



BY ELECTRONIC TRANSMISSION

Submission No. 16-54
May 13, 2016

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

Re: Amendment to Rule 27.02 and Deactivation of Implied Matching Engine Functionality for Custom User Defined Spreads - Submission Pursuant to Section 5c(1) of the Act and Regulation 40.6

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange”) is amending Exchange Rule 27.02 to clarify the definition of Implied Matching Engine (“IME”) and is turning off IME functionality for custom User Defined Spreads (“UDS”).

Exchange Rule 27.02 provides a definition for the Exchange’s IME functionality. The IME matches outright orders entered onto the electronic trading system (“ETS”) against spread orders entered onto the ETS. The amendments to Rule 27.02 make clear that the IME functionality is used for both futures and options. Currently, the IME functionality is used for certain futures contracts and for un-hedged UDS option functionality.

The Exchange is also turning off IME functionality for custom UDS options strategies, which allow participants to generate options strategies with numerous legs. The IME functionality is being disabled for custom options strategies to reduce the single transaction exposure for traders placing multiple simultaneous bids and offers in different option calls/puts and strikes. The IME functionality will remain enabled for pre-set UDS strategies such as call/put spreads, which have fewer legs.

The rule amendment and the deactivation of the IME will become effective on May 30, 2016. No substantive opposing views were expressed by members or others with respect to the amendments. The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. The Exchange further certifies that concurrent with this filing, a copy of this submission was posted on the Exchange’s website, which may be accessed at (<https://www.theice.com/futures-us/regulation>).

If you have any questions or need further information, please contact me at 212-748-4021 or at jason.fusco@theice.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason V. Fusco". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Assistant General Counsel
Market Regulation

Enc.

EXHIBIT A

(In the text of the amendment below deletions are shown in brackets and lined through.)

Rule 27.02. Definitions

As used in this Chapter the following terms shall have the meanings indicated:

* * *

(iv) “Implied Matching Engine” means the system functionality which derives futures and options spread and outright prices, respectively, from outright and spread orders entered onto the ETS for the purpose of matching outright orders and legs of spread orders against each other [~~legs of calendar spread orders entered onto the ETS~~].