



ICE CLEAR EUROPE TECHNOLOGY AND OPERATIONS GROUP

05 SEPTEMBER 2019

HOUSEKEEPING

- If you are not asking a question, please mute your phone line during the call. This helps to reduce/remove background noise. We can mute all lines, but this can disrupt the flow of the call.
- Please disable all webcams during the call.

AGENDA

1. Clearing Release Version 8.8 – Vishal Harkhani
2. ICE Risk Model Version 2.0 (IRM 2.0) – Yonca Feeney
3. Product Developments – Gus Stenfält / Kylie Poole
4. Operations Update – Dan Howard
5. Any Other Business

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CLEARING RELEASE VERSION 8.8

Clearing Release Version 8.8 is being planned for deployment following the close of business on **Friday 10 January 2020**, with an effective Clearing Business date of **Monday 13 January 2020**. Member and Vendor Testing will start **mid-October 2019**. An [Impact Document](#) is now available via ICE Community.

SCOPE OVERVIEW (DRAFT):

1. A 'TrdCaptRpt' message from a Clearing Member with an invalid value for O/C (Open/Close indicator/@PosEfct) or Rate ID (@CustOrdHdInst) will be treated as if the tag was not included in the message; thus, the existing value in the database for the field (if any) will remain unchanged. In prior releases, the inbound message would have been rejected.
2. ICE Front-End Clearing will no longer allow a Clearing Member initiating a Trade Adjustment (ADJ) to modify its side of the adjustment, with the exception of User Memo, in the UI or via FIXML message. Thus, Customer Account, Position Account, Customer LEI and CTI/C3 Trader will not be editable on the "from" side of a newly created ADJ record.
3. Transfer Reversals (REV) will no longer be supported by ICE via FIXML. UI support for Transfer Reversals was removed in prior release. Firms should use Trade Adjustments as an alternative.
4. New Ledger Types– A new ledger "ITD COLLATERAL RELATIVE LIMIT CHARGE" will be posted intraday to the Clearing Member's house account where the Clearing Member has breached relative collateral limits in the prior night's EOD run. **A second Ledger Type "Concentration Charge Addon" will be posted where net IRM2 IM is greater than gross IM under IRM 2.0 for a gross margined account.**
5. Reporting Enhancements for IRM 2.0:
 - New Margin Summary (MMMS): Reports the IRM 1.0 and IRM 2.0 EOD margin for each Segregation Account, customer portfolio (for gross margined accounts) and currency.
 - New IRM 2.0 Margin Detail (MMIRM): Reports the underlying components of the IRM 2.0 EOD margin for each segregation account, customer portfolio (for gross margined accounts) and currency. These include Base IM, Correlation Stress Component, Diversification Benefit Component, Bid Ask Charge and Concentration Charge.
 - New IRM 2.0 Margin Positions Input Data (MMIPA): Reports positions used in the Clearing House EOD margin calculation by segregation account/discrete customer portfolio level to facilitate margin analysis via ICE Portfolio Analytics ("IPA") by Clearing Members.
 - Product Reference Data File (GSPD): MARGIN_MODEL and DELIVERY_MARGIN_MODEL fields will be populated with "IRM2" for products margined by the new model. **New fields** will be added for the IRM2 Publication Group and Margin Group.
 - Standing Requirements Report/Data File (MBSR): The MBSR Report/Data File will capture IRM 2.0 Initial Margin as "IM" requirement with analysis code of "ICEU-IRM2".

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ICE RISK MODEL VERSION 2.0 (IRM 2.0)

- Regulatory submissions for IRM 2.0 for ETD Rates products are being finalised.
- High level implementation schedule change:
 - Vendor and Clearing Member Development [Ongoing];
 - Vendor and Clearing Member Conformance Testing [September 2019 – December 2019];
 - Clearing Member Integration Testing [*October* 2019 onwards];
 - Clearing Member Parallel Run [January 2020 until go-live];
 - Go-live in April 2020 (*tbc* - subject to completion of all regulatory and governance processes).
- IRM 2.0 Vendor Conformance Test Plan on [ICE Community](#)
- IRM 2.0 for ETD Rates Member Transition Plan on [ICE Community](#) (*the timetable will be updated*):
 - Implementation Approach;
 - Operational Considerations;
 - Systems and Technology Impacts; and
 - Transition Process and Timetable.
- IRM 2.0 calculation external specifications on [ICE Community](#) so that it can be replicated in back-office systems at EOD:
 - Two components: Initial Margin and Liquidity Risk Charge (LRC).
- ICE Portfolio Analytics (IPA): IRM 2.0 web based app for “what if” and margin impact analysis will be available from January 2020.
- IRM 2.0 Support Email: ICEClearEuropeIRM2@theice.com

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PRODUCT DEVELOPMENTS

FINANCIALS AND SOFTS

- The following Financials and Softs products will be launched on **Monday 16 September 2019**:
 - ICE Futures Europe 1 Month London Cocoa Calendar Spread Options. Contract code C1
 - ICE Futures Europe 2 Month London Cocoa Calendar Spread Options. Contract Code C2
 - Exchange Circular: [Introduction of London Cocoa Calendar Spread Options](#)
 - Clearing Circular: [C19/131](#)

ENERGY

- The following Energy products will be launched on **Monday 16 September 2019**:
- ICE Futures Europe: Exchange Circular: [IFEU 19/125](#)
 - 4 Oil Futures and 2 Oil Options; and
 - 4 Wet Freight Futures.
- ICE Futures US: Exchange Circular: [IFUS Notice](#)
 - 5 Physical Environmental Futures;
 - 8 Oil Americas Futures and 1 Option; and
 - 10 Financial Power Futures.

Clearing Circular: [C19/131](#)

PRODUCT DEVELOPMENTS - ENERGY

ICE ENDEX: CHANGE TO THE PREMIUM MINIMUM TICK PRICE INCREMENT FROM 2 TO 3 DECIMAL PLACES FOR EUROPEAN FINANCIAL POWER OPTIONS

- ICE Endex plan to increase the tick size increment from 0.01/MWh to 0.001/MWh (representing a move from 1 Euro cent per MWh to 0.1 Euro cent per MWh) for the below EU Financial Power Options.
- This change is scheduled for **Monday 16 September 2019**.
- More information can be found from the ICE Endex Exchange Circular: [E19/024](#)

| LCC | PCC | Name | Market Type | Exchange MIC |
|-----|-----|---|----------------------------|--------------|
| GAB | GAB | German Power Financial Base Options | EU Financial Power Futures | NDEX |
| GXQ | GXQ | German Power Financial Base 1x Qtr Options | EU Financial Power Futures | NDEX |
| GXC | GXC | German Power Financial Base 1x Cal Options | EU Financial Power Futures | NDEX |
| GX1 | GX1 | German Power Financial Base Early (Q1) 1x Cal Options | EU Financial Power Futures | NDEX |
| GX2 | GX2 | German Power Financial Base Early (Q2) 1x Cal Options | EU Financial Power Futures | NDEX |
| GX3 | GX3 | German Power Financial Base Early (Q3) 1x Cal Options | EU Financial Power Futures | NDEX |
| FNB | FNB | French Power Financial Base Options | EU Financial Power Futures | NDEX |
| FNQ | FNQ | French Power Financial Base 1x Qtr Options | EU Financial Power Futures | NDEX |
| FNR | FNR | French Power Financial Base 1x Cal Options | EU Financial Power Futures | NDEX |
| IPB | IPB | Italian Power Financial Base Options | EU Financial Power Futures | NDEX |
| IPQ | IPQ | Italian Power Financial Base 1x Qtr Options | EU Financial Power Futures | NDEX |
| IPR | IPR | Italian Power Financial Base 1x Cal Options | EU Financial Power Futures | NDEX |

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OPERATIONS UPDATE

- **IRM File Issues:** None.
- **Match-Off File Delays:** None.
- **Incidents:** Thursday 29 August 2019 – FEC (Allocation/Claim) Issue

Circulars

Please find below noteworthy Circulars published recently:

- 2019 FIA Industry-Wide Disaster Recovery Test - Circular [19/123](#), dated 22 August 2019;
- Implementation of Shortfall Margin Requirement - Circular [19/124](#) dated 23 August 2019;
- FTSE 100/250 Index Fee Changes - Circular [19/128](#) dated 02 September 2019; and
- ICE UK Electricity Futures Fee Changes - Circular [19/129](#) dated 02 September 2019.

OPERATIONS UPDATE

GCM Audit – LEI's

- ICEU Operations has completed an audit of Clearing Members' GCM submissions regarding how LEI information is being populated. The audit has raised some questions regarding the LEI data being provided.
- ICEU Operations continues to follow up with a number of Clearing Members that have not yet made the necessary changes to their submissions. We would like to thank those Clearing Members that have made appropriate changes.

Small-Scale Ad Hoc Default Management Test – US Power, US and EU Emissions

- The next small-scale, ad hoc, Default Management test is scheduled for **Thursday 19 September 2019**. Clearing Members with market share, based on Initial Margin, in these products are requested to participate in this test. Default Management System ("DMS") users and Clearing Member Compliance Departments would have received an email with full details on **Friday 16 August 2019** from ICEU's F&O Default Management group. Further information will be provided directly to relevant DMS users and Clearing Member Compliance Departments.
- Webex training sessions for DMS will be run on in the **Monday 16 and Tuesday 17 September 2019**. Invites will be sent out later this week.

2019 Default Management Exercise [mandatory]

- The Clearing House will conduct an annual Default Management Exercise during the **week commencing 04 November 2019**.
- Further details are provided in Circular [C19/084](#). Clearing Members are reminded that participation is **mandatory** so are asked to plan resources accordingly.

OPERATIONS UPDATE

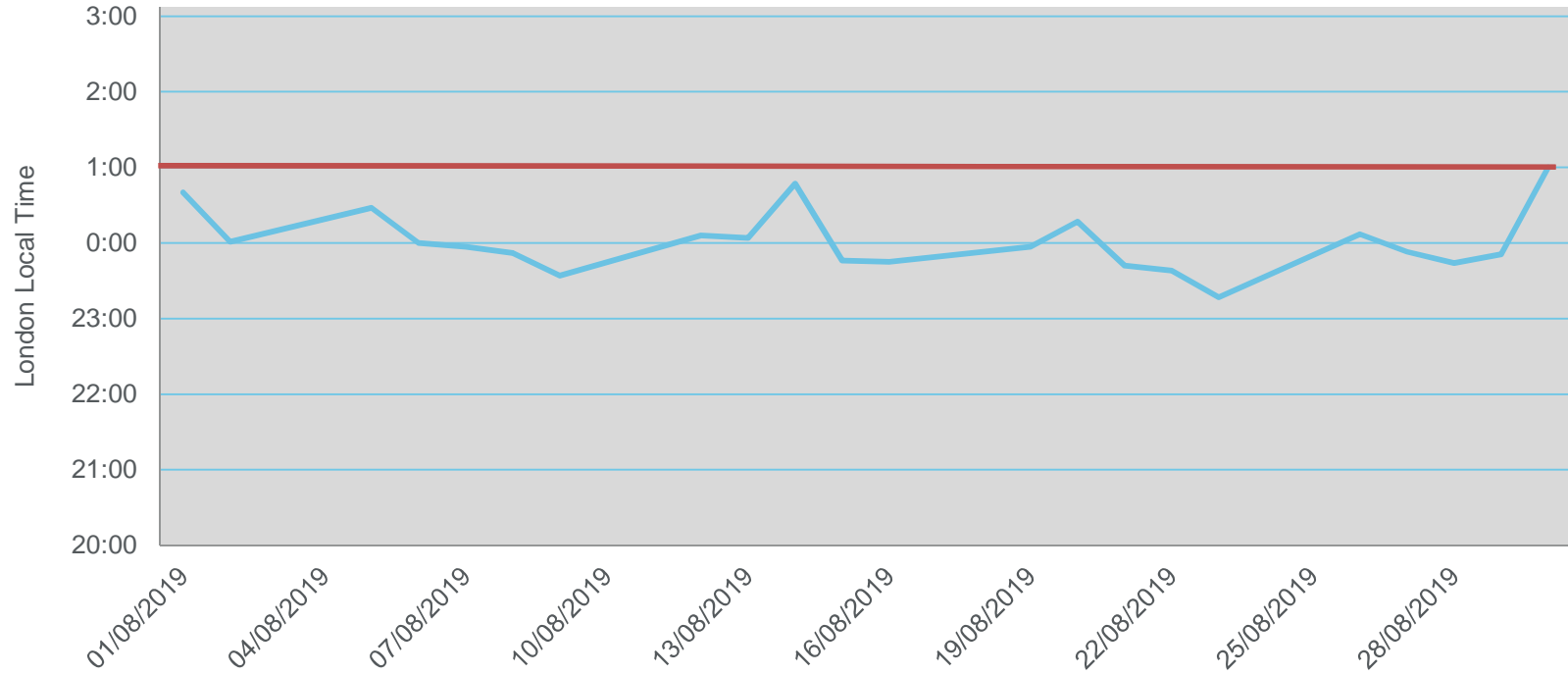
FIA Industry-Wide Disaster Recovery Test 2019

ICEU will participate in the annual FIA Industry-Wide Disaster Recovery Test.

- Further Information - <https://bcp.fia.org/events/2019-fia-disaster-recovery-test>
- Registration open - <https://secure.fia.org/bcp/test-registration.asp>
- ICEU 'Ping' Test – **Saturday 14 September 2019**
- FIA Disaster Recovery Test – **Saturday 26 October 2019**
- Further details are available via ICEU Circular [19/123](#), dated 22 August 2019.

ICEU IRM FILE PUBLICATION - AUGUST 2019

IRM Publication Times



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1. EMIR Transaction Reporting

- ESMA has requested that Trade Repositories include position level, as well as trade level data to be included in the inter-TR reconciliation process, by no later than 31 December 2019. Trade Repositories are currently finalising an effective date, which is currently anticipated to be in early December 2019.
- Position level reconciliation will mirror trade level reconciliation, i.e. the same category/matching validations will be in place.
- ICEU will host a Clearing Member/FIA workshop at 09:30 BST on **Tuesday 08 October 2019** to discuss anticipated impacts.
- Please contact Reports-ICEClearEurope-Regulatory@theice.com should you wish to attend (in person or via dial-in), or if you have any questions.

2. The next TOG call will be held on **Thursday 03 October 2019**.

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ICEU ROADMAP

| Date | Initiative |
|----------------------|--|
| TBC | New Product Listing - NYH ULS Diesel Futures Contract |
| 16 September 2019 | New Product Listing: Tranche 73 |
| 19 September 2019 | Small-scale ad hoc Default Management Test (US Power, US and EU Emissions) |
| 26 October 2019 | FIA Industry-Wide Disaster Recovery Test |
| w/c 04 November 2019 | Annual Default Management Exercise [<u>mandatory</u> Clearing Member participation] |
| Q4 2019 | New Product Listing |
| 13 January 2020 | Clearing Release Version 8.8 Implementation |
| January 2020 | IRM 2.0 Clearing Member Parallel Run |

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