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BY ELECTRONIC TRANSMISSION

Submission No. 17-266
December 21, 2017

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 Rule 4.10 - Clearing Member Responsibilities
 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 self-certifies the amendment to Rule 4.10 set forth in Exhibit A, which allows an Exchange clearing member (“Clearing Member”) to authorize, as its agent, non-clearing member carrying firms and foreign brokers to use new Exchange provided Omnibus Profile Functionality (the “Functionality”) to manage financial risk.

Exchange Rule 4.10(c)(iv) obligates a Clearing Member to independently maintain appropriate controls designed to facilitate the Clearing Member’s management of financial risk and to also utilize controls provided by the Exchange which are designed to facilitate the Clearing Member’s management of financial risk. This rule is derived from Commission Regulation 38.607. The Exchange plans to implement the new system Functionality that will enable Clearing Members and the firms carrying customer omnibus accounts with them, to manage the financial risks associated with trading conducted by the individual customers carried within the omnibus accounts. Specifically, the new Functionality, which will be optional at the election of the Clearing Member, will allow non-clearing member FCMs and foreign brokers (hereinafter collectively “Carrying Firms”) to see and manage their customers’ trading activity on a customer-by-customer basis in real time. The amendments to Rule 4.10 will expressly permit Clearing Members to authorize the use of Exchange- provided controls, such as the Functionality, in furtherance of mitigating Clearing Member financial risk.

Risk controls provided by the Exchange allow Clearing Members to set pre-trade lot limits and post trade margin limits for customer trading accounts. Currently, for omnibus accounts, such limits are set for the account, as a whole. Limits cannot be set at a granular level for individual customers carried within the omnibus account. The new Functionality will allow the Carrying Firm, as agent of the Clearing Member, to create specific pre-trade lot limits and post-trade margin limits for the individual customers who are passengers in the Carrying Firm’s omnibus account. The Functionality will also allow the Carrying Firm to

see and manage in real-time, all of the trading activity of the omnibus customers. As a result, Carrying Firms will be able to more effectively manage financial risk on a granular, customer level, which mitigates their own risk and consequently the risk to which the Clearing Member is exposed.


A Clearing Member which authorizes use of the Functionality will continue to directly set the post-trade margin level for the omnibus account as a whole, which if breached, will automatically suspend all trading in the omnibus account. Pre-trade lot limits will be set by the Carrying Firm. The authorizing Clearing Member will have the ability to monitor the pre-trade lot levels set by the Carrying Firm in real time. In addition, the authorizing Clearing Member will also have the ability to monitor the trading activity of the Carrying Firm's omnibus customers and the post trade margin levels for each customer in the omnibus account, in real-time.

As a condition to using the Functionality, the Exchange will require that the Clearing Member and Carrying Firm enter into an agreement with the Exchange which (i) obligates the Clearing Member to specify to the Carrying Firm a pre-trade lot limit for the omnibus account as a whole (just as it would set such limit directly today) and monitor the Carrying Firm for compliance with such limit, and (ii) obligates the Carrying Firm to set pre-trade lot limits among its customers in the Omnibus Profile at a level no greater than the level specified by the Clearing Member for the omnibus account as a whole. The agreement also binds the Carrying Firm to the Rules of the Exchange.

The Exchange is not aware of any opposing views and certifies that the amendment to Rule 4.10(c), which will become effective on January 15, 2018, complies with the requirements of the Act and the rules and regulations promulgated thereunder. Specifically, the amendment complies with Core Principle 11 and Commission Regulation 38.607. New Exchange Rule 4.10(d) will allow a Clearing Member to appoint a Carrying Firm to act as its agent. This will enable the Carrying Firm to manage its financial risk on a granular, customer level within parameters established by the Clearing Member for the omnibus account, which mitigates the Carrying Firm's own risk and consequently the financial risk to which the authorizing Clearing Member is exposed, consistent with the goals of Core Principle 11 and Commission Regulation 38.607. 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>).

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

EXHIBIT A

Rule 4.10 Clearing Member Responsibilities

(a) Each Clearing Member is responsible for the financial obligations arising from Direct Access it authorizes for any Person and for each Customer for which it provides Order Routing access, with respect to all orders entered and Transactions executed under its Clearing Member Mnemonic.

(b) A Clearing Member is obligated to accept for clearance on the Trade date all Trades allocated to such Clearing Member that have been executed (i) by a Person through Direct Access that has been authorized by such Clearing Member and (ii) by a Customer for which it provides Order Routing access. Except as provided in Rule 4.14, a Clearing Member's obligation to accept such Trades for clearance shall remain in full force and effect until the Exchange terminates such Direct Access or Order Routing access and cancels all orders as a result of the Clearing Member's written notice to the Exchange revoking its authorization of such access.

(c) With respect to each Person for which it has authorized Direct Access or Customer for which it provides Order Routing access, the Clearing Member shall:

(i) take any and all actions requested or required by the Exchange with respect to such Person, including, but not limited to, assisting the Exchange in any investigation into potential violations of the Rules or of the Act, and requiring them to produce documents, provide information, answer questions and/or to appear in connection with any investigation;

(ii) suspend or terminate the Direct Access if the Clearing Member has reason to believe that the Person is enjoined by order, judgment or decree of any court of competent jurisdiction or of the CFTC or the Securities and Exchange Commission or of any state securities authority or agency from engaging in or continuing any conduct or practice in connection with the purchase or sale of any Commodity, security, option or similar instrument; or if a Person with Direct Access fails to have adequate systems and controls for risk management to monitor its orders and trades effected through Direct Access on a real time basis;

(iii) suspend or terminate such Person if the Clearing Member has reason to believe that their actions threaten the integrity or liquidity of any Exchange Contract, violate the Rules or the Act, or if they fail to cooperate in any investigation; and

(iv) independently maintain appropriate controls designed to facilitate the Clearing Member's management of financial risk and also utilize such controls designed to facilitate the Clearing Member's management of financial risk as may be provided by the Exchange from time to time.

(d) In accordance with subparagraph (c)(iv) of this Rule, a Clearing Member may authorize, as its agent, a Carrying Member or foreign broker carrying a Customer omnibus account, to utilize functionality provided by the Exchange to facilitate management of such Clearing Member's financial risk. The authorizing Clearing Member and any Carrying Member or foreign broker so authorized shall execute such agreements as required by the Exchange from time to time regarding the use of such functionality. The foregoing does not relieve a Clearing Member of its obligations to comply with any provision of this Rule or any other Exchange Rule.

~~(e)~~ If a Clearing Member has actual or constructive notice of a violation or potential violation of the Rules or the Act in connection with the use of ETS by a Customer for which it provides Order Routing access or by a Person with Direct Access which has been authorized by such Clearing Member, and the

Clearing Member fails to take appropriate action, the Clearing Member may be found to have violated Rule 4.04 and subject to disciplinary action under the Rules.