


55 East 52nd Street
New York, NY 10055

BY ELECTRONIC TRANSMISSION

Submission No. 16-132
October 20, 2016

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 No Cancellation Range for Certain Option Strategies - Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC”) Regulation 40.6, ICE Futures U.S., Inc. (“IFUS” or “Exchange”) hereby self-certifies an addition to its Reasonability Limits (“RLs”) and No Cancellation Ranges (“NCRs”) publication to provide guidance on the NCR methodology used for certain option strategies, as set forth in Exhibit A.

The RLs and NCRs for all Exchange contracts are published on the IFUS website (https://www.theice.com/publicdocs/futures_us/no_cancellation_range_and_reasonability_limits.pdf). The Exchange is amending the publication to provide guidance on the methodology used to determine the NCRs for Option Conversion and Option Box strategies, which are defined as follows:

A long Option Conversion shall be defined as combining long calls, short puts and short futures. A short Option Conversion shall be defined as combining long puts, long futures and short calls. The Option conversion must contain the same expiry, strike prices and quantity.

An Option Box shall be defined as combining a position that is long a call and short a put in strike 1 and long a put and short a call in strike 2. The Option Box must contain the same expiry and quantity in both strike 1 and strike 2 for both calls and puts.

The guidance will provide that both Option Conversions and Option Boxes, which have minimal risk exposure, and as a result are priced tightly, will be subject to the lowest NCR stated for the market in which they are traded. The Exchange is publishing this guidance to provide greater clarity on the methodology used to determine the NCRs for these options strategies, as such NCRs are utilized by the Exchange in making decisions to cancel or adjust trades.

The Exchange certifies that the amendments, which will become effect on November 4, 2016 comply with the requirements of the Act and the rules and regulations promulgated thereunder. The Exchange is not aware of any opposing views with respect to the amendment and further certifies that concurrent with this filing a copy of this submission was posted on the Exchange's website at (<https://www.theice.com/futures-us/regulation#rule-filings>). 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", written in a cursive style.

Jason V. Fusco
Assistant General Counsel
Market Regulation

Enc.
cc: Division of Market Oversight

EXHIBIT A

ICE FUTURES U.S., INC. REASONABILITY LIMITS AND NO CANCELLATION RANGES - AS OF OCTOBER 20, 2016

The ICE Futures U.S. Error Policy includes Reasonability Limit (“RL”), No Cancellation Range (“NCR”) and Calendar Spread Stop Limit Order (“CSLOR”) levels for futures and options contracts. The levels shown below are subject to change without prior notification.

ICE Futures U.S. – Energy Division No Cancellation Ranges (Maximum Number of Ticks from Market Value expressed as Price Difference)

Financial Gas Products	Day	Spread	Month	Spread	Season	Spread	Calendar	Spread
Henry Hub	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Non-Henry Fixed Price	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Index			0.02	0.02	0.02	0.02	0.02	0.02
Index Bidweek(Prompt Month only)			0.04	0.04	0.04	0.04	0.04	0.04
EIA Financial Weekly Index	10 BCF	10 BCF	10 BCF	10 BCF	10 BCF	10 BCF	10 BCF	10 BCF
EIA End of Draw / Storage Index	250 BCF	250 BCF	250 BCF	250 BCF	250 BCF	250 BCF	250 BCF	250 BCF
Basis	20% of Basis/Spread FMV up to 0.05				Min/Max Range = 0.02/0.05			
Options	20% of Premium FMV up to 0.05				Min/Max Range = 0.005/0.05			
Natural Gas Liquid Products	Day	Spread	Quarter	Spread	Calendar	Spread		
TMX C5 1B	0.5	0.1	0.2	0.08	0.1	0.08		
Financial Power Products	BalDay/ NextDay/ BalWeek	Spread	Weekly & Balmo	Spread	Month & Season	Spread	Quarter & Calendar	Spread
PJM WHRT, Indiana RT, Nepoch DA	5.00	5.00	2.00	2.00	0.60	0.60	0.40	0.40
All other contracts	5.00	5.00	2.00	2.00	1.00	1.00	0.60	0.60
Post Daily LMP Publish	0.05	0.05						
Capacity Resp. Reserve					1.00	1.00	0.60	0.60
In-City or Rest of State Cap.					1.00	1.00	0.60	0.60
Non-Spinning Reserve					1.00	1.00	1.60	0.60
Regulation					1.00	1.00	0.60	0.60
Heat Rate					0.30		0.30	
DART					0.60		0.40	
Daily Load Forecast	5,000 MW							
Options	20% of Premium FMV up to 5.00				Min/Max Range = 0.50/5.00			
US Environmental Products		Month		Option		Min/Max Range		
RGGI		0.10		20% of Premium FMV up to 0.10		0.05/0.10		
CAR-CRT, CFI-US & REC-NJ, TX REC		0.25		20% of Premium FMV up to 0.25		0.05/0.25		
CCA; PJM TRI - QEC		0.25		20% of Premium FMV up to 0.25		0.01/0.25		
SFI		0.50		20% of Premium FMV up to 0.50		0.05/0.50		
CT & MA REC		1.00		20% of Premium FMV up to 1.00		0.05/1.00		
CSAPR SO2 & NOX		10.00		20% of Premium FMV up to 10.00		0.50/10.00		
RIN		0.05		20% of Premium FMV up to 0.05		0.01/0.05		
MA, MD, NJ & PA SREC, MA SREC Carve Out; CAIR NOX		5.00		20% of Premium FMV up to 5.00		0.50/5.00		

ICE Futures U.S. – Energy Division Reasonability Limit Levels

Gas Products	Reasonability Limit	Reasonability Limit Exceptions
Henry Hub	\$0.15	N/A
EIA Financial Weekly Index	50 BCF	
EIA End of Draw/Storage Index	1,000 BCF	
Fixed Price (not including Henry)	\$2.00	<p><u>Reasonability Limit: \$5.00</u> Dominion South Swing (DSS) Lebanon Swing (LBN)</p> <p><u>Reasonability Limit: \$10.00</u> Algonquin Citygates Swing (ALS) Chicago Swing (CSS) NNG Demarc Swing (DES) Iroquois (Into) Swing (Platts) (IRS) Iroquois-Z2 Swing (Platts) (IZS) PG&E Citygate Swing (PIG) Transco Zone 6 (non NY) Swing (TPS) TETCO M3 Swing (TSS) Transco Zone 6 (NY) Swing (ZSS)</p>
Basis	\$2.00	<p><u>Reasonability Limit: \$5.00</u> Dominion South Basis (DOM)</p> <p><u>Reasonability Limit: \$10.00</u> Algonquin Citygates Basis (ALQ) NNG Demarc Basis (DEM) Chicago Basis (DGD) Union Dawn Basis (DWN) Iroquois (Into) Basis (Platts) (IRB) Iroquois-Z2 Basis (Platts) (IZB) PG&E Citygate Basis (PGE) TETCO M3 Basis (TMT) Transco Zone 6 (non NY) Basis (TPB) Transco Zone 6 (NY) Basis (TZS)</p>
Index	\$0.10	<p><u>Reasonability Limit: \$10.00</u> AB NIT Index (AIS) Algonquin Citygates Index (ALI) ANR SW (Oklahoma) Index (AOI) ANR SE (Louisiana) Index (API) CG-Mainline Index (CGI) Chicago Index (CIS) CIG Rockies Index (CRC) Enable Gas Index (CTI) NNG Demarc Index (DEI) Dominion South Index (DIS) PG&E Citygate Index (EIS) Florida Gas Zone 3 Index (FTI) Henry Index (HIS) Iroquois (Into) Index (Platts) (IRI) Iroquois-Z2 Index (Platts) (IZI) NGPL Midcont Index (MCI) Malin Index (MIS) TETCO M3 Index (MTI) NWP Sumas Index (NIS)</p>

		Michcon Index (NMI) NNG Ventura Index (NNI) Transco Zone 6 (NY) Index (NSI) NGPL TXOK Index (NTI) NGPL STX Index (NXI) ONEOK Gas Transportation Index (ONI) Southern Star TX OK KS Index (OUI) EP Permian Index (PEI) Panhandle Index (PIS) NWP Rockies Index (RSI) Socal Citygate Index (SCI) HSC Index (SHS) Transco Station 65 (Zone 3) Index (SIA) Socal Border Index (SIS) EP San Juan Index (SNI) Sonat Index (SOI) TETCO STX Index (SXI) TETCO ELA Index (TEI) Tennessee 500L Index (TFI) TGT Zone 1 Index (TGI) TCO Index (TIS) Transco Zone 6 (non NY) Index (TPI) Transco Station 85 (Zone 4) Index (TRI) TETCO WLA Index (TWI) Tennessee Zone 0 Index (TZI) Waha Index (WAI)
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Power Products	Reasonability Limit	Reasonability Limit Exceptions
Financial Power	\$20.00	N/A
Capacity Responsive Reserve	\$10.00	
In-City or Rest of State Capacity	\$10.00	
Non-Spinning Reserve	\$10.00	
Regulation	\$10.00	
All Daily Power Contracts	\$100.00	
All Daily Load Forecast	20,000 MW	

U.S. Environmental Products	Reasonability Limit	Reasonability Limit Exceptions
RGGI	\$0.50	N/A
CAR-CRT, CFI-US, REC-NJ & CCA; TX REC; PJM TRI-QEC	\$1.25	
SFI	\$2.50	
CT & MA REC, MD & PA SREC	\$5.00	
CSAPR SO2 & NOX	\$30.00	
RIN	\$0.25	
MA & NJ SREC, MA SREC Carve Out, CAIR NOX (Annual and Ozone)	\$15.00	

AG AND METAL FUTURES	RL	NCR	CSLOR
Cocoa (CC)	\$50.00 per ton	\$25.00 per ton	\$10.00 per ton
Coffee "C" [®] (KC)	\$.0375 per lb.	\$.0080 per lb.	\$.0040 per lb.
Cotton No. 2 [®] (CT) & World Cotton (WCT)	\$.0200 per lb.	\$.0075 per lb.	\$.0030 per lb.
FCOJ (OJ)	\$.0225 per lb.	\$.0100 per lb.	\$.0075 per lb.
Sugar No. 11 [®] (SB)	\$.0050 per lb.	\$.0020 per lb.	\$.0010 per lb.
Sugar No. 16 (SF)	\$.0300 per lb.	\$.0050 per lb.	\$.0050 per lb.
Corn (ICN),Wheat (IW) and Soybean (IS)	\$.200 per bushel	\$.100 per bushel	\$.050 per bushel
Soybean Oil (IBO)	\$.016 per lb.	\$.008 per lb.	\$.004 per lb.
Soybean Meal (ISM)	\$16.00 per ton	\$8.00 per ton	\$4.00 per ton
100 oz. ZG and mini Gold (YG)	\$8.00 per oz.	\$4.00 per oz.	\$2.00 per oz.
5000 oz. Silver (ZI) & mini Silver (YI)	\$0.300 per oz.	\$0.200 per oz.	\$0.100 per oz.

INDEX FUTURES (in Index Points)	RL	NCR	CSLOR
U.S. Dollar Index (DX)	0.500	0.200	0.100
Russell Stock Indexes	7.50	3.00	2.00
mini MSCI EAFE Index (MFS), mini MSCI Emerging Markets Index (MME) and mini MSCI World Index (MWL)	24.00	3.00	2.00
mini MSCI EAFE NTR Index (MFU)	72.00	9.00	6.00
mini MSCI Emerging Markets NTR Index (MMN)	8.00	1.00	0.50
mini MSCI Emerging Markets Latin America Index (MLE)	30.00	5.00	2.50
mini MSCI EM Asia Index (ASE)	12.00	1.50	1.00
mini MSCI EM Asia NTR Index (ASN)	10.00	1.50	1.00
mini MSCI ACWI Index Futures (MAW) and mini MSCI ACWI Ex-US Index (AWE)	6.00	0.75	0.50
mini MSCI ACWI NTR Index (MMW) and mini MSCI ACWI ex-US NTR Index (AWN)	5.00	0.75	0.50
mini MSCI Canada Index (MCL) and mini MSCI USA Index (MUN)	18.00	9.00	6.00
mini MSCI Pan-Euro Index (MPP)	11.00	6.00	4.00
mini MSCI Euro Index (MEU)	10.00	4.50	3.00
mini MSCI Europe Index (MCE), mini MSCI Europe Growth Index (MGE) and mini MSCI Europe Value Index (MPU)	1.25	0.50	0.25
mini MSCI USA Growth Index (MRG)	30.00	15.00	10.00
mini MSCI USA Value Index (MCU)	20.00	10.50	7.00
NYSE Arca Gold Miners Index (GDF)	7.00	6.25	4.00
ERIS CDX HY (HY5)	7500	2500	2500
ERIS CDX IG (IG5)	3000	1500	1500

CURRENCY PAIR FUTURES	RL	NCR	CSLOR
Sterling-US dollar (MP and IMP)	100 ticks/100 points	50 ticks/50 points	25 points
Zloty-US dollar (PLN)	"	"	"
Zloty-Euro (PLE)	"	"	"
Turkish lira-US dollar (TRM)	"	"	"
Turkish lira-Euro (ETR)	"	"	"
Russian Ruble-US dollar (KRU)	"	"	"
Col. peso-US dollar (KCU)	1200 ticks/1200 points	600 ticks/600 pts.	300 points
Indian Rupee (KIU) and Yen-US dollar (KSN)	"	"	"
Sterling-Norway (PK)	200 ticks/5000 points	60 ticks/1500 pts.	750 points
Sterling-SA Rand (PZ)	"	"	"
Sterling-Sweden (PS)	"	"	"
Euro-Sweden (RK,KRK and IRK) Euro- Norway (OL and KOL)	"	"	"
Euro-SA Rand (YZ)	"	"	"
US\$-SA Rand (ZR)	"	"	"
Norway-Yen (KY)	"	"	"
Sweden-Yen(KJ)	"	"	"
Mexican peso-US dollar (KMP)	"	"	"
All Other Currency Pairs	200 ticks/1000 points	60 ticks/300 pts.	150 points

No-Cancellation Ranges for Ag, USDX and Russell Option Contracts (based on Theoretical Values shown)								
Theoretical Value*	Cotton	FCOJ	Cocoa	Coffee	Sugar	USDX	Theoretical Value	Russell
.01 - .20	.20 pts	.20 pts	10 pts	.15 pts	.10 pts	.100 pts	.01 - .50	.25 pts
.21 - 2.00	.40 pts	.75 pts	20 pts	.50 pts	.15 pts	.150 pts	.51 - 5.00	.50 pts
2.01 - 5.00	.50 pts	1.00 pts	25 pts	.75 pts	.20 pts	.200 pts	5.01 - 10.00	1.00 pts
5.01 - 10.00	.60 pts	1.50 pts	25 pts	1.00 pts	.25 pts	.250 pts	10.01 - 25.00	1.50 pts
10.01 - above	.80 pts	2.00 pts	25 pts	1.00 pts	.25 pts	.250 pts	25.01 - above	2.00 pts
Reasonability Limit	3 x NCR	3 x NCR	3 x NCR	3 x NCR	3 x NCR	3 x NCR		3 x NCR
*Note that for Cocoa options (which do not trade in decimal points) the respective Theoretical Value Ranges are "1 to 20 points, 21 to 200 points, 201 to 500 points, 501 to 1000 points, and 1001 points and above.								
NCR and Reasonability Limits are for both outright options and User Defined Spread trades, including hedged trades; for purposes of NCR and RL levels, UDS and hedged UDS are treated as a package and not by the individual legs of the UDS.								
In the case of price adjustment, Market Supervision will adjust to fair value minus/plus the NCR.								

NOTE: Market Supervision staff has the authority to expand the No Cancellation Range and Reasonability Limit for a product to two (2) times the levels shown above in volatile market conditions and without prior notice.

No Cancellation Ranges and Reasonability Levels for Metal Options:

The NCR shall be 20% of the option premium, subject to a minimum of 50 ticks and a maximum of 250 ticks. The RL shall be three times the NCR of the option.

No Cancellation Ranges and Reasonability Levels for Cash-Settled Grain option contracts:

The NCR shall be equal to 20% of the fair value of the option, up to a maximum of 25% of the NCR of the Underlying Futures Contract. Based on the current NCR levels for the Underlying Futures Contracts, the maximum option NCR levels are currently:

Corn, Wheat and Soybeans:	2.5 cents per bushel
Soybean Oil:	.2 cents per pound
Soybean Meal:	2 dollars per ton

The RL shall be equal to the greater of the delta of the option times NCR of the underlying future or 20% of the fair value of the option, up to a maximum RL equal to the NCR of the underlying future and with a minimum RL equal to:

Corn, Wheat and Soybeans:	1 cent per bushel
Soybean Oil:	.05 cents per pound
Soybean Meal:	equal to .5 dollars per ton

The Exchange reserves the right to consider all alleged error trade situations on their individual merits and may therefore amend these policies in light of the circumstances of each case. The full Error Policy can be found in IFUS Electronic Trading Rules, on the web at:

https://www.theice.com/publicdocs/rulebooks/futures_us/--Appendix_I_Error_Trade_Policy.pdf.

The descriptions of Anchor Price, No Cancellation Range, Reasonability Limits and Calendar Spread Limit Order Range below are taken from the IFUS Error Policy.

No Cancellation Range for Option Conversions and Option Boxes:

Option Conversions and Option Boxes will be subject to the lowest NCR stated for the market in which they are traded.

A long Option Conversion shall be defined as combining long calls, short puts and short futures. A short Option Conversion shall be defined as combining long puts, long futures and short calls. The Option conversion must contain the same expiry, strike prices and quantity.

An Option Box shall be defined as combining a position that is long a call and short a put in strike 1 and long a put and short a call in strike 2. The Option Box must contain the same expiry and quantity in both strike 1 and strike 2 for both calls and puts.

Anchor Price

The Anchor Price is set by the Exchange and is based on the front contract month, however, when the front month nears expiration, the Anchor Price will be based on the delivery month with the most open interest. The determination as to when to shift the Anchor Price based on open interest will be made by the Exchange. The Anchor Price may be the previous night's settlement price, the opening call price or the last traded price. The Anchor Price of the second contract month and successive months onward is achieved by applying spread differentials against the front month Anchor Price.

No Cancellation Range

The Exchange determines parameters above or below an Exchange set anchor price for each Contract within which a trade alleged as an error trade may not be cancelled. Such parameters are known as a no cancellation range.

Trades within the no cancellation range will not, under most circumstances, be cancelled by the Exchange, whether as a result of error or otherwise, in order that market users can have confidence that traded levels will stand.

Reasonability Limits

The ETS maintains Reasonability Limits to prevent 'fat finger' type errors. These are hard limits above or below an Exchange set anchor price. Offers above and bids below the Reasonability Limit are accepted but are not tradable unless the market moves to bring them within the Reasonability Limit. Orders with bids above the Reasonability Limit or offers below the Reasonability Limit will not be accepted.

Each option order submitted to the electronic trading platform will be evaluated against a reasonability limit for the specific call or put option strike price. A reasonability limit range will be established around the theoretical premium value for each option call or put. The theoretical premium value will be calculated using the Black - Scholes model and will dynamically update throughout the day. The reasonability limit range will allow for entry of bids or offers within a calculated distance from the option's current theoretical premium value. This Option Reasonability Range is the distance above/below the calculated option theoretical premium used to establish the reasonability limits. This range is determined by the Exchange and is subject to change without notice. For Options with little theoretical value (deep out-of-the money), a minimum premium price established by the Exchange will be used. If the theoretical price of the Option plus the Option Reasonability Range is less than the minimum premium, the minimum premium will be used as the Reasonability Limit. The Reasonability Limits for each Exchange Commodity Contract are flexible, to take into account prevailing market conditions, and may be changed at the discretion of the Exchange on an intraday basis, without advance notice, to take account of such conditions.

Reasonability Limits are applicable during the pre-open period for all IFUS futures contracts (except for Natural Gas, Power and Emissions contracts), at levels up to three times the levels shown in this document. Entry of new and revisions to existing option orders are not permitted during the pre-open period, and therefore Reasonability Limits are not applicable to IFUS option contracts during the pre-open.

Calendar Spread Limit Order Range

The CSLOR is used to set the maximum difference between the stop and limit prices on a calendar spread Stop Limit order, and the limit price on a calendar spread Stop With Protection order.