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INTERCONTINENTALEXCHANGE RECEIVES REGULATORY APPROVAL FOR CUSTOMER PORTFOLIO MARGINING; EXPANDS CAPITAL EFFICIENCIES FOR BUY-SIDE CLEARING

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CHICAGO, Jan. 15, 2013 /PRNewswire/ -- IntercontinentalExchange (NYSE: ICE), a leading operator of global markets and clearing houses, announced today that ICE Clear Credit, the largest North American credit default swap (CDS) clearing house, has received regulatory approval to provide portfolio margining relief for buy-side clearing of CDS.

"We appreciate the hard work and cooperation of the CFTC and the SEC to finalize this order," said ICE Clear Credit President Christopher Edmonds. "Putting portfolio margining in place for client accounts is an important step toward realizing one of the key aims of Dodd-Frank, to encourage increased clearing of swaps."

Portfolio margining allows clients to achieve capital efficiencies by clearing index and single name CDS in a single segregated CFTC customer account. Previously, a client would have been required to post full margin on a single-name position held in an SEC account as well as full margin on an index position held in a CFTC account even if the two positions offset each other from a risk perspective. By combining the positions in one CFTC account and applying a portfolio margining methodology to reduce the amount of margin needed, the clearing house provides capital efficiencies while maintaining strong risk management practices. Additionally, clients will receive the same commodity law bankruptcy treatment and the added protection afforded customer collateral under the CFTC's Legally Segregated Operationally Commingled (LSOC) regime for all of their cleared CDS positions.

ICE Clear Credit's petition to provide portfolio margining had overwhelming support from both buy-side and sell-side participants.

"Portfolio margining eliminates a key economic barrier to buy-side clearing by recognizing margin efficiencies within hedged portfolios. This will facilitate the buy-side's transition to central clearing ahead of the phase-in of the clearing mandate this year," said Randall Costa, Managing Director at Citadel.

"Portfolio margining for buy-side accounts reduces systemic risk, significantly improves the capital efficiency of clearing and provides a proven and well understood regulatory regime for clearing index and single name credit default swaps," said Scott Beardsley, Principal and Head of Operations, BlueMountain Capital Management.

"Margin efficiency is a focus topic for the buy-side, given the amount of margin that is required to be posted under the Dodd-Frank Act. This is a step in the right direction, improving the capital efficiency of clearing and providing a proven and well understood regulatory regime for clearing index and single name credit default swaps," said Supurna VedBrat, Managing Director and Co-Head of Electronic Trading and Market Structure at BlackRock.

ICE Clear Credit and ICE Clear Europe are the only clearing houses to offer single-name CDS clearing.

ICE Clear Credit filed petitions with the CFTC and the SEC to provide portfolio margining for proprietary and buy-side accounts in October of 2011. ICE Clear Credit received regulatory approval in late 2011 for proprietary positions and began portfolio margining for clearing members in January of 2012. Approvals for buy-side portfolio margining were granted in **December 2012 by the SEC** and on **January 14, 2013 by the CFTC**. ICE Clear Credit will launch clearing of North American corporate single names and Latin American sovereigns and portfolio margining for buy-side accounts this quarter.

ICE Clear Credit legally segregates customer collateral from clearing participant proprietary collateral at all times. As a matter of law, customer collateral cannot be used for obligations related to a clearing participant's proprietary trading activities. It is a violation of ICE rules and CFTC and SEC regulations to commingle customer collateral within proprietary accounts.

About IntercontinentalExchange

IntercontinentalExchange (NYSE: ICE) is a leading operator of regulated exchanges and clearing houses serving the risk management needs of global markets for agricultural, credit, currency, emissions, energy and equity index products. ICE serves customers in more than 70 countries.

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ICE-CDS

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