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New York, NY 10055

**BY ELECTRONIC TRANSMISSION**

Submission No. 16-141  
November 9, 2016

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 FAQ -  
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange”) hereby certifies an amendment to its Block Trade Frequently Asked Questions (“Block Trade FAQ”), as set forth in Exhibit A, which the Exchange is implementing by self-certification effective November 28, 2016.

Question 24 of the Block Trade FAQ clarifies the extent to which parties may engage in pre-hedging or anticipatory hedging related to the consummation of a block trade. In response to the request of staff of the Division of Market Oversight, IFUS submits this filing to amend Question 24 to establish that it shall be a violation of Exchange Rule 4.02(h) for a Person to engage in the front running of a block in breach of a *pre-existing duty*, as opposed to solely in breach of a fiduciary responsibility.

IFUS believes that the revised Question 24 of the Block Trade FAQ complies with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. The Exchange is not aware of any substantive opposing views expressed by members or others with respect to the amendments and 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>).

If you have any questions or need further information, please contact me at 312-836-6746 or at [conor.weber@theice.com](mailto:conor.weber@theice.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Conor Weber", is centered on the page.

Conor Weber  
Compliance Counsel  
Market Regulation

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

## EXHIBIT A

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### **24. Is pre-hedging or anticipatory hedging of a block trade permitted?**

Parties to a potential block trade may engage in pre-hedging or anticipatory hedging of the position that they believe in good faith will result from the consummation of the block trade, except for an intermediary that takes the opposite side of its own Customer order. In such instances, prior to the consummation of the block trade the intermediary is prohibited from offsetting the position established by the block trade in any account which is owned or controlled, or in which an ownership interest is held, or for the proprietary account of the employer of such intermediary. The intermediary may enter into transactions to offset the position only after the block has been consummated. It shall be a violation of Exchange Rule 4.02(h) for a Person to engage in the front running of a block trade when acting on material non-public information regarding an impending transaction by another person, acting on non-public information obtained through a confidential employee/employer relationship, broker/customer relationship, or in breach of a ~~fiduciary responsibility~~ pre-existing duty.

The Exchange may proceed with enforcement action when the facts and circumstances of pre-hedging suggest deceptive or manipulative conduct by any of the involved parties, including when an intermediary handling a Customer order acts against its Customer's best interests.

This guidance only applies in the context of pre-hedging of block trades. This guidance does not affect any requirement under the CEA or Commission Regulations.

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