

Circular C24/057 ICE Clear Europe: Annual Default Management Test - 21 October 2024

Category

Risk Management

Attachments

None

ICE Clear Europe (“the Clearing House”) will perform an annual test of its default management procedures (“Default Management Test”) on **Monday 21st October 2024**.

The Clearing House plans to conduct a Default Management Test based on the hypothetical Event of Default of an F&O Clearing Member. Clearing Members are reminded that participation in the annual Default Management Test organised by the Clearing House is **mandatory** under Rule 202(a)(xix). Failure by Clearing Members to participate in, or inadequate participation in, Default Management Tests may result in disciplinary action being taken. Further, the Auction Terms for F&O Default Auctions (“Auction Terms”), set out, amongst other things, the consequences for Clearing Members who do not comply with their obligations (including the obligation to bid in accordance with their minimum bid requirement) under the Auction Terms. It is anticipated that, as in previous years, there will be oversight and attendance from the Bank of England and other regulators for parts of the 2024 Default Management Test.

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

- The Clearing House will contact the relevant default management contacts as provided by Clearing Members in their Annual Member Return in order to support coordination of the Default Management Test;
- To assist users with familiarising themselves with ICE’s Default Management System (“DMS”), the Clearing House will provide webinars in the lead up to the Default Management Test. Further information will be provided in due course; and
- Following each Default Management Test, the Clearing House may communicate the results of each auction (including details of all bids received) to participants of the relevant auction, the Product Risk Committee and relevant regulatory authorities.

The Clearing House also encourages customers of F&O Clearing Members to participate in the Default Management Test. This will allow market participants to familiarise themselves with the Clearing House’s default management processes, including porting and supporting technology.

Should you have any questions in relation to this Circular or require any further information, please contact ICEClearEurope-FODefaultManagement@ice.com or by phone on +44 (0)20 7065 7630.

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

For more information, please contact:

Default Management

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