

Form 19b-4 Information

1. Text of the Proposed Rule Change

(a) The text of the proposed change has been annexed as Exhibit 5 and consists of certain procedural and rule changes that have been proposed by ICE Clear Europe Limited (“ICE Clear Europe”). The principal purpose of the proposed change is to amend the ICE Clear Europe CDS Procedures and Rules with respect to the initial payment date of CDS Contracts to be the first business day immediately following the Trade Date (as defined in the ICE Clear Europe CDS Procedures) (“T+1”), as opposed to the third business day following the Trade Date.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

a) ICE Clear Europe’s CDS Risk Committee approved the proposed rule changes.

(b) Please refer questions and comments on the proposed rule change 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

ICE Clear Europe submits proposed amendments to its CDS Procedures and Rules in relation to the timing of initial payments on a cleared CDS Contract. The initial payment under a CDS Contract is established at the time the contract is executed and may be payable by either the protection buyer to the protection seller or vice versa. Under the current ICE Clear Europe CDS

Procedures (by way of the incorporated ISDA Credit Derivatives Definitions), and consistent with practice in the market for uncleared credit default swaps, the initial payment is required to be made on the third business day following the trade date (the execution date). ICE Clear Europe proposes to amend the definition of Initial Payment Date to provide instead that the initial payment is to be made on the first business day following the trade date (or, if the transaction is accepted for clearing after the trade date, the initial payment is to be made on the first business day following the date of acceptance for clearing). After consultation with its clearing members and “buy-side” market participants, ICE Clear Europe believes that this change from “T+3” settlement to “T+1” settlement will assist customer-related clearing. In addition, the change will improve margin efficiency (as margin requirements will no longer need to take into account the additional risk from a T+3 as opposed to T+1 settlement rule). ICE Clear Europe’s CDS Risk Committee approved the proposed rule changes.

The other proposed changes in the ICE Clear Europe Rules and CDS Procedures reflect drafting clarifications, and do not affect the substance of the ICE Clear Europe Rules or forms of cleared products. The text of the proposed rule and procedural amendments are attached, with additions underlined and deletions in brackets.

(b) Statutory Basis

The proposed rule amendments are intended to update the particular characteristics of the Rules and CDS Procedures applicable to the various CDS Contracts cleared by ICE Clear Europe. Specifically, the proposed amendments modify the terms of each of the various CDS Contracts (iTraxx, Standard European Corporate and Sovereign Contracts) to change the “initial payment date” to be the first business day immediately following the Trade Date.

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

ICE Clear Europe does not believe the proposed procedural and rule changes would have any impact, or impose any burden, on competition.

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

Written comments relating to the procedural and rule changes 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

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 1934 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 change under Section 19(b)(2). ICE Clear Europe believes that accelerated effectiveness is warranted because, as noted above, the rule change is a straightforward operational change that includes shifting from a T+3 initial payment date to a T+1 initial payment date. The change by definition will not affect existing cleared contracts (i.e., those for which the initial payment has already been made). Thus these changes promote prompt and accurate clearance of new transactions. In ICE Clear Europe's view, addition of the T+1 payment date does not raise any issues that would require a lengthier review process under Rule

19(b), and ICE Clear Europe does not believe the market would benefit from delaying implementation of a clear operational improvement.

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

The proposed rule 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:

- | | |
|-------------------|---|
| <u>Exhibit 1.</u> | Notice of proposed rule change for publication in the <u>Federal Register</u> |
| <u>Exhibit 2.</u> | Not applicable |
| <u>Exhibit 3.</u> | Not applicable |
| <u>Exhibit 4.</u> | Not applicable |
| <u>Exhibit 5.</u> | Text of proposed rule change |

Exhibit 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-_____; File No. SR-ICEEU-2012-04]

SELF-REGULATORY ORGANIZATIONS

Proposed Procedure and Rule Changes by ICE Clear Europe Limited to Provide for a T+1 Settlement of the Initial Payment Related to CDS Contracts Cleared by ICE Clear Europe Limited

Pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on _____, 2012, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes described in Items I, II and III below, which Items have been primarily prepared by ICE Clear Europe.

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

ICE Clear Europe proposes rule and CDS procedural amendments that are intended to modify the terms of each of the various CDS Contracts cleared by ICE Clear Europe (iTraxx Contracts, Standard European Corporate and Sovereign Contracts) to change the “initial payment date” to be the first business day immediately following the trade date, provided that with respect to CDS Contracts that are accepted for clearing after the trade date, the “initial payment date” will be the date that is the first business day following the date when the CDS Contract is accepted for clearing.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. ICE Clear Europe has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

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

As noted above, the proposed rule changes consist of rule changes that amend the timing of initial payments on a cleared CDS Contract. The initial payment under a CDS Contract is established at the time the contract is executed and may be payable from either the protection buyer to the protection seller or vice versa. Under the current ICE Clear Europe Rules (by way of the incorporated ISDA Credit Derivatives Definitions), and consistent with practice in the market for uncleared credit default swaps, the initial payment is required to be made on the third business day following the trade date (the execution date). ICE Clear Europe proposes to amend the definition of Initial Payment Date in its Rules and CDS Procedures to provide instead that the initial payment is to be made on the first business day following the trade date (or, if the transaction is accepted for clearing after the trade date, the initial payment is to be made on the first business day following the date of acceptance for clearing). ICE Clear Europe believes that this change from "T+3" settlement to "T+1" settlement will reduce settlement risk for the clearinghouse and clearing members and improve margin efficiency (as margin

requirements will no longer need to take into account the additional risk from a T+3 as opposed to T+1 settlement rule). ICE Clear Europe's CDS Risk Committee approved the proposed rule changes.

The other proposed changes in the ICE Clear Europe Rules reflect updates to cross-references and defined terms and similar drafting clarifications, and do not affect the substance of the ICE Clear Europe Rules or cleared products.

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

ICE Clear Europe does not believe the proposed rule and procedural changes would have any impact, or impose any burden, on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change

Received from Members, Participants or Others

Written comments relating to the proposed rule and procedural changes 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

The foregoing rule change has been filed pursuant to Section 19(b)(2)³ of the Act and will become effective upon approval by the Commission.

IV. Solicitation of Comments

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:

³ See id.

- 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-2012-04 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-2012-04. 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 Credit and on ICE Clear Credit's website at <https://www.theice.com/notices/RegulatoryFilings.shtml>. 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-2012-04 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.⁴

Elizabeth M. Murphy
Secretary

⁴ 17 CFR 200.30-3(a)(12).

Exhibit 5

Underlined text indicates additions.

~~Strikethrough~~ text] indicates deletions



ICE Clear Europesm
Clearing Rules

Part 1 General Provisions

Rule 101 *Definitions*

The term "**ICE OTC Matched Contract**" means a Contract resulting from an ICE OTC Matched Transaction.

The term "**ICE OTC Matched Transaction**" means a transaction that occurs or occurred on ICE OTC in accordance with applicable ICE OTC Participant Agreements and, where applicable, any ICE OTC Broker Agreement.

The term "**ICE OTC Operator**" means either: (i) ICE Commodity Markets, in connection with any Contract entered into, transaction submitted or other circumstance relating to ICE OTC occurring on or after the ICE OTC Changeover Time; or (ii) ICE Inc., in connection with any Contract entered into, transaction submitted or other circumstance relating to ICE OTC occurring prior to the ICE OTC Changeover Time. For the purposes of this definition, the term "ICE OTC Changeover Time" means the time notified as such by the Clearing House in a Circular, at which ICE Inc. will cease to be the ICE OTC Operator and ICE Commodity Markets will become the new ICE OTC Operator.

The term "**ICE OTC Participant**" means a Clearing Member or Customer that has entered into an ICE OTC Participant Agreement.

The term "**ICE OTC Participant Agreement**" means an agreement between the ICE OTC Operator and an ICE OTC Participant, in the form approved by the ICE OTC Operator from time to time, relating to the ICE OTC Participant's access to ICE OTC.

The term "**ICE OTC Transaction**" means an ICE OTC Matched Transaction or an ICE OTC Block Transaction.

The term "**ISDA**" means the International Swaps and Derivatives Association, Inc. and any successor thereto.

The term "**Initial Margin**" means Portfolio Risk Margin, Physical Settlement Margin or other margin transferred in relation to CDS Contracts, including pursuant to Rule 502(f).

The term "**Initial Payment**" means, in relation to a CDS Contract, the payment, if any, specified as the "Initial Payment Amount" ~~(or, in relation to certain CDS Contracts relating to indices, as the "Additional Amount")~~ under the Contract Terms for such CDS Contract and, in relation to a Bilateral CDS Transaction, the payment, usually described therein as the "Initial Payment Amount" or "Additional Amount", payable by one party thereto to the other ~~on~~ usually not later than the third business day after the trade date of such Bilateral CDS Transaction.

The term "**Insolvency**" means, in relation to any Person: a bankruptcy or winding-up petition being presented; a bankruptcy order being made; a voluntary arrangement being approved; an Insolvency Practitioner being appointed or petition or order being made for such an appointment; a composition or scheme of arrangement being approved by a court or other Governmental Authority; an assignment, compromise or composition being made or approved for the benefit of any creditors or significant creditor; an order being made or resolution being passed for winding up; dissolution; the striking off of that Person's name from a register of companies or other corporate bodies; a distress process being levied or enforced or served upon

Exhibit 5

Underlined text indicates additions.

~~Strikethrough~~ text] indicates deletions

(VIII) CDS PROCEDURES**INDEX**

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11. CONTRACT TERMS FOR ITRAXX EUROPE CONTRACTS

11.2 iTraxx Europe (CDS Contracts with Acceptance Time on or after the MCA/STS Changeover Time)

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(c) Terms of iTraxx Contracts Governed by Standard iTraxx CDS Supplement

With respect to each iTraxx Contract for which the iTraxx Confirmation and the Standard iTraxx CDS Supplement forms the Relevant iTraxx Terms Supplement, the following terms will apply:

- (i) The terms of the Standard iTraxx CDS Supplement are hereby amended as follows:
- (A) by the deletion of paragraph 2 thereof in relation to CDS Contracts arising pursuant to Weekly Clearing
 - (B) by the addition in paragraph 2 thereof, in relation to CDS Contracts arising other than pursuant to Weekly Clearing, of the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the issuance of the TD Acceptance Notice by the Clearing House in relation to this Transaction";
 - (C) ~~(B)~~ the provisions of paragraph 7.3(a) thereof relating to the transfer of Component Transactions shall be subject to any transfers of or other dealings with the relevant iTraxx Contract (including in particular the provisions of paragraph 7 hereof) by the Clearing House permitted or authorised by the Rules;
 - (D) ~~(C)~~ the provisions of paragraph 7.3(b)(ii) thereof shall be amended by adding at the end, immediately after "(such new Transaction, a **New Trade**)" the following: "and except that the Reference Obligation for the purposes of the New Trade will be the preferred SNEC Contract Reference Obligation for the Restructured Entity in question, as specified by the Clearing House following consultation with the CDS Risk Committee."
 - (E) ~~(D)~~ by adding the following as a new sub-paragraph (c) at the end of Paragraph 7.3 (*Transfer and Termination of Component Transactions*):

"(c) If a Credit Event Announcement is made by the Regional CDS Committee in respect of an Applicable Credit Event, then from and including the calendar day immediately following the date of such Credit Event Announcement, the parties shall take such actions (if any) as shall be necessary to implement the RCE Solution (as defined in the CDS Procedures) published by the Regional CDS Committee in relation to such Credit Event Announcement."; and
 - (F) ~~(E)~~ by the deletion of paragraph 7.7 (*De Minimis Cash Settlement*).

12. CONTRACT TERMS FOR SINGLE NAME CDS CONTRACTS

...

12.5 Terms of the Cleared SNEC Contract.

- (a) The CDS Region for each SNEC Contract is the European Region.
- (b) The Standard SNEC Confirmation for each SNEC Contract shall be amended as follows:
 - (i) by deleting, in the second paragraph, the phrase "as supplemented by each of the May 2003 Supplement and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions" and replacing it with the phrase "as supplemented by each of the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";
 - (ii) by deleting, in the third paragraph, the square brackets and deleting, in the third paragraph, the phrase "the ISDA Master Agreement dated as of [date]" and replacing it with the phrase "CDS Master Agreement";
 - (iii) in part numbered 2:
 - (A) in relation to CDS Contracts arising other than pursuant to Weekly Clearing, by adding, immediately after the line entry "Initial Payment Amount", the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the issuance of the TD Acceptance Notice by the Clearing House in relation to this Transaction"; and
 - (B) ~~{(iii) in part numbered 2,}~~in relation to CDS Contracts arising pursuant to Weekly Clearing, by deleting references to the Initial Payment Payer and the Initial Payment Amount [~~in relation to CDS Contracts arising pursuant to Weekly Clearing~~] and by deleting the square brackets in such part;
 - (iv) by deleting parts numbered 4, 5, 6 and 7 in their entirety; and
 - (v) by including a new part 4 as follows: "4. Additional Term: Section 2.31 (*Merger of Reference Entity and Seller*) of the Credit Derivatives Definitions shall not apply."

13. CONTRACT TERMS FOR SOVEREIGN CONTRACTS

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13.5 Terms of the Cleared Sovereign Contract.

- (a) The CDS Region for each Sovereign Contract is the European Region.
- (b) The Standard Sovereign Confirmation for each Sovereign Contract shall be amended as follows:
 - (i) by deleting, in the second paragraph, the phrase "as supplemented by each of the May 2003 Supplement and the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions" and replacing it with the phrase "as supplemented by each of the 2005 Matrix Supplement to the 2003 ISDA Credit Derivatives Definitions and the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and

Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions (published on July 14, 2009)";

(ii) by deleting, in the third paragraph, the square brackets and deleting, in the third paragraph, the phrase "the ISDA Master Agreement dated as of [date]" and replacing it with the phrase "CDS Master Agreement";

(iii) in part numbered ~~2~~2:

(A) in relation to CDS Contracts arising other than pursuant to Weekly Clearing, by adding, immediately after the line entry "Initial Payment Amount", the line entry: "Initial Payment Date: the first Business Day immediately following the Trade Date or, if later, the first Business Day immediately following the issuance of the TD Acceptance Notice by the Clearing House in relation to this Transaction"; and

(B) in relation to CDS Contracts arising pursuant to Weekly Clearing, by deleting references to the Initial Payment Payer and the Initial Payment Amount [~~in relation to CDS Contracts arising pursuant to Weekly Clearing~~] and by deleting the square brackets in such part;

(iv) by deleting parts numbered 4, 5, 6 and 7 in their entirety; and

(v) by including a new part 4 as follows:

"4. Additional Terms: Section 2.31 (*Merger of Reference Entity and Seller*) of the Credit Derivatives Definitions shall not apply."