ICE FUTURES U.S.
55 East 52nd Street
New York, New York 10055

Submission No. 18-316
March 8, 2018

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: New Guidance on Position Limits Document
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. ("Exchange") self-certifies the Exchange's new Guidance on Position Limits document ("document"), attached hereto as Exhibit A. The new document provides guidance on the Exchange rules related to position limits and accountability levels, aggregation of positions, and exemptions from position limits. Specifically, the document provides explanations of relevant components of Exchange Rules 6.12 "Aggregation of Positions," 6.13 "Enforcement of Position Limits and Position Accountability Levels," and 6.29 "Exemptions."

The Exchange certifies that the document complies with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market core principles ("Core Principles") as set forth in the Act and has determined that the FAQ complies with Core Principle 2 (Compliance with Rules), Core Principle 3 (Contracts Not Readily Subject to Manipulation), and Core Principle 5 (Position Limitations or Accountability). The document provides guidance regarding position limits and accountability levels, aggregation of positions, and exemptions from position limits by providing explanations of Exchange Rules 6.12, 6.13, and 6.29.

The new document will become effective on March 23, 2018. The Exchange further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website and may be accessed at (https://www.theice.com/futures-us/regulation). No substantive opposing views were expressed by members or others with respect to this document.

If you have any questions or need further information, please contact me at 312-836-6745 or at patrick.swartzer@theice.com.

Sincerely,

Patrick Swartzer
Manager
Market Regulation

Enc.
cc: Division of Market Oversight
New York Regional Office

Exhibit A

Guidance on Position Limits

March 2018

Guidance on Position Limits

The ICE Futures U.S. (“Exchange”) Market Regulation Department (“MRD”) is issuing the following guidance on the Exchange rules pertaining to position limits and position accountability levels. Note that the Rules should always be consulted in conjunction with any guidance document, and supersede any information in this guidance document.

Position Limits and Position Accountability Levels

Position limits are levels that may not be exceeded on an intraday or end-of-day basis unless an exemption has been obtained from the MRD. If a position limit is exceeded without an exemption, it is considered to be a violation of Exchange Rule 6.13.[1]

Position accountability levels may be exceeded without an exemption and will not be deemed a violation of Rule 6.13. Market participants who hold a position in excess of an accountability level may be subject to a position accountability review and asked by the MRD to provide information regarding the trading and/or hedging strategy and purpose underlying the position. In addition, Exchange rules provide that a market participant holding or controlling a position in excess of a position accountability level automatically consents to not increase further and to decrease those positions when so ordered by the MRD. Generally, a market participant will be contacted by the MRD to obtain information about the position before such instructions are issued.

Depending on the product, position limits or position accountability levels may be implemented during the following periods:

1. **Spot Month:** a period of days prior to the expiry of the front month contract, or, for physically delivered contracts, during the notice period or a defined period of time prior to expiry.
2. **Single Month:** any single contract month outside of the period the spot month position limit is in effect.
3. **All Months Combined:** net open positions held in all contract months of a product, including the spot month.

The dates on which spot month position limits are in effect vary by contract and market participants should reference the definitions provided for each product in Chapter 6 of the Exchange Rulebook. Additionally, the Exchange publishes a notice each month with the upcoming compliance dates for spot month position limits, which may be found at **https://www.theice.com/futures-us/notices.**

For position limits and position accountability levels, the Exchange aggregates (i.e. combines and nets) positions held in certain energy contracts with positions in other contracts on a positive or negative basis. The Exchange Position Limit Table indicates whether a contract has a positive or negative aggregate. Options positions are aggregated with the underlying futures contract on a futures-equivalent basis using the delta ratio published by the Exchange.

Certain energy contracts are defined as diminishing balance contracts. Generally, diminishing balance contracts are those where the final settlement price is based on the average of daily index prices during the contract month. For those contracts, the front month position decreases by a proportionate amount each day as the contract month nears expiration. Typically, the spot month position will begin to diminish prior to the date on which spot month position limits become effective.

[1] There are limited circumstances when an exemption may be obtained after a position limit is exceeded. Such exemptions are available due to sudden unforeseen increases in bona fide hedging or risk management needs and require that an exemption be requested within one business day (unless the MRD has approved a later filing which may not exceed 5 business days) following the day on which the position limit was exceeded. If the exemption is approved, there is no rule violation.

Exchange position limits, accountability levels, aggregation codes, and diminishing balance identification can be found in the Exchange Position Limit Tables at:

https://www.theice.com/publicdocs/otc/advisory_notices/IFUS_Energy_Position_Limit_Accountability_and_Reportable_Levels.xls

https://www.theice.com/publicdocs/futures_us_reports/all/IFUS_Position_Limits_Accountability_and_Reportable_Levels_for_Non-Energy_Products.xlsx

Aggregation of Positions

Position limits and position accountability levels apply to all positions in accounts under common ownership (ownership interest of 10% or greater) or control. In addition, where two or more participants trade pursuant to an expressed or implied agreement, the participants' positions will be aggregated as if the positions were held by a single person.

As provided in Exchange Rule 6.12, certain exemptions from aggregation are available. To obtain an exemption, a written request should be submitted to the MRD detailing the circumstances supporting the exemption. If a market participant has filed an exemption from aggregation request with the CFTC, a copy should be provided to the Exchange.

Exemptions from Position Limits

As provided in Exchange Rule 6.29, the Exchange may grant position limit exemptions for positions held for the purposes of (i) bona fide hedging as defined by the CFTC or non-enumerated hedging strategies which are determined by the Exchange to be consistent with the purposes of hedging, (ii) arbitrage, spread or straddle strategies, and (iii) risk management strategies. To request an exemption, an exemption request form must be completed and submitted to the MRD no later than five business days before the first day the position limit is in effect. The form for requesting exemptions for energy contracts may be found at the link below.

https://www.theice.com/publicdocs/otc/advisory_notices/IFUS_Energy_Position_Limit_Exemption_Form.doc

Additionally, Exchange Rule 6.20(c) allows for a Conditional Limit in the Henry Hub LD1 Fixed Price Future that allows a market participant to hold up to five times the spot month position limit. The form for requesting a conditional limit for Henry Hub LD1 along with the corresponding requirements may be found at the link below.

https://www.theice.com/publicdocs/otc/advisory_notices/IFUS_Energy_Conditional_Limit_Form.doc

For exemption request forms for non-energy contracts, the MRD should be contacted using the information provided below.

FOR MORE INFORMATION

Agricultural, Financial and Metals Contact:

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