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Submission No. 21-154  
November 16, 2021

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 Rule 4.17 (Acceptable Order Types)  
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”) and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“IFUS” or “Exchange”) hereby certifies the amendments to Exchange Rule 4.17 set forth in Exhibit A, which provides for a new Intermarket Spread Order type. Exchange Rule 4.17(a) specifies the order types (i.e. Market, Limit, Stop, etc.) which are supported by the Exchange’s electronic trading system (“ETS”). The Exchange is creating new Rule 4.17(a)(x) to provide for orders entered in intermarket strategies between IFUS and ICE Futures Europe (“IFEU”), a registered foreign board of trade. Initially, new Rule 4.17(a)(x) will only apply to the intermarket spread strategy described herein. The new rule will be effective December 6, 2021, or such other date as the Exchange may determine, which shall be no sooner than 10 business days after receipt of this submission by the Commission.

As background, on December 6, 2021, the Exchange will initially support an intermarket strategy between IFUS and IFEU which would comprise:

- 1) Buying one contract of IFUS Crude Diff - Argus WTI Houston vs. WTI Trade Month Future (“ACM”);
- 2) Selling one contract of IFEU Permian West Texas Intermediate Crude Oil Future (“HOU”); and
- 3) Buying one contract of IFEU WTI Crude Futures (“T”).

While intermarket strategies are commonplace with respect to block trading and a trader may currently configure a front-end trading system to mimic a central limit order book of an intermarket

strategy, this Exchange-offered market is new.<sup>1</sup> The intermarket strategy will have a single Market ID that will allow for the entry of an order in the strategy via a single order in the ETS. The implied matching engine will not be enabled for either exchange, therefore bids and offers in the strategy will not directly impact prices in any of the outright markets at either exchange. We believe that offering the intermarket strategy directly on the Exchange will increase price transparency and liquidity.

Market participants trading the above-referenced strategy will be required to have all necessary permissions and clearing limits in place with each respective exchange (IFUS and IFEU) to be enabled to trade the strategy. Both exchanges will hold independent authority to pursue disciplinary proceedings based on activity in the strategy and each exchange will have oversight authority over the intermarket spread. IFUS will monitor and regulate the ACM leg of the strategy and any market participants placing orders or executing trades in the strategy will be required to comply with IFUS rules, including all trade practice rules, and will be subject to IFUS disciplinary procedures. IFEU will have the same oversight authority with respect to the intermarket spread and the HOU and T legs.

In furtherance of its obligations to effectively monitor the trading in the product, the Exchange has updated its systems to support the monitoring and surveillance of the strategy on a real-time and end-of-day basis. Additionally, IFUS and IFEU have an information sharing agreement in place which gives their respective staffs the ability to review market activity, share information and collaborate, when necessary, to monitor and surveil the strategy. Further, all market participants active in the strategy automatically consent to the jurisdiction of the Exchange, pursuant to Exchange Rule 4.00, and the Exchange will maintain the authority to obtain any records or trade information from market participants active in the strategy or the legs of the strategy, pursuant to Exchange Rule 21.04. It is the Exchange's understanding that IFEU has produced similar information related to this intermarket spread strategy to its regulators and coordinated with the Commission in its effort to list the spread strategy. Central limit order book transaction and order information for the intermarket strategy, including information relating to the IFEU legs of such intermarket strategy, will be provided to the Commission upon receipt of a lawful request to the Exchange.

The Exchange certifies that new Rule 4.17(a)(x), which will become effective on December 6, 2021, or such other date as the Exchange may determine, which shall be no sooner than 10 business days after receipt of this submission by the Commission, complies with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. As noted earlier, new Rule 4.17(a)(x) applies solely to the intermarket spread strategy described herein. Additional intermarket spread strategies will be provided for pursuant to the Exchange's requirements under Part 40 of the CFTC Regulations.

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<sup>1</sup> IFUS Block Trade FAQ #14 provides that "spreads and combinations may be executed as block trades provided the trade represents a unified strategy controlled by a single entity and executed for a single account or group of eligible accounts..." Further the FAQ provides that "inter-commodity futures and options spreads in energy contracts (Natural Gas, Power, Physical Environmental, Liquefied Natural Gas, and Oil) where one leg includes an ICE Futures U.S. contract and another leg includes an ICE Futures Europe contract may be executed as a block trade provided that the sum of the quantities of the legs meets the [minimum quantity requirement] for the ICE Futures U.S. product."

## **Certifications**

The Exchange certifies that new Rule 4.17(a)(x) complies with the requirements of the Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market core principles ("Core Principles") as set forth in the Act and has determined that the rule complies with the following relevant Core Principles:

### **COMPLIANCE WITH RULES**

The Exchange's rule amendments provide the requirements related to orders entered in the Exchange's intermarket strategy. Trading in the strategy will be monitored by the Exchange's Market Regulation Department, in furtherance of Core Principle 2 and CFTC Regulation 38.152, which prohibits abusive trading practices by market participants of a designated contract market. Additionally, the Exchange will retain independent jurisdiction over trading involving the strategy and has access to all order and trade data underlying the strategy. Accordingly, the Exchange will be in compliance with CFTC Regulation 38.153, which requires designated contract markets to have arrangements and resources to effectively enforce its rules, the direct supervision of the Exchange's market and the analysis of data to determine whether a rule violation occurred, and with CFTC Regulation 38.159, which requires that a designated contract market may establish appropriate information-sharing agreements with other markets to obtain necessary information to perform any function under Subpart C to Part 38 of the Commission's regulations.

### **EXECUTION OF TRANSACTIONS**

The Exchange's rule amendments provide for ETS trading of the intermarket strategy in a competitive, open, and efficient market and mechanism for executing transactions in the intermarket strategy.

### **AVAILABILITY OF GENERAL INFORMATION**

The Exchange is publicly posting the amendments to Rule 4.17, in furtherance of Core Principle 7 and CFTC Regulation 38.401, to ensure that market participants have updated information related to the Exchange's requirements related to the intermarket strategy.

### **PREVENTION OF MARKET DISRUPTION**

The Exchange's rule amendments comply with Core Principle 4 and CFTC Regulation 38.251, which provide that a board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions by utilizing its market surveillance, compliance, and enforcement practices and procedures, which allow for real-time monitoring of trading and comprehensive and accurate trade reconstructions. Additionally, the intermarket strategy will be subject to the Exchange's risk controls, in furtherance of CFTC Regulation 38.251, which expressly provides that a designated contract market must adopt and implement rules governing market participants subject to its jurisdiction to prevent, detect, and mitigate market disruptions or system anomalies associated with electronic trading. Further, the Exchange will have the ability to obtain information from market participants related to the intermarket strategy, in compliance with CFTC Regulation 38.254.

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 312-836-6745 or at [patrick.swartz@ice.com](mailto:patrick.swartz@ice.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Pat", is positioned above the typed name.

Patrick Swartz  
Director  
Market Regulation

Enc.

EXHIBIT A

**ICE FUTURES U.S.<sup>®</sup>, INC.**

**TRADING RULES**

**GENERAL TRADING RULES**

**Rule 4.17. Acceptable Orders**

(a) The following order types are supported by the ETS and shall be available in such futures and options contracts as determined by the Exchange from time to time (listed in alphabetical order):

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(x) "Intermarket Spread Orders" – Intermarket Spread Orders are orders to purchase (sell) one (1) or more Exchange Futures Contracts and, based on the ratio defined by the Exchange, sell and/or purchase one (1) or more Futures Contract(s) at ICE Futures Europe at a stated price difference. All Futures Contracts comprising the Intermarket Spread Order must be for the same Person. Intermarket Spread Orders may only trade against other matching Intermarket Spread Orders and the prices of the legs, which may exceed the daily price limit for the respective Futures Contract, will be determined by the Exchange and ICE Futures Europe.

**[REMAINDER OF RULE UNCHANGED]**