



BY ELECTRONIC TRANSMISSION

Submission No. 17-86
June 9, 2017

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: Amendments to ICE Futures U.S. Rules 8.17, 11.08, 11.09, 9.27, 29.06 and 29.18 --
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), ICE Futures U.S., Inc. (“IFUS” or “Exchange”) self certifies the amendments attached as Exhibit A. The amendments relate to the collection and payment of variation margin by the Clearing House with respect to contracts that are the subject of delivery notices, and are being made to conform to changes instituted by ICE Clear U.S. Previously, ICE Clear U.S. collected daily variation margin for contracts with respect to which delivery notices were issued and paid variation margin to the opposite clearing member. Upon completion of delivery, the net amount of the delivery position variation margin was collected from the recipient and paid to the clearing member from which it was collected. ICE Clear U.S. no longer will collect and pay variation margin on delivery positions in cash, but will instead include an equivalent variation margin amount as an adjustment to the clearing member’s daily initial margin requirement. Therefore, the amendments update the Exchange rules by deleting references to the collection and payment of cash variation margin by the Clearing House on delivery positions.

The Exchange is aware of two clearing members who expressed a preference for retaining the former practice. The Exchange certifies that the amendments, which will become effective ten (10) business days from the date of this filing, 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 and may be accessed at (<https://www.theice.com/futures-us/regulation#rule-filings>). If you have any questions or need further information, please contact the undersigned at 212-748-4083 or Audrey.hirschfeld@theice.com.

Sincerely yours,

Audrey R. Hirschfeld
SVP and General Counsel

cc: Division of Market Oversight

Exhibit A

(In the text below, deletions are overstruck and additions are underscored.)

Rule 8.17. Expedited Arbitration Procedure

* * *

(i) The Special Arbitration Committee shall render its award in writing adjudging which, if any, party is in default, awarding the amount of money, if any, to be paid by the party in default, and granting any further remedy or relief which it deems just and equitable. The award of the Special Arbitration Committee shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings commenced pursuant to the Rules.

(j) The payment as prescribed above shall be made by the close of business on the second (2nd) Business Day after notification in writing of the Special Arbitration Committee's award without any setoff or deduction whatsoever. Payment and settlement of any default as determined above shall be effected through the President and s [S]uch payment shall be accepted as final payment~~, and the net amount of any variation Margins which have been paid pursuant to the Clearing Organization Rules by either party from the date of issuance of the Delivery Notice to the date of payment of the settlement of the default shall be collected from such party by the Clearing Organization and paid to the other party].~~

[Remainder of Rule Unchanged]

Rule 11.08. Obligations of the Receiver and Deliverer

* * *

(c)(i) At the time Deliverer furnishes bills of lading pursuant to paragraph (a)(i) of this Rule, the Deliverer shall so notify the Clearing Organization in writing, with a copy of such notice concurrently furnished to the Receiver ~~, and the net amount of variation Margin, if any, collected by the Receiver in respect of the contracts pursuant to which Deliverer has made delivery from the time the Multiple Delivery Notice for such contracts was issued shall be collected from Receiver by the Clearing Organization and paid to the Deliverer on the second (2nd) Business Day following receipt of such notice by the Clearing Organization, unless the Receiver notifies the Clearing Organization that the bills of lading have not been so furnished by Deliverer.~~ Any such notice shall be in writing, with a copy concurrently furnished to the Deliverer, and shall be issued within twenty-four (24) hours of receipt of the Deliverer's notice referred to in the preceding sentence.

(ii) At the time Receiver makes payment for sugar pursuant to paragraph (c) of this Rule, the Receiver shall so notify the Clearing Organization, with a copy of such notice concurrently furnished to the Deliverer, ~~and the net amount of variation Margin, if any, collected by the Deliverer in respect of the contracts pursuant to which Receiver has made payment from the time the Multiple Delivery Notice for such contracts was issued shall be collected from Deliverer by the Clearing Organization and paid to the Receiver on the second (2nd) Business Day following receipt of such notice by the Clearing Organization, unless the Deliverer notifies the Clearing Organization that such payment has not been received.~~] Any such notice shall be in writing, with a copy concurrently furnished to the Receiver, and shall be issued within twenty-four (24) hours of receipt of the Receiver's notice referred to in the preceding sentence. ~~[Notwithstanding anything to the contrary contained in this paragraph, the Clearing Organization may collect and pay the net amount of variation Margin referred to in this paragraph upon receipt of notice from both Deliverer and Receiver that pro forma or final settlement has been made.]~~

[Remainder of Rue Unchanged]

Rule 11.09. Arbitration of Disputes

* * *

(vii) The Special Arbitration Committee shall render its award in writing adjudging which, if any, party is in default, declaring the settlement price, awarding the amount of money, if any, to be paid by the party in default, and granting any further remedy or relief which it deems just and equitable, which may include the award of money in an amount which exceeds the amounts to be paid pursuant to subparagraphs (v) and (vi) of this Rule. The award of the Special Arbitration Committee shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings pursuant to the Rules.

(viii) The payment as prescribed above shall be made without any setoff or deduction whatsoever by the close of business on the second (2nd) Business Day after notification in writing of the Special Arbitration Committee's award. Payment and settlement of any default as determined above shall be effected through the President. Such payment shall be accepted as final payment ~~[, provided the net amount of any variation Margins collected by either party in respect of the contracts with respect to which such payment is made from the time the Multiple Delivery Notice for such contracts was issued shall be collected from such party by the Clearing Organization and paid to the other party].~~

[Remainder of Rule Unchanged]

Rule 9.27. Arbitration Of Disputes

* * *

(e) In the case where a Deliverer is determined to be in default by the Special Arbitration Committee for failure to meet delivery obligations then:

(i) where the settlement price determined by the Special Arbitration Committee is higher than the price stated on the Delivery Notice, the Deliverer shall be required to pay to the Receiver the difference between such settlement price and the price stated on the Delivery Notice; or

(ii) where the settlement price determined by the Special Arbitration Committee is lower than the price stated on the Delivery Notice, the Receiver shall be required to pay to the Deliverer the difference between such settlement price and the price stated on the Delivery Notice.

(f) In the case where a Receiver is determined to be in default by the Special Arbitration Committee for failing to meet receiving obligations then:

(i) where the settlement price determined by the Special Arbitration Committee is higher than the price stated on the Delivery Notice, the Deliverer shall be required to pay to the Receiver the difference between such settlement price and the price stated on the Delivery Notice; or

(ii) where the settlement price determined by the Special Arbitration Committee is lower than the price stated in the Delivery Notice, the Receiver shall be required to pay to the Deliverer the difference between such settlement price and the price stated on the Delivery Notice.

(g) The obligations of the parties under this Rule shall be satisfied without any setoff or deduction whatsoever. ~~[Upon final payment as set forth in paragraph (i) hereof, the net amount of any variation Margins which have been paid pursuant to the Rules of the Clearing Organization, by either party from the date of issuance of the Delivery Notice to the date of payment of the settlement of the default, shall be collected from such party by the Clearing Organization and paid to the other party.]~~

[Remainder of Rule Unchanged]

Rule 29.06. Delivery Documents

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(c) With respect to pro forma settlement:

(i) Receiver will pay the pro forma invoice value between the hours of 10:00 A.M. and 3:00 P.M., without any set-off or deduction whatsoever, within one (1) hour after presentation by Deliverer which shall be not later than 2:00 P.M. on the Business Day (providing normal New York banking facilities are available) that the documents are presented as above. Unless otherwise mutually agreed payment shall be made by wire transfer in same day funds.

(ii) At the time pro forma settlement is made:

~~{(A)}~~ the Deliverer and Receiver jointly must notify the Clearing Organization in writing of such pro forma settlement.

~~[(B) the Deliverer or Receiver, as the case may be, must return to the other party the net amount of variation Margin collected from the time the delivery notice is issued. Unless otherwise mutually agreed, the return of variation Margin shall be made by wire transfer in same day funds.]~~

[Remainder of Rule Unchanged]

Rule 29.18. Notice of Failure to Meet Obligations

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(h) The payment as prescribed above shall be made by the close of business on the second (2nd) Business Day after notification in writing of the Special Arbitration Committee's award. Payment and settlement of any default as determined above shall be effected through the President and s[§]uch payment shall be accepted as final payment~~[-, provided the net amount of any variation Margins which have been paid pursuant to the Rules of the Clearing Organization, by either party from the date of issuance of the Multiple Delivery Notice to the date of payment of the settlement of the default, shall be repaid to such party by the other party. Notification of settlement of variation Margins shall be given in writing by the Receiver and Deliverer to the Clearing Organization on the settlement day].~~

[Remainder of Rule Unchanged]