by email to Charles Lindsay, Head of Legal (charles.lindsay@ice.com) by Monday, 11th October 2021.

The effective date of these proposed Clearing Rules will be published by Circular.

Should you have any questions in relation to this Circular or require any further information, please contact Charles Lindsay, Head of Legal by phone on +44 (0)20 3142 0925 or by email to charles.lindsay@ice.com.

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

Signed:

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A handwritten signature in blue ink, appearing to read 'Hester Serafini'.

Hester Serafini
President

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