

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 28	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2013 - * 09 Amendment No. (req. for Amendments *) 2
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Filing by ICE Clear Europe Limited.
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) <input type="checkbox"/> Section 806(e)(2) <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The principal purpose of the proposed changes is to implement a clearing relationship in which ICE Clear Europe will clear contracts traded on the LIFFE Administration and Management market.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Patrick	Last Name * Davis
Title * Head of Legal and Company Secretary	
E-mail * patrick.davis@theice.com	
Telephone * (770) 857-4400	Fax <input type="text"/>

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title *)

Date 06/03/2013	Head of Legal and Company Secretary
By Patrick Davis	<input style="width: 100%;" type="text"/>
(Name *)	

Digitally Sign and Lock Form

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Form 19b-4 Information1. Text of the Proposed Rule Change

(a) ICE Clear Europe Limited (“ICE Clear Europe”) has annexed in Exhibit 1 the text of the partial amendment proposed in this Amendment No. 2 (“Amendment No. 2”) by ICE Clear Europe Limited (“ICE Clear Europe”) to the previously submitted¹ proposed rule changes to implement a clearing relationship in which ICE Clear Europe will clear contracts traded on the LIFFE Administration and Management (“LIFFE A&M”) market (the “LIFFE Clearing Proposed Amendments”). Amendment No. 2 is intended to elaborate certain aspects of the proposed clearing activities as they relate to LIFFE securities products and to make a partial amendment to certain rules and procedures that would clarify the considerations under which certain margin and risk management requirements would be established and modified from time to time. Except as described in this Amendment No. 2, the LIFFE Clearing Proposed Amendments, as described in the LIFFE Clearing Rule Notice, are unchanged.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

(a) The ICE Clear Europe Board approved changes to the ICE Clear Europe Clearing Rules (“the Rules”) on February 11, 2013.

¹ On May 13, 2013, ICE Clear Europe initially filed the LIFFE Clearing Proposed Amendments. On May 22, 2013, ICE Clear Europe submitted Amendment No. 1 to the proposed rule change to, among other things, clarify the scope of products proposed to be cleared, add new Rule 207(f) prohibiting FCM/BD Clearing Members and other Clearing Members organized in the U.S. from clearing LIFFE Contracts that are futures or options on underlying U.S. securities, add additional clarification surrounding the operation of the combined F&O Guaranty Fund and the margining of LIFFE Contracts, and supplement the statutory basis for the proposed rule change. Notice of the proposed rule changes was published by the Commission on May 23, 2013 (Release No. 34-69628, published at 78 Fed. Reg. 32287 (May 29, 2013)) (the “LIFFE Clearing Rule Notice”).

(b) Please refer questions and comments regarding Amendment No. 2 to Patrick Davis, Head of Legal and Company Secretary, ICE Clear Europe Limited, 5th Floor, Milton Gate, 60 Chiswell Street, London, EC1Y 4SA, United Kingdom, +44 20 7065 7600.

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

(a) Purpose

As described in the LIFFE Clearing Rule Notice, ICE Clear Europe has agreed to act as the clearing organization for futures and option contracts traded on LIFFE Administration and Management, a recognized investment exchange under the UK Financial Services and Markets Act of 2000. Capitalized terms used but not defined herein have the meanings specified in the LIFFE Clearing Rule Notice. In this Amendment No. 2, ICE Clear Europe submits revisions to Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures that are intended to clarify the considerations under which ICE Clear Europe would establish and modify certain margin requirements that may be applicable to cleared LIFFE Contracts and energy contracts, including the assets eligible as Margin and Permitted Cover and related haircuts.

ICE Clear Europe submits revisions to its margin requirements under Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures. As discussed in the LIFFE Clearing Rule Notice, Margin requirements for LIFFE Contracts will be calculated using the SPAN®1 v4 algorithm,² with modifications for concentration charges and a trinomial model used with respect to certain LIFFE option transactions. ICE Clear Europe will determine the margin parameters used in the SPAN algorithm for LIFFE Contracts cleared by ICE Clear Europe, and make appropriate modifications to those parameters from time to time, within the framework of the margin requirement policy approved by the ICE Clear Europe F&O Risk Committee. The

² SPAN is a registered trademark of Chicago Mercantile Exchange Inc. and used by ICE Clear Europe under license. SPAN is a risk evaluation and margin framework algorithm.

margin parameters applicable from time to time will be issued and amended by ICE Clear Europe via a circular posted on its website.

Rule 502(d) addresses a number of margin requirements, including the assets eligible to be provided as Margin or Permitted Cover, and Rule 502(e) addresses haircuts that the clearing house may apply to such assets. Under the existing Rules, changes to such requirements may be determined by the clearing house from time to time and notified by Circular (which will also be posted on the clearing house's website). ICE Clear Europe proposes to add a new Rule 502(k) to provide that for F&O Contracts, changes to the matters set forth in Rules 502(d) and (e), including assets eligible as Margin or Permitted Cover and the haircuts established with respect to such assets, will be based on an analysis of appropriate factors as determined by the clearing house. These factors will include, without limitation, historical and implied price volatility of those assets, current and anticipated conditions in the market for those assets, spreads and correlations between assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information as determined by ICE Clear Europe. Consistent with its existing policies and procedures, ICE Clear Europe regularly reviews its current eligible Margin and Permitted Cover assets and related haircuts and makes any necessary adjustments.

Proposed new Rule 502(k) reads as follows:

(k) With respect to F&O Contracts, changes to the matters described in Rules 502(d) and (e) above, including assets eligible as Margin or Permitted Cover and the haircuts established with respect thereto, will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

Similarly existing Section 13.6 of the Finance Procedures addresses the determination and change of original margin rates from time to time. As set forth in existing Section 13.6, ICE Clear Europe regularly reviews its margin rates in light of market conditions and makes appropriate modifications. ICE Clear Europe proposes to amend Section 13.6 to provide that changes to original margin rates for F&O Contracts will be based on an analysis of appropriate factors as determined by the clearing house. These include market prices, historical and implied volatilities of relevant contracts, spreads and correlations between related commodities, other current and anticipated conditions (including liquidity) in the market for the contracts and other relevant information as determined by ICE Clear Europe. ICE Clear Europe believes that Section 13.6 provides it the flexibility to adjust the calculation of margin rates in order to react to changes in market conditions, particularly changes in volatility. These changes may occur suddenly, and failure to update margin rates to take into account such changes may lead to insufficient margin being collected by the clearing house. The proposed revisions to Section 13.7 of the Finance Procedures are substantially the same as the amendments to Rule 502(k), and are being made for the reasons discussed above in connection with that rule change.

Proposed amended Sections 13.6 and 13.7 of the Finance Procedures read as follows

(new text underlined):

13.6 Margin Parameters The Clearing House monitors market volatilities on a daily basis. The Clearing House will review Original Margin rates on a periodic and ad hoc basis. Changes to Original Margin rates will be notified to Clearing Members by Circular. With respect to F&O Contracts, ad hoc rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to F&O Contracts, changes to Original Margin rates will be based on an analysis of appropriate factors as determined by the Clearing House, including market prices, historical and implied volatilities of relevant contracts, spreads and correlations between related commodities, other current and anticipated conditions (including liquidity) in the market for the contracts and other relevant information.

13.7 Haircuts The Clearing House will review haircuts applicable for Permitted Cover on a periodic and ad hoc basis. Changes to haircuts will be notified to Clearing Members by Circular. With respect to Permitted Cover for F&O Contracts, ad hoc rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to Permitted Cover for F&O Contracts, changes to haircuts will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

ICE Clear Europe believes that the proposed revisions to Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures will provide clearing members with additional predictability as to potential changes to margin requirements, and the reasons for such changes, without adversely affecting the clearing house's ability to adjust margin requirements as warranted by its risk management policies and market conditions. In addition, this additional guidance should permit clearing members to better anticipate potential changes in margin requirements and manage their own liquidity requirements, which may reduce the likelihood that a clearing member will be unable to satisfy its margin requirements and thereby improve the financial stability of the clearing house.

(b) Statutory Basis

As discussed in the LIFFE Clearing Rule Notice, ICE Clear Europe proposes to clear, among other LIFFE contracts, the LIFFE securities products. Currently, the LIFFE securities products are cleared by LIFFE A&M, with certain clearing functions performed by LCH Clearnet Limited, as described in the no-action relief previously provided to LIFFE A&M and its

predecessor entities by Commission staff.³ ICE Clear Europe proposes to provide substantially the same clearing functions for the LIFFE securities products, pursuant to the LIFFE Clearing Proposed Amendments, as are currently being provided by LIFFE A&M and LCH Clearnet.

ICE Clear Europe is currently registered with the Commission as a securities clearing agency for purposes of clearing security-based swaps, pursuant to Section 17A(l) of the Act.⁴ With respect to the clearing of other securities products, such as the options on securities and security indices that constitute LIFFE securities products, the Commission has historically taken the position that a foreign clearing agency would be required to register as a securities clearing agency (or obtain an exemption from registration) only if it provides clearing services for U.S. securities directly to U.S. persons.⁵ Conversely, the Commission has recognized that a foreign clearing agency is not required to register, or obtain an exemption from registration, with respect to clearing services involving non-U.S. securities, even if such services may be provided directly to U.S. persons.⁶

Consistent with these Commission positions, ICE Clear Europe believes that its proposed clearing of the LIFFE securities products does not require further registration of ICE Clear Europe or an exemption from the registration requirement. With respect to those LIFFE securities products that constitute foreign securities (i.e., futures and options on underlying non-U.S. securities), ICE Clear Europe (as a foreign clearing organization) may, consistent with the approach taken under Euroclear Order, provide clearing services, including to U.S. clearing members, without registration. With respect to those LIFFE securities products that may

³ See, e.g., SEC No-Action Letter to LIFFE A&M, dated July 29, 2009; SEC No-Action Letter to LIFFE A&M, dated March 6, 1996; SEC No-Action Letter to LIFFE A&M, dated May 1, 1992.

⁴ 15 U.S.C. 78q-1(l).

⁵ See, e.g., Cross-Border Security-Based Swap Activities; 78 Fed. Reg. 30968, 31039 n. 682 (May 23, 2013).

⁶ See, e.g., Morgan Guaranty Trust Company of New York, Brussels Office, as Operator of the Euroclear System, Release No. 34-38589 (May 9, 1997) (the "Euroclear Order"), at n. 16.

constitute U.S. securities (i.e., futures and options on underlying U.S. securities), ICE Clear Europe will not provide clearing services to U.S. clearing members, as provided in proposed new Rule 207(f) and as described in the LIFFE Clearing Rule Notice. As a result, these clearing activities do not implicate the registration requirement under Section 17A(b) of the Act.⁷

In ICE Clear Europe's view, the fact that it is registered as a securities clearing agency for purposes of clearing security-based swaps does not change this analysis. ICE Clear Europe's security-based swap clearing activities are for relevant purposes separate from the proposed LIFFE securities product clearing activities, and in particular are supported by a separate guaranty fund. ICE Clear Europe believes that they can be treated separately as a regulatory matter as well. The Commission has recognized in the Euroclear Order, for example, that a foreign clearing organization may have activities for which registration (or exemption) is needed and activities for which neither registration nor exemption is required. Similarly, ICE Clear Europe's registration for security-based swap clearing should not preclude it from engaging in other clearing activities that would otherwise be permissible without registration under the Exchange Act. (ICE Clear Europe notes that in any event, because of its status as a registered clearing agency, it will in practice be subject to additional requirements under the Act in respect of the LIFFE securities products, notably the rule approval requirements under Section 19(b) of the Act.)

As described in the LIFFE Clearing Rule Notice, ICE Clear Europe's clearing operations with respect to the LIFFE securities products, and particularly those relating to U.S. securities, will be conducted outside the United States (with the exception of certain information technology services obtained from U.S. affiliates). Although ICE Clear Europe obtains certain services from some of its U.S. affiliates in connection with its security-based swap clearing

⁷ 15 U.S.C. 78q-1(b)

activities, those services are not relevant to the clearing of the LIFFE securities products.

Accordingly, ICE Clear Europe does not believe such arrangements would affect the analysis discussed above.

As noted above, ICE Clear Europe's proposed new Rule 207(f) will prohibit U.S. clearing members from clearing LIFFE securities products involving underlying U.S. securities (other than broad-based security index futures contracts). In furtherance of this restriction, ICE Clear Europe, together with LIFFE, will implement operational controls to restrict the activities of U.S. clearing members. Specifically, the clearing system to be used for the LIFFE securities products will have market access controls that prevent U.S. clearing members from creating or holding cleared positions in LIFFE securities products involving underlying U.S. securities. This is intended to prevent U.S. clearing members from engaging in any clearing-related activity (including give-ups or take-ups) in respect of those products. When a new U.S. clearing member is approved for clearing, LIFFE and ICE Clear Europe will be jointly responsible to ensure that these access limitations are properly in place.

With respect to the proposed changes to Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures in this Amendment No. 2, ICE Clear Europe believes that such amendments are consistent with the requirements of Section 17A of the Act⁸ and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22.⁹ The amendments will promote the prompt and accurate clearance of and settlement of securities transactions, the safeguarding of securities and funds in the custody or control of ICE Clear Europe, and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.¹⁰ Specifically, ICE Clear Europe believes that the amendments will facilitate the safeguarding of

⁸ 15 U.S.C. 78q-1.

⁹ 17 C.F.R. § 240.17Ad-22.

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

securities and funds in the custody or control of ICE Clear Europe, including the F&O Guaranty Fund that applies to LIFFE contracts and energy contracts, in a manner that is consistent with the financial resources and risk management requirements of Rule 17Ad-22¹¹ and the rule change approval requirements of Section 19(b)(1) of the Act¹² and Commission Rule 19b-4.¹³ In addition, ICE Clear Europe believes that its other risk management practices applicable to clearing in the F&O Contracts can be conducted consistent with its rule change approval requirements of Section 19(b)(1) of the Act¹⁴ and Commission Rule 19b-4.¹⁵

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

ICE Clear Europe does not believe the proposed rule changes in this Amendment No. 2 would have any impact, or impose any burden, on competition. ICE Clear Europe does not anticipate that the rule changes will adversely affect the trading market for the LIFFE contracts on LIFFE A&M. Moreover, ICE Clear Europe does not believe that the proposed amendments will impose any burden on competition among clearing members.

5. Self-Regulatory Organization's statement on Comments on the Proposed Rule Change Received from Members, participants, or Others

Written comments relating to Amendment No. 2 have not been solicited or received. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

6. Extension of Time Period for Commission Action

¹¹ 17 C.F.R. § 240.17Ad-22.

¹² 15 U.S.C. 78s(b)(1).

¹³ 17 C.F.R. § 240.19b-4.

¹⁴ 15 U.S.C. 78s(b)(1).

¹⁵ 17 C.F.R. § 240.19b-4.

ICE Clear Europe does not consent to the extension of the time period listed in Section 19(b)(2) of the Securities Exchange Act of 1934¹⁶ for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) ICE Clear Europe respectfully requests that the Commission grant accelerated effectiveness of the proposed rule changes under Section 19(b)(2).¹⁷ ICE Clear Europe believes that accelerated effectiveness is warranted because the changes principally relate to the clearing of futures contracts and other contracts traded on the LIFFE market that have historically been subject to Commission staff no-action positions for that market.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or the Commission

The proposed rule and procedure changes are not based on the rules of another self-regulatory organization or the Commission.

9. Exhibits

List of exhibits to be filed, as specified in Instructions C and D:

Exhibit 1. Notice of proposed rules for publication in the Federal Register

Exhibit 2. Not applicable

Exhibit 3. Not applicable

Exhibit 4. Text of amended Rule 502 and Finance Procedure 13.6 and 13.7

Exhibit 5. Not applicable.

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ *Id.*

SECURITIES AND EXCHANGE COMMISSION

Release No. 34-_____; File No. SR-ICEEU-2013-09

SELF-REGULATORY ORGANIZATIONS

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Amendment No. 2 to Proposed Rule Change to Clear Contracts Traded on the LIFFE Administration and Management Market

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on June ____, 2013, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) Amendment No. 2 to its previously submitted proposed rule changes to implement a clearing relationship in which ICE Clear Europe will clear contracts traded on the LIFFE Administration and Management (“LIFFE A&M”) market (the “LIFFE Clearing Proposed Amendments”).³ Amendment No. 2 is intended to elaborate certain aspects of the proposed clearing activities as they relate to LIFFE securities products and make a partial amendment to certain rules and procedures that would clarify the considerations under which certain margin and risk management requirements would be established and modified from time to time, as described in Items I, II, and III below, which Items have been prepared primarily by ICE Clear Europe. Except as described in

¹ 15 U.S.C. 78s(b)(1).

² 17 C.F.R. § 240.19b-4.

³ On May 13, 2013, ICE Clear Europe initially filed the LIFFE Clearing Proposed Amendments. On May 22, 2013, ICE Clear Europe submitted Amendment No. 1 to the proposed rule change to, among other things, clarify the scope of products proposed to be cleared, add new Rule 207(f) prohibiting FCM/BD Clearing Members and other Clearing Members organized in the U.S. from clearing LIFFE Contracts that are futures or options on underlying U.S. securities, add additional clarification surrounding the operation of the combined F&O Guaranty Fund and the margining of LIFFE Contracts, and supplement the statutory basis for the proposed rule change. Notice of the proposed rule changes was published by the Commission on May 23, 2013 (Release No. 34-69628, published at 78 Fed. Reg. 32287 (May 29, 2013)) (the “LIFFE Clearing Rule Notice”).

this Amendment No. 2, the LIFFE Clearing Proposed Amendments, as described in the LIFFE Clearing Rule Notice, are unchanged. The Commission is publishing this notice to solicit comments on the proposed Amendment No. 2 from interested persons.

I. Self-regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

As described in the LIFFE Clearing Rule Notice, ICE Clear Europe has agreed to act as the clearing organization for futures and option contracts traded on LIFFE Administration and Management, a recognized investment exchange under the UK Financial Services and Markets Act of 2000. Capitalized terms used but not defined herein have the meanings specified in the LIFFE Clearing Rule Notice. In this Amendment No. 2, ICE Clear Europe submits revisions to Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures that are intended to clarify the considerations under which ICE Clear Europe would establish and modify certain margin requirements that may be applicable to cleared LIFFE Contracts and energy contracts, including the assets eligible as Margin and Permitted Cover and related haircuts.

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 additional rule change in Amendment No. 2. 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 significant aspects of these statements.

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

(a) Purpose

ICE Clear Europe submits revisions to its margin requirements under Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures. As discussed in the LIFFE Clearing Rule Notice, Margin requirements for LIFFE Contracts will be calculated using the SPAN®1 v4 algorithm,⁴ with modifications for concentration charges and a trinomial model used with respect to certain LIFFE option transactions. ICE Clear Europe will determine the margin parameters used in the SPAN algorithm for LIFFE Contracts cleared by ICE Clear Europe, and make appropriate modifications to those parameters from time to time, within the framework of the margin requirement policy approved by the ICE Clear Europe F&O Risk Committee. The margin parameters applicable from time to time will be issued and amended by ICE Clear Europe via a circular posted on its website.

Rule 502(d) addresses a number of margin requirements, including the assets eligible to be provided as Margin or Permitted Cover, and Rule 502(e) addresses haircuts that the clearing house may apply to such assets. Under the existing Rules, changes to such requirements may be determined by the clearing house from time to time and notified by Circular (which will also be posted on the clearing house's website). ICE Clear Europe proposes to add a new Rule 502(k) to provide that for F&O Contracts, changes to the matters set forth in Rules 502(d) and (e), including assets eligible as Margin or Permitted Cover and the haircuts established with respect to such assets, will be based on an analysis of appropriate factors as determined by the clearing house. These factors will include, without limitation, historical and implied price volatility of those assets, current and anticipated conditions in the market for those assets, spreads and

⁴ SPAN is a registered trademark of Chicago Mercantile Exchange Inc. and used by ICE Clear Europe under license. SPAN is a risk evaluation and margin framework algorithm.

correlations between assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information as determined by ICE Clear Europe. Consistent with its existing policies and procedures, ICE Clear Europe regularly reviews its current eligible Margin and Permitted Cover assets and related haircuts and makes any necessary adjustments.

Proposed new Rule 502(k) reads as follows:

(k) With respect to F&O Contracts, changes to the matters described in Rules 502(d) and (e) above, including assets eligible as Margin or Permitted Cover and the haircuts established with respect thereto, will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

Similarly existing Section 13.6 of the Finance Procedures addresses the determination and change of original margin rates from time to time. As set forth in existing Section 13.6, ICE Clear Europe regularly reviews its margin rates in light of market conditions and makes appropriate modifications. ICE Clear Europe proposes to amend Section 13.6 to provide that changes to original margin rates for F&O Contracts will be based on an analysis of appropriate factors as determined by the clearing house. These include market prices, historical and implied volatilities of relevant contracts, spreads and correlations between related commodities, other current and anticipated conditions (including liquidity) in the market for the contracts and other relevant information as determined by ICE Clear Europe. ICE Clear Europe believes that Section 13.6 provides it the flexibility to adjust the calculation of margin rates in order to react to changes in market conditions, particularly changes in volatility. These changes may

occur suddenly, and failure to update margin rates to take into account such changes may lead to insufficient margin being collected by the clearing house. The proposed revisions to Section 13.7 of the Finance Procedures are substantially the same as the amendments to Rule 502(k), and are being made for the reasons discussed above in connection with that rule change.

Proposed amended Sections 13.6 and 13.7 of the Finance Procedures read as follows (new text underlined):

13.6 Margin Parameters The Clearing House monitors market volatilities on a daily basis. The Clearing House will review Original Margin rates on a periodic and ad hoc basis. Changes to Original Margin rates will be notified to Clearing Members by Circular. With respect to F&O Contracts, ad hoc rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to F&O Contracts, changes to Original Margin rates will be based on an analysis of appropriate factors as determined by the Clearing House, including market prices, historical and implied volatilities of relevant contracts, spreads and correlations between related commodities, other current and anticipated conditions (including liquidity) in the market for the contracts and other relevant information.

13.7 Haircuts The Clearing House will review haircuts applicable for Permitted Cover on a periodic and ad hoc basis. Changes to haircuts will be notified to Clearing Members by Circular. With respect to Permitted Cover for F&O Contracts, ad hoc rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to Permitted Cover for F&O Contracts, changes to haircuts will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

ICE Clear Europe believes that the proposed revisions to Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures will provide clearing members with additional

predictability as to potential changes to margin requirements, and the reasons for such changes, without adversely affecting the clearing house's ability to adjust margin requirements as warranted by its risk management policies and market conditions. In addition, this additional guidance should permit clearing members to better anticipate potential changes in margin requirements and manage their own liquidity requirements, which may reduce the likelihood that a clearing member will be unable to satisfy its margin requirements and thereby improve the financial stability of the clearing house.

(b) Statutory Basis

As discussed in the LIFFE Clearing Rule Notice, ICE Clear Europe proposes to clear, among other LIFFE contracts, the LIFFE securities products. Currently, the LIFFE securities products are cleared by LIFFE A&M, with certain clearing functions performed by LCH Clearnet Limited, as described in the no-action relief previously provided to LIFFE A&M and its predecessor entities by Commission staff.⁵ ICE Clear Europe proposes to provide substantially the same clearing functions for the LIFFE securities products, pursuant to the LIFFE Clearing Proposed Amendments, as are currently being provided by LIFFE A&M and LCH Clearnet.

ICE Clear Europe is currently registered with the Commission as a securities clearing agency for purposes of clearing security-based swaps, pursuant to Section 17A(1) of the Act.⁶ With respect to the clearing of other securities products, such as the options on securities and security indices that constitute LIFFE securities products, the Commission has historically taken the position that a foreign clearing agency would be required to register as a securities clearing agency (or obtain an exemption from

⁵ See, e.g., SEC No-Action Letter to LIFFE A&M, dated July 29, 2009; SEC No-Action Letter to LIFFE A&M, dated March 6, 1996; SEC No-Action Letter to LIFFE A&M, dated May 1, 1992.

⁶ 15 U.S.C. 78q-1(l).

registration) only if it provides clearing services for U.S. securities directly to U.S. persons.⁷ Conversely, the Commission has recognized that a foreign clearing agency is not required to register, or obtain an exemption from registration, with respect to clearing services involving non-U.S. securities, even if such services may be provided directly to U.S. persons.⁸

Consistent with these Commission positions, ICE Clear Europe believes that its proposed clearing of the LIFFE securities products does not require further registration of ICE Clear Europe or an exemption from the registration requirement. With respect to those LIFFE securities products that constitute foreign securities (i.e., futures and options on underlying non-U.S. securities), ICE Clear Europe (as a foreign clearing organization) may, consistent with the approach taken under Euroclear Order, provide clearing services, including to U.S. clearing members, without registration. With respect to those LIFFE securities products that may constitute U.S. securities (i.e., futures and options on underlying U.S. securities), ICE Clear Europe will not provide clearing services to U.S. clearing members, as provided in proposed new Rule 207(f) and as described in the LIFFE Clearing Rule Notice. As a result, these clearing activities do not implicate the registration requirement under Section 17A(b) of the Act.⁹

In ICE Clear Europe's view, the fact that it is registered as a securities clearing agency for purposes of clearing security-based swaps does not change this analysis. ICE Clear Europe's security-based swap clearing activities are for relevant purposes separate from the proposed LIFFE securities product clearing activities, and in particular are

⁷ See, e.g., Cross-Border Security-Based Swap Activities; 78 Fed. Reg. 30968, 31039 n. 682 (May 23, 2013).

⁸ See, e.g., Morgan Guaranty Trust Company of New York, Brussels Office, as Operator of the Euroclear System, Release No. 34-38589 (May 9, 1997) (the "Euroclear Order"), at n. 16.

⁹ 15 U.S.C. 78q-1(b)

supported by a separate guaranty fund. ICE Clear Europe believes that they can be treated separately as a regulatory matter as well. The Commission has recognized in the Euroclear Order, for example, that a foreign clearing organization may have activities for which registration (or exemption) is needed and activities for which neither registration nor exemption is required. Similarly, ICE Clear Europe's registration for security-based swap clearing should not preclude it from engaging in other clearing activities that would otherwise be permissible without registration under the Exchange Act. (ICE Clear Europe notes that in any event, because of its status as a registered clearing agency, it will in practice be subject to additional requirements under the Act in respect of the LIFFE securities products, notably the rule approval requirements under Section 19(b) of the Act.)

As described in the LIFFE Clearing Rule Notice, ICE Clear Europe's clearing operations with respect to the LIFFE securities products, and particularly those relating to U.S. securities, will be conducted outside the United States (with the exception of certain information technology services obtained from U.S. affiliates). Although ICE Clear Europe obtains certain services from some of its U.S. affiliates in connection with its security-based swap clearing activities, those services are not relevant to the clearing of the LIFFE securities products. Accordingly, ICE Clear Europe does not believe such arrangements would affect the analysis discussed above.

As noted above, ICE Clear Europe's proposed new Rule 207(f) will prohibit U.S. clearing members from clearing LIFFE securities products involving underlying U.S. securities (other than broad-based security index futures contracts). In furtherance of this restriction, ICE Clear Europe, together with LIFFE, will implement operational controls to restrict the activities of U.S. clearing members. Specifically, the clearing system to be

used for the LIFFE securities products will have market access controls that prevent U.S. clearing members from creating or holding cleared positions in LIFFE securities products involving underlying U.S. securities. This is intended to prevent U.S. clearing members from engaging in any clearing-related activity (including give-ups or take-ups) in respect of those products. When a new U.S. clearing member is approved for clearing, LIFFE and ICE Clear Europe will be jointly responsible to ensure that these access limitations are properly in place.

With respect to the proposed changes to Rule 502 and Sections 13.6 and 13.7 of the Finance Procedures in this Amendment No. 2, ICE Clear Europe believes that such amendments are consistent with the requirements of Section 17A of the Act¹⁰ and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22.¹¹ The amendments will promote the prompt and accurate clearance of and settlement of securities transactions, the safeguarding of securities and funds in the custody or control of ICE Clear Europe, and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.¹² Specifically, ICE Clear Europe believes that the amendments will facilitate the safeguarding of securities and funds in the custody or control of ICE Clear Europe, including the F&O Guaranty Fund that applies to LIFFE contracts and energy contracts, in a manner that is consistent with the financial resources and risk management requirements of Rule 17Ad-22¹³ and the rule change approval requirements of Section 19(b)(1) of the Act¹⁴ and Commission Rule 19b-4.¹⁵ In addition, ICE Clear Europe believes that its other risk management practices applicable to clearing

¹⁰ 15 U.S.C. 78q-1.

¹¹ 17 C.F.R. § 240.17Ad-22.

¹² 15 U.S.C. 78q-1(b)(3)(F).

¹³ 17 C.F.R. § 240.17Ad-22.

¹⁴ 15 U.S.C. 78s(b)(1).

¹⁵ 17 C.F.R. § 240.19b-4.

in the F&O Contracts can be conducted consistent with its rule change approval requirements of Section 19(b)(1) of the Act¹⁶ and Commission Rule 19b-4.¹⁷

(B) Self-Regulatory Organization's Statement on Burden on Competition

ICE Clear Europe does not believe the proposed rule changes in this Amendment No. 2 would have any impact, or impose any burden, on competition. ICE Clear Europe does not anticipate that the rule changes will adversely affect the trading market for the LIFFE contracts on LIFFE A&M. Moreover, ICE Clear Europe does not believe that the proposed amendments will impose any burden on competition among clearing members.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, CDS Clearing Members or Others

Written comments relating to Amendment No. 2 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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

¹⁶ 15 U.S.C. 78s(b)(1).

¹⁷ 17 C.F.R. § 240.19b-4.

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-2013-09 on the subject line.

Paper Comments:

Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ICEEU-2013-09. 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 Section, 100 F Street, N.E., Washington, D.C. 20549, on official business days between the hours of 10:00 a.m. and 3:00 pm. 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/notices/Notices.shtml?regulatoryFilings>. 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-2013-09 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.¹⁸

Elizabeth M. Murphy
Secretary

¹⁸ 17 CFR 200.30-3(a)(12).



ICE Clear Europesm

Clearing Rules

Account or Proprietary Account of the Pledged Collateral Account (provided that the value of any Pledged Collateral returned directly to a Clearing Member or any Person on such Clearing Member's behalf will be excluded from the calculation of any relevant net sum); and (B) only to the extent that such applied amount is required to be included in the net sum calculation to ensure that the net sum for the Customer Account or Proprietary Account of the Pledged Collateral Account would not represent an amount payable by the Clearing Member to the Clearing House; or (ii) pursuant to the Default Portability Rules. Any Pledged Collateral not applied in accordance with this provision and which is not transferred to a Transferee Clearing Member in accordance with Part 9 of the Rules shall be returned to the relevant Clearing Member for its applicable proprietary or customer account, as the case may be, subject to Applicable Law as a result of such Clearing Member's or its customers' entitlements to such Pledged Collateral and not as part of the net sum process arising pursuant to Part 9 of the Rules. Any such return by the Clearing House of Pledged Collateral outside of the net sum calculation shall discharge and satisfy in full the Clearing House's obligations to return such Pledged Collateral to the Clearing Member or any of its Customers and no Customer or Clearing Member shall have any further claim in respect of such Pledged Collateral. To the extent any Pledged Collateral is, or is required under Applicable Law to be, returned to a Defaulter, it shall be returned separately from any net sum certified by the Clearing House pursuant to Rule 905.

- (j) Without limiting Rule 111, but subject to any contrary requirements of law: The Clearing House shall not be liable to any Clearing Member, Customer or other Person for any losses, claims, liabilities, damages or expenses arising out of or relating to the holding of any Pledged Collateral or the assets in any Pledged Collateral Account ("**Custodial Losses**"), except to the extent such Custodial Losses result from the gross negligence or wilful misconduct of the Clearing House. The Clearing House shall have no responsibility for any investment decisions made or directed by a Clearing Member (or any Representative thereof) with respect to assets representing Pledged Collateral or for the results of any such investments. The Clearing House shall be under no obligation to inquire into, and shall be fully protected in relying on, any requests, instructions or directions with respect to Pledged Collateral or the assets in any Pledged Collateral Account under these Rules received from a Person the Clearing House believes to be authorised to act on behalf of the appropriate Clearing Member.

- (k) With respect to F&O Contracts, changes to the matters described in Rules 502(d) and (e) above, including assets eligible as Margin or Permitted Cover and the haircuts established with respect thereto, will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

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- (d) Restriction of trading (e.g. new trades only allowed to liquidate existing positions);
- (e) Transfer of Open Contract Positions held for Customers;
- (f) Liquidation of Permitted Cover;
- (g) Liquidation of Guaranty Fund Contribution; and
- (h) Closure of Open Contract Positions.

13.6 Margin Parameters

The Clearing House monitors market volatilities on a daily basis. The Clearing House will review Original Margin rates on a periodic and *ad hoc* basis. Changes to Original Margin rates will be notified to Clearing Members by Circular. ~~Ad~~With respect to F&O Contracts, *ad hoc* rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to F&O Contracts, changes to Original Margin rates will be based on an analysis of appropriate factors as determined by the Clearing House, including market prices, historical and implied volatilities of relevant contracts, spreads and correlations between related commodities, other current and anticipated conditions (including liquidity) in the market for the contracts and other relevant information.

13.7 Haircuts

The Clearing House will review haircuts applicable for Permitted Cover on a periodic and *ad hoc* basis. Changes to haircuts will be notified to Clearing Members by Circular. ~~Ad~~With respect to Permitted Cover for F&O Contracts, *ad hoc* rate changes will become effective on the next Business Day. Routine rate changes will be implemented on the date given in the Circular announcing such changes, normally five Business Days after the date of the Circular. With respect to Permitted Cover for F&O Contracts, changes to haircuts will be based on an analysis of appropriate factors as determined by the Clearing House, including historical and implied price volatility of such assets, current and anticipated conditions in the market for those assets, spreads and correlations between relevant assets, liquidity in the trading market for those assets, composition of the relevant market, default risk (including sovereign risk) with respect to those assets, relevant foreign exchange market conditions and other relevant information.

13.8 Permitted Capital Limits

The Clearing House monitors the relationship between Capital and outstanding Original Margin obligations of Clearing Members. If, on aggregate, a Clearing Member's Original Margin is greater than three times the Clearing Member's Capital, the Clearing House may require that further Capital (or substitute Capital) be put in place by the Clearing Member.

The Clearing House will endeavour to contact Clearing Members that may be required to put in place additional Capital in advance of such requirement becoming necessary, in order to agree steps to be taken by the Clearing Members.

13.9 Concentrated Positions

The Clearing House monitors Open Contract Positions on a daily basis. Where the Clearing House determines an Open Contract Position to be concentrated, as defined by its Large Positions Policy, the Clearing House may, at its discretion, seek to protect itself by requesting that the Clearing Member do either of the following:

- (a) Reduce an Open Contract Position;