



BY ELECTRONIC TRANSMISSION

Submission No. 18-503
December 6, 2018

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 Block Trade Procedures - Establishment of ICE Futures U.S. Coffee “C”[®] Futures (Arabica)/ICE Futures Europe Coffee Futures (Robusta) Arbitrage Block Trade - 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 amendments to the FAQ permit the execution of block trades in Coffee “C” futures (Arabica) contracts that are part of an arbitrage against ICE Futures Europe Robusta futures contracts at a minimum trade quantity that is lower than the current minimum quantity required for block trades of the contract. The block trade minimum quantity for Coffee “C” futures contracts is currently 250 lots; while the new minimum quantity for the Coffee “C” side of the arbitrage block trades will be 100 lots.

The Arabica/Robusta arbitrage market is a smaller subset of the two larger coffee markets. As a result, arbitrage between the Arabica and Robusta contracts is difficult to execute as a block trade at the current 250 lot minimum quantity threshold for Coffee “C” futures contracts. The Exchange believes that by setting the minimum quantity threshold at 100 lots, arbitrage between the two contracts will be facilitated and benefit market participants active in both markets. Coffee “C” futures block trades executed as part of an arbitrage must be reported to the Exchange within 10 minutes of the execution time of the trade and comply with all other Exchange requirements for block trades. In addition, when reporting arbitrage block trades to the Exchange, participants will be required to identify the trade quantity and the contract month of the ICE Futures Europe Robusta futures contract involved in the arbitrage trade and the overall price of the arbitrage trade in cents per pound price terms.

The Exchange has permitted similar arbitrage block trades in Sugar No. 11[®] futures since 2009 without any negative impact to liquidity in Sugar No. 11 market. Like the proposed coffee arbitrage block trades, there is a lower 100 lot minimum quantity for transactions executed in the Sugar No. 11[®] futures contracts (“SB”) as part of a SB/white refined arbitrage trade between SB and the ICE Futures Europe White Sugar futures contracts. The normal minimum block quantity for Sugar No. 11 futures is also 250 lots.

The Exchange is not aware of any opposing views and certifies that the amendments to the FAQ, which will become effective on January 7, 2019, comply with the requirements of the Act and the rules and regulations promulgated thereunder. Specifically, the amendments comply 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. 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.

Sincerely,



Jason V. Fusco
Assistant General Counsel
Market Regulation

Enc.
cc: Division of Market Oversight

Enc.

EXHIBIT A

ICE FUTURES U.S. BLOCK TRADE FAQ

2. What are the eligible contracts and the minimum threshold quantities for a block trade?

The minimum quantity requirements for block trades of eligible Energy futures and options contracts can be found under the “Energy Forms” tab at [the link below](#):

Energy Futures and Options Block Minimum Sizes

<https://www.theice.com/futures-us/regulation>

Table 1 below lists the eligible agricultural and index futures and options contracts and the minimum quantity requirements for block trades. Table 2 below list the eligible financial contracts and the minimum quantity requirements for block trades and Table 3 lists the eligible metals futures and options contracts and the minimum quantity requirements for block trades.

TABLE 1 – Agricultural Contracts

Product	Contract Type	Minimum Threshold Quantity
Sugar No. 11 [®]	Futures	250 lots.
		<u>S11/White Sugar Arbitrage (see Question 20 below) – 100 lots</u>
	Calendar Spread Options	100 lots
	All Other Options	250 lots
Coffee “C” [®]	Futures	250 lots
		<u>Arabica/Robusta Futures Arbitrage (see Question 20 below) 100 Lots</u>
	Calendar Spread Options	100 lots
	All Other Options	250 lots
Cotton No. 2 [®]	Futures	500 lots
	Calendar Spread Options	100 lots
	All Other Options[*]	250 lots
FCOJ	Options	100 lots
Cocoa	Calendar Spread Options	100 lots
	All Other Options	350 lots

[REMAINDER OF ANSWER TO QUESTION 2 UNCHANGED]

10. What are the procedures for entering a block trade in ICE Block?

In order to submit a block trade directly into ICE Block, the party entering the transaction must have access to ICE Block or WebICE and must have received permission via the ICE Block application to enter the trades for the accounts involved in the block trade from the Clearing Member(s) carrying those accounts (see Question 12 below). In the event that a block trade is executed for an account or accounts for which the appropriate ICE Block permissioning has not been completed by the clearing member, such block trade must be submitted by notifying ICE Futures U.S., by email at futures-blocktrades@theice.com.

Direct Entry in ICE Block

The party submitting the block trade must enter complete block trade details into the ICE Block application within:

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, MSCI Futures Contracts and BICs on MSCI Futures Contracts, fifteen (15) minutes from the time of execution.

For all other products, 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.

The party submitting the block trade should enter complete block trade details as follows:

- a. Single sided-- where the seller/buyer submits a trade that is alleged to the buyer/seller. The buyer/seller must confirm the alleged block within the aforementioned reporting time period.
- b. Two sided-- where the seller/buyer submits and confirms for both the buy and sell side of the block. The selling/buying clearing member/authorized submitter will need to be permissioned to accept trades on behalf of the buying/selling clearing member. Two sided entry of blocks in ICE Block will automatically clear and be downloaded to PTMS.

In the case of block trades involving [~~Sugar No. 11 Futures trades executed as part of a S11/LIFFE White Sugar~~] arbitrage transactions (see Question 20 for additional information), the submitter must also report the arbitrage premium and the details (Month/Yr) for the contract month involved in the

~~[LIFFE-Sugar]~~ ICE Futures Europe leg by entering that information in the "Transaction Details" text field on the block trade submission screen in ICE Block.

[REMAINDER OF ANSWER TO QUESTION 10 UNCHANGED]

20. What is an [Sugar No. 11/ White Sugar] eligible [F]futures arbitrage block trade?

The Exchange has established a reduced block trade minimum quantity requirement of 100 lots for:

1. Sugar No. 11 futures contracts purchased or sold as part of a Sugar No. 11/white refined arbitrage trade against the ICE Futures Europe White Sugar futures ("Refined") contracts. For each Sugar No. 11 futures contract purchased or sold as a part of the arbitrage, there must be at least one Refined contract sold or purchased; and
2. ICE Futures U.S. Coffee "C" Futures (Arabica) purchased or sold as part of an Arabica/Robusta arbitrage trade against ICE Futures Europe Coffee Futures (Robusta) contracts. For each Coffee "C" futures contract purchased or sold as a part of the arbitrage, there must be an equivalent amount of Robusta sold or purchased (for every 10 Coffee "C" contracts traded, there must be approximately 17 Robusta contracts traded).

The Clearing Member(s) for each such arbitrage block transaction will be responsible for ensuring that the transaction is in fact part of a ~~[Sugar No. 11/Refined]~~ arbitrage transaction.