

  
**ICE FUTURES U.S.**  
55 East 52<sup>nd</sup> Street  
New York, NY 10055

**BY ELECTRONIC TRANSMISSION**

Submission No. 17-199  
October 20, 2017

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

**Re: Amendments to Block Trade Procedures  
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 amendments to the Exchange’s Block Trading Procedures (the “Procedures”), which are reflected in the Exchange’s Block Trade FAQ (“FAQ”), as set forth in Exhibit A. The Exchange is amending the FAQ to allow Block at Index Close (“BIC”) transactions for NYSE Fang+ Index™ Futures Contracts, which will be launched on November 8, 2017,

A BIC transaction is a type of off-exchange block trade where the price is determined as a basis to a prospective closing level of the equity index underlying the futures contract on a specified date. Currently, BIC trades are allowed for all MSCI Index Futures Contracts. Due to the fact that BIC pricing is dependent upon publication of the final daily closing values which occurs late in the day, BIC trades are not required to be reported to the Exchange within 15 minutes of execution like normal block trades. In order to provide participants with sufficient time to determine pricing, BICS are required to be reported to the Exchange by 8:30am the following business day.

The Exchange believes that BIC transactions will be an effective tool for participants to hedge exposure to the NYSE FANG+ Index itself and also the component companies of the index. The amendments to the FAQ permitting NYSE FANG+ Index Futures BIC trades will become effective with the launch of the contract on November 8, 2017. The Exchange also made additional non-substantive clarifying amendments to Question 9 of the FAQ.

The Exchange is not aware of any opposing views and certifies that the amendment to the FAQ complies with the requirements of the Act and the rules and regulations promulgated thereunder. Specifically, the amendment complies with Core Principle 9, which allows designated contract markets ("DCM") to authorize transactions, such as block trades, that are executed away from the DCM's centralized marketplace. Further, the amendment is consistent with the requirement currently in place for BIC transactions in MSCI Indexes.

The Exchange further certifies that, concurrent with this filing, a notice of pending certification was posted on the Exchange's website as well as a copy of this submission, which may be accessed 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](mailto:jason.fusco@theice.com).

Sincerely,



Jason V. Fusco  
Assistant General Counsel  
Market Regulation

Enc.  
cc: Division of Market Oversight

## EXHIBIT A

### ICE FUTURES U.S. BLOCK TRADE – FAQs

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#### 9. *What are the reporting requirements for block trades?*

Block trades in the following contracts must be reported no later than 15 minutes of execution:

- Energy Futures and Options\*;
- Metals Futures and Options\*;
- Currency Futures and Options;
- Credit Index Futures Contracts\*;
- NYSE Arca Gold Miners Index Futures\*; and
- Mini MSCI Futures and NYSE FANG+ Index (except Block at Index Close Trades\*\*).[-and]
- ~~[BICs on Mini MSCI Futures\*].~~

For Energy Futures and Options Contracts, Metals Futures and Options Contracts, Currency Futures Contracts, Credit Index Futures Contracts, NYSE Arca Gold Miners Index Futures Contracts, mini MSCI Futures Contracts and BICs on mini MSCI Futures Contracts, fifteen (15) minutes from the time of execution.

For all other products (including the Russell Futures and Option contracts\*), five (5) minutes from the time of execution for single leg trades and 10 minutes from of time of execution for block trades consisting of two or more legs.

For block trades executed outside of normal trading hours, the block trade must be reported to the Exchange no later than 5 minutes prior to the open of the next trading session for the particular block eligible contract

\*For each of these products and notwithstanding the foregoing, all block trades executed during the last ten minutes of the trading day must be reported to the Exchange no later than five minutes after the close of trading.

~~[For block trades executed outside of normal trading hours, the block trade must be reported to the Exchange no later than 5 minutes prior to the open of the next trading session for the particular block eligible contract.]~~

\*\*In the case of Block at Index Close (BIC) trades on MSCI Index Futures Contracts, (see Question 23 for additional information), there are separate time considerations given the time that the index value is published.

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**23. What is a Block trade at Index Close (BIC) and for which products is it available?**

A Block trade at Index Close (BIC) is a type of off-exchange block trade where the price is determined as a basis to a prospective closing level of the index underlying the futures contract on a specified date. A BIC trade is not a separate futures contract. It is a way of trading existing MSCI futures contracts.

BIC trades may only be executed in the MSCI and NYSE FANG+ Index futures contracts.

The minimum block size requirements for [MSCI] BICs are the same as the non-BIC MSCI futures block minimums shown in Table 2, Question 2.

**BIC Trade execution and Reporting**

- BIC trades must be submitted and reported to the Exchange in accordance with the procedure described in Questions 9 and 10.
- The “execution time” for a BIC trade is the time at which the final price and quantity of futures contracts have been determined. A BIC trade must be reported to the Exchange by 8:30am New York Time the following business day.
- Both the basis and the final outright block trade price must be “fair and reasonable” when they each are agreed upon and determined in accordance with Exchange Rule 4.07 (a) (iii).

Note that BIC trades may be priced in hundredths of an index point even though the minimum tick size in the central order book is a tenth of an index point. Please note that for the following four contracts BIC block trades may be priced in thousandths of an index point:

- MSCI ACWI Ex-US Index Futures
- MSCI ACWI Ex-US NTR Index Futures
- MSCI ACWI Index Futures, and
- MSCI ACWI NTR Index Futures

**Example OF BIC trade**

**MSCI Emerging Markets**

- On Monday at 1:30 pm NY time, the buyer and seller have a discussion and the dealer agrees to accept a limit order for \$15,000,000 notional value of MSCI

Emerging Markets Index Futures to be filled the next trading day at the MSCI Emerging Markets index closing level plus a basis of +.26 index points

- The next day's official MSCI Emerging Markets index closing level of 900.11 is available at 6:30 pm NY time on Tuesday
- The block trade is finally priced and executed at 900.37 ( $900.11 + .26$ ) for 333 contracts ( $\$15,000,000 \div (\$50 * 900.37)$ ), and reported to the Exchange before 8:30 am NY time on Wednesday (because final price determined after 4:45 pm NY time – see "BIC Trading Details")

**[REMAINDER OF FAQ UNCHANGED]**

