

ICE Trade Vault Europe

The European trade repository set up by the ambitious trade and clearing organisation is making good use of its technology as well as its experience of derivative trade reporting in the United States. ICE Trade Vault Europe is also focused on protecting its existing clients first, and focusing on those asset classes which it is familiar with.

ICE Trade Vault Europe allows market participants transacting in credit, equities, interest rates and commodities to fulfil their EMIR (European Market Infrastructure Regulation) reporting obligations. The trade repository business of Intercontinental Exchange Group (ICE) was given the regulatory stamp of approval by the European Securities and Markets Authority (ESMA) on 29 November 2013, somewhat after the first batch of repositories, and less than four months before the 12 February 2014 start-date of derivative trade reporting under EMIR.

This made getting ready on time extremely challenging.

The challenge was exacerbated by the fact that, unlike the Dodd-Frank Act in the United States, EMIR demands all users of derivatives report both their OTC *and* exchange traded derivatives to trade repositories to enable regulators to detect any build-up of systemic risk in capital markets. ICE Trade Vault Europe aims to build upon the trading and clearing infrastructure of its parent.

“As a provider, we have enrolled ICE Clear Europe and will support all of their reporting needs,” says Bruce Tupper, president of ICE Trade Vault. “ICE Clear Europe has a reporting obligation, primarily with its clearing members, and they will do all of their reporting into us. We also have direct links with the ICE Exchanges in order to support delegated reporting services.”

In addition, the firm is leveraging its confirmation and affirmation matching services - ICE eConfirm and ICE Link - as well as its American swap data repository (SDR), ICE Trade Vault. ICE Trade Vault Europe can, for example, accept data from ICE eConfirm and ICE Link, which are employed by firms trading in the credit, commodity and energy markets.

By enabling clients to extend their ICE eConfirm and ICE Link interfaces to the trade repository, the firm hopes to make EMIR more palatable for its customers, in addition to helping them meet the Regulatory Technical Standards (RTS) by resolving duplicate records, standardising reference data and permitting multiple parties to submit and query a repository on a real-time or ad-hoc basis. The repository also provides unique identifiers for OTC and ETD users and offers valuation and collateral data reporting, another key EMIR requirement.

“There are really two main reasons why ICE decided to open repository services,” says Tupper. “One is that we wanted to make sure from the clearing and execution services that there would be no friction, or anything that would prohibit our customers from using our services. So we felt that we were best placed to provide a repository to our clearing

ICE TRADE VAULT OVERVIEW

LEGAL ENTITY

- ▶ ICE Trade Vault Europe Ltd (ICE TVEL), a UK company

OWNERSHIP

- ▶ Intercontinental Exchange (NYSE: ICE) is the parent of ICE Trade Vault; it is a holding company of commodities and other exchanges and clearing entities

BUSINESS MODEL

- ▶ ICE operates multiple exchanges in Europe and the US; the trade repository facilitates regulatory compliance for those transacting on the exchanges
- ▶ Support STP for all commodities trading and CDS trades

ASSET CLASS COVERAGE

- ▶ ETD & OTC Commodities
- ▶ ETD & OTC Credit
- ▶ ETD & OTC Equities
- ▶ ETD & OTC Rates

WEBSITE

- ▶ https://www.theice.com/trade_vault.jhtml
- ▶ <https://www.icetradevault.com>
- ▶ Includes fee schedule for EMIR reporting

CONTACT INFORMATION

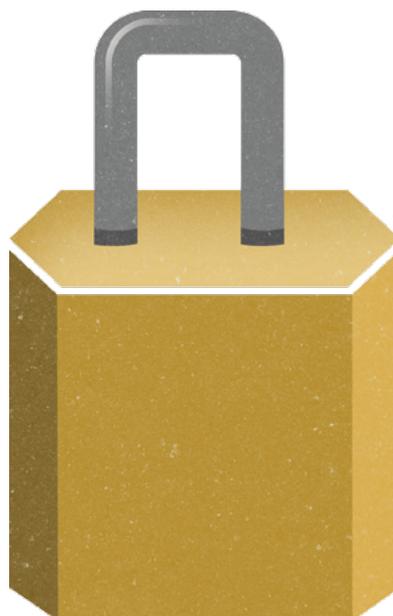
- ▶ ICESales.OTCFinancial@theice.com – Business inquiries
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Source: Thomas Murray IDS TR Compare

and execution customers. The second point is that we had these two embedded systems. There was eConfirm on the commodities side and with CDS we had Ice Link, which was formerly known as T0. When you put those two together and looked at ICE's clearing and execution system and the desire we had to offer a full chain of services, the decision was made very early that we would have a global repository."

Protecting the existing client base meant one of the first groups to be on-boarded by ICE Trade Vault Europe was American clients reporting already to the ICE Trade Vault SDR, and which had reporting obligations in Europe. "A lot of our major clients in the United States are multinationals," explains Tupper. "So naturally, this was one of our first points of contact in the European reporting space and we have been visiting all of the London offices to discuss their needs. I was involved in the inception of ICE eConfirm and it has enabled us to have connectivity with our customer's back office and operational systems. This has been a great segue into the repository services that these companies need."

With its experience of trade reporting under Dodd-Frank in the United States, ICE – like CME and the Depository Trust & Clearing Corporation (DTCC) - had prior experience of many aspects of derivative trade reporting, including the back-loading of data to 16 August 2012. This is proving to be a major



challenge for some market participants, not least because even historical trades must have a Unique Trade Identifier (UTI) which entails agreement between counterparties which transacted business long before EMIR.

"Under Dodd-Frank there was also a very large historical back-loading of data as well," says Tupper. "This passage extended to July 2010. We took in the data from several million trades as a result of this. So the customers that we have crossover with between the United States and Europe were ready, and we were successful in helping them with this in the United States. The challenge that the market faces in Europe, that is different to the United States, is exchange-traded derivative reporting. In the OTC space, however, we feel that we have demonstrated our competency in helping clients with all of their obligations."

Like the other trade repositories, ICE also has an eye to future expansion into other markets. Like DTCC, which has expanded rapidly into trade reporting in Asia, ICE has designs on the same region. "There are two other main markets that we are focussed on right now," says Tupper. "We have been in regular contact with the Monetary Authority of Singapore (MAS) for some time now and have submitted comment letters on the drafting of their rules. Our recent acquisition of SMX in Singapore is opening new doors for us. You can see how we are building our repository service and how it is following in the wake of our clearing and execution services. Any regulatory regime where we have thought that there has been a real effect in the commodities and credit default swaps (CDS), we have expressed an interest in providing reporting services for." Tupper is also looking north of the International Boundary. "The other area that we have been working closely with is Canada because it is the same nexus as the United States, particularly with commodities trading," he says. "There is a lot of crossover. Our eConfirm system has been live in Canada for a while, and Calgary is where a lot of the trading gets done, and we have a lot of long-term users there that have asked us about how we can help them with their reporting obligations."

Where ICE does distinguish itself from its competition in Europe is that it is the only trade repository that is not accepting reports in every asset class. Rather, ICE Trade Vault Europe has chosen to stick to its strengths: commodities, credit, equities and interest rates. "We have a very large commodity customer base, with over 700 customers enrolled into our SDR in the United States," says Tupper. "We also have a very large offering for cleared credit default swaps. These two offerings from the United States have really been leveraged in Europe, so there is a lot of crossover."

