ICE CLEAR CREDIT LAUNCHES PORTFOLIO MARGINING BENEFITS FOR CLEARING PARTICIPANTS

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CHICAGO, Jan. 30, 2012 /PRNewswire/ -- IntercontinentalExchange (NYSE: ICE), a leading operator of global regulated futures exchanges, clearing houses and over-the-counter (OTC) markets, announced today that ICE Clear Credit now offers portfolio margining benefits for clearing participants' proprietary positions, allowing for more efficient collateralization of opposite positions in index and correlated single-name credit default swap (CDS) instruments.

(Logo: **http://photos.prnewswire.com/prnh/20090727/CL51999LOGO**)

ICE Clear Credit received approval for clearing participant portfolio margining from the **Securities and Exchange Commission** (SEC) and self-certified with the **Commodity Futures Trading Commission** (CFTC).

"The ability to margin accounts on a consolidated portfolio basis is necessary to encourage increased clearing, reduce systemic risk during times of stress, and provide capital efficiencies for market participants," said ICE Clear Credit President Christopher Edmonds.

By requiring CDS to be centrally cleared, new regulations call for a significant change to the risk management of the swap marketplace. A market participant who buys CDS protection on single-names to offset the risk of sold CDS index protection would, in the absence of portfolio margining, have to post full margin for all positions, which would require a significantly greater and unnecessary capital outlay. Portfolio margining with respect to correlated CDS index and single name positions provides capital efficiencies while maintaining strong risk management protections.

ICE Clear Credit has **petitioned** the CFTC and SEC to be able to provide the same margining benefits for client/customer CDS clearing.

"Consistent with the Dodd-Frank principles of equal and open access, we want to offer customers the same portfolio margining benefits that self-clearing participants now receive," said Edmonds. "Customer portfolio margining reduces systemic risk and regulatory arbitrage opportunities, and improves the economics of CDS clearing for customers."

"Customer portfolio margining is a key prerequisite to making CDS clearing attractive to clients," said Tom Benison, managing director at J.P. Morgan. "Clients currently can avail themselves of offsetting trades in the bilateral world, so it's important that they have the same ability within the clearing framework."

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. The pending petitions solely relate to the ability to hold customer collateral for SEC-regulated CDS single names and customer collateral for CFTC-regulated CDS indexes in the same account to facilitate portfolio margining of customer-related positions.

About IntercontinentalExchange

IntercontinentalExchange (NYSE: ICE) is a leading operator of regulated futures exchanges and over-the-counter markets for agricultural, credit, currency, emissions, energy and equity index contracts. ICE Futures Europe hosts trade in half of the world's crude and refined oil futures. ICE Futures U.S. and ICE Futures Canada list agricultural, currencies and Russell Index markets. ICE is also a leading operator of central clearing services for the futures and over-the-counter markets, with five regulated clearing houses across North America and Europe. ICE serves customers in more than 70 countries. **www.theice.com**

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ICE-CDS

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