ICE FUTURES U.S.
55 East 52nd Street
New York, NY 10055

BY ELECTRONIC TRANSMISSION

Submission No. 24-141
October 1, 2024

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 Appendix II to Chapter 4 of the ICE Futures U.S. Rulebook - Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6(a), ICE Futures U.S., Inc. ("Exchange") hereby certifies amendments to Appendix II to Chapter 4 of the Exchange's Message Policy (hereafter, the "Legacy Policy"), as set forth in Exhibit A. The amendments deprecate the Legacy Policy as a result of the implementation of a more comprehensive, global ICE Policy (hereafter, the "New Policy"), overseen by a global division of ICE outside of the Exchange Market Regulation Department.

As background, all the individual ICE exchanges (e.g. ICE Futures U.S) implement similar, but separate messaging policies that are each designed to discourage participants from submitting excessive numbers of orders without compromising overall market liquidity. Beginning November 11, 2024, the individual messaging policies will be consolidated and transitioned into a single Intercontinental Exchange ("ICE") Message Policy (i.e. the New Policy). This consolidation will provide more transparency to market participants and will be administered by ICE Trade Operations.

The Legacy Policy will be deprecated in lieu of the more comprehensive New Policy. The general principles of the current individual exchange messaging policies will not change; however, the New Policy, among other things, revises the message thresholds applicable for the ICE Exchange contracts subject to the Policy (the "Designated Contracts"), revises the message weighting applicable under the Policy and, pending a request and subject to an approval by ICE, allows trading firms to request the aggregation of messaging activity among commonly owned entities by Company ID, for the sole purpose of the New Policy.

Under the Legacy Policy, participants are assessed against applicable product messaging thresholds and may be levied a surcharge for submitting order messages in excess of such thresholds. The Exchange notes that a "surcharge" issued under the Legacy Policy is not a fine or disciplinary sanction and that a market participant who exceeds a threshold is not deemed to have violated an Exchange Rule. The policy is intended to encourage responsible messaging by participants through an administrative fee. Furthermore, it should be noted that the practice of entering orders with the intent to overload or delay the trading system is and will remain a violation of the Rules of the Exchange. Specifically, Exchange Rule 4.02(l)(1)(b), which is not being amended, expressly prohibits participants from entering orders with the intent to overload, delay, or disrupt the systems of the Exchange or other market participants. As such, the Exchange will continue to discharge its obligations to prohibit disruptive trading under the Act and Commission Regulations.

All market participants' messaging will continue to be assessed against messaging thresholds determined by ICE and will be levied a fee for messaging outside of such thresholds. Similar to the Legacy Policy, each market participant in a Designated Contract will be subject to the New Policy when the number of orders submitted on a trading day exceeds the pre-determined daily message threshold set for each Designated Contract. Fees resulting from breaches of the New Policy will be assessed beginning January 2025. The New Policy is provided for reference in Exhibit B.

The amendments to the Exchange Rulebook will be effective on October 17, 2024, 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.

Certifications

The Exchange certifies that the amendments to the Rulebook comply 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 amendments to the FAQ comply with the following relevant Core Principles:

REASONABLE DISCRETION OF THE CONTRACT MARKET
As provided in Core Principle 1 and CFTC Regulation 38.100, the Exchange has reasonable discretion in establishing the manner in which it complies with the core principles described in Regulation 38.

COMPLIANCE WITH RULES
The Exchange's rulebook provides requirements related to trading and conduct occurring on the Exchange. The New Policy, while not overseen by the Exchange Market Regulation Department, is intended to deter market participants from excessive messaging. It is the Exchange's belief that the amendments related to the New Policy will provide additional transparency to market participants regarding the Exchange's messaging requirements and/or prohibitions.

The Exchange rulebook currently complies with Core Principle 2 and CFTC Regulation 38.152, as it already expressly prohibits abusive trading practices, including manipulative or disruptive trading and wash trading. Further, the Exchange continues to employ an automated trade surveillance system capable of detecting and investigating potential trade practice violations and subjects its markets to real-time market monitoring to identify disorderly trading and market or system anomalies, consistent with CFTC Regulations 38.156 and 38.157. The amendments to the Exchange rulebook do not change in any way such prohibitions.

AVAILABILITY OF GENERAL INFORMATION
The Exchange is publicly posting the amended rulebook to ensure that market participants have updated information related to the Exchange's requirements related to the Exchange's Legacy Policy. The rule amendments will be available on the ICE Futures U.S. website.

PREVENTION OF MARKET DISRUPTION
The Exchange continues to comply with Core Principle 4 and CFTC Regulation 38.251, which expressly provides that a DCM 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. The Exchange rulebook already includes such provisions which require that market participants must take reasonable steps to prevent, detect, and mitigate market disruptions or system anomalies. The Exchange rulebook also prohibits abusive trading practices, including manipulative or disruptive trading and wash trading. Additionally, the Exchange continues to employ risk controls, such as interval price limits, to prevent and reduce the potential risk of price distortions and disruptions, consistent with CFTC Regulation 38.255. The amendments to the Exchange rulebook do not change in any way such protections or prohibitions.

PROTECTION OF MARKETS AND MARKET PARTICIPANTS
The Exchange currently complies with Core Principle 12 and CFTC Regulation 38.650, as its rules are in furtherance of the Exchange's promotion of fair and equitable trading and to protect markets and market participants from abusive practices, such as disruptive trading practices, by any market participant and their agents. The amendments to the Exchange rulebook do not alter in any way such protections.

The Exchange is not aware of any substantive opposing views expressed by members or others with respect to the amendments to the Exchange Rulebook 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.swartzer@ice.com.

Sincerely,

Patrick Swartzer
Director
Market Regulation

Enc.
cc: Division of Market Oversight

New York Regional Office

EXHIBIT A

[~~APPENDIX II~~

~~EXCHANGE MESSAGING POLICY~~

~~Introduction~~

~~The level of computer-generated order-flow on the Exchange has progressively increased since the Exchange's business became fully electronic. In some circumstances, inefficient and excessive messaging can slow the performance of the ETS and increase bandwidth and other operational requirements for Members. In order to address this concern, the Exchange implemented the Exchange Messaging Policy ("the Policy").~~

~~The Policy is designed to discourage inefficient and excessive messaging without compromising market liquidity and sets out certain messaging thresholds which it expects Firms with Direct Access not to exceed. Most trading activity for Firms with Direct Access operates well within the thresholds set out in this Policy. The Exchange will levy charges on those Firms with Direct Access whose system usage per Firm as configured on the ETS exceeds certain thresholds.~~

~~Scope of Policy~~

~~This Policy applies to such Exchange contracts as shall be designated from time-to-time ("the Designated Contracts"). The initial Designated Contracts are Cocoa, Cotton No. 2®, Coffee "C"®, Sugar No. 11®, the U.S. Dollar Index® and the Henry Hub futures contracts. The Policy will apply to those Firms with Direct Access who enter more than the number of messages specified in the chart below in any Designated Contract market on a particular trading day. For the purposes of the Policy, each order submission, revision, hold, cancel/replace and/or consummation constitutes a message.~~

~~Designated Contracts~~	**~~Message Threshold~~**
~~Cocoa Futures~~	~~100,000~~
~~Cotton No. 2® Futures~~	~~100,000~~
~~Coffee "C"® Futures~~	~~100,000~~
~~Sugar No. 11® Futures~~	~~100,000~~
~~U. S. Dollar Index® Futures~~	~~150,000~~
~~Henry Hub Futures~~	~~100,000~~

~~Weighted Volume Ratio~~

~~The Weighted Volume Ratio ("WVR") is defined as the total number of messages sent to the ETS multiplied by a price-based weighting scale divided by the total number of lots traded. The result is a figure for weighted messages per executed contract.~~

~~Each message is weighted as set out below.~~

	~~Price-based weighting multiplier~~		~~Description~~
~~Price difference from best bid or offer~~	~~Outrights~~	~~Spreads~~	
~~None (best bid or offer)~~	~~0~~	~~0~~	~~If the price is the best bid or offer, it will not be counted~~
~~At market bid or offer~~	~~0~~	~~0~~	~~If the price equals the best bid or best offer, it will not be counted~~
~~1 tick off market~~	~~0.5~~	~~0.25~~	~~If the price is within one minimum price fluctuation ("tick") of the best bid or best offer it will count as one half of a message for an outright market and one quarter of a message for a spread market~~
~~2 ticks off market~~	~~1.0~~	~~0.5~~	~~If the price is within two (2) ticks of the best bid or best offer it will count as one (1) message for an outright market and half (0.5) a message for a spread market~~
~~3 to 5 ticks off market~~	~~2.0~~	~~1.0~~	~~If the price is between three (3) and five (5) ticks from the best bid or best offer it will count as two (2) messages for an outright market and one (1) message for a spread market~~
~~More than 5 ticks off market~~	~~3.0~~	~~2.0~~	~~If the price is more than five (5) ticks from the best bid or best offer it will count as three (3) messages for an outright market and two (2) messages for a spread market~~

~~WVR Thresholds~~

~~Firms with Direct Access who exceed a WVR of 100:1 in a Designated Contract on a particular trading day will receive an electronic notification.~~

~~Firms with Direct Access who exceed a WVR of 100:1 in any Designated Contract or spread market for seven (7) or more electronic trading days in any calendar month will be subject to a one thousand dollar ($1,000) surcharge for that calendar month.~~

~~Firms with Direct Access who meet or exceed a WVR of 500:1 in any Designated Contract or spread market on any electronic trading day will be subject to a two thousand dollar ($2,000) surcharge per day for every day that the WVR of 500:1 has been met or exceeded.~~

~~Firms with Direct Access may obtain information regarding their messaging at the ICE website, www.theice.com.~~

~~Firms with Direct Access who are enrolled in any official Exchange Market Maker Program will be monitored under the guidelines set forth in this Messaging Policy; however, such Market Makers may be exempted from the surcharges listed below with such exemption to be determined on a case-by-case basis according to specific circumstances, which include but are not limited to, the liquidity of the particular market and the volume and number of trades by such Market Maker in the particular market.~~

~~Restriction or suspension of access~~
~~In addition to the surcharges, the Exchange retains the right to restrict or suspend access to Exchange markets listed on the ETS should the Exchange determine that the message usage associated with any Firm with Direct Access becomes capable of impairing the orderly conduct of business. Such determination will be made by the Exchange in its absolute discretion and may be made at any time and, if necessary, any consequent restriction or suspension may be implemented immediately and without notice.~~]

EXHIBIT B

ICE Messaging Policy

Introduction

The ICE Messaging Policy ("Policy") is designed to discourage inefficient and excessive messaging at ICE exchanges without compromising market liquidity. The Policy sets forth messaging and volume ratio thresholds that consider the quality of an order as measured by the depth of the order in relation to the top-of-book and therefore the likelihood of the order to provide liquidity and promote an efficient market.

Scope

Futures contracts that fall under the scope of this policy ("the Designated Contracts") shall be designated from time-to-time but not less than annually. Designated Contracts are determined based on the historical performance of the futures contract, messaging rates, and the business needs to help support market liquidity.

Each market participant in a Designated Contract shall be subject to the Policy when the number of orders submitted on a trading day exceeds the pre-determined daily message threshold set for each Designated Contract. For the purpose of this Policy, only new orders (i.e. orders that add liquidity to the market) are considered for the calculations.

The Policy shall only be in effect on days with regular trading hours for a Designated Contract. The Policy will not be enforced on days where the Designated Contract has shortened trading hours or when closed for an exchange recognized holiday. Trading Schedules and Holiday Trading Hours can be found on the ICE website for each ICE exchange that lists a Designated Contract.

The order message types that are included in this Policy are specified in **Appendix 1** to this Policy.

The list of Designated Contracts and daily message thresholds for inclusion in this Policy is provided in **Appendix 2** to this Policy.

Weighted Volume Ratio

A Weighted Volume Ratio ("WVR") will be calculated on each trading day that a market participant exceeds the daily message threshold in a Designated Contract. The WVR is calculated by dividing the sum of weighted orders submitted in all contract months in a Designated Contract by the total number of cleared lots traded on the same trading day in all contract months in the Designated Contract. The result of the calculation is the weighted messages entered per cleared lot, or WVR.

The sum of weighted messages is calculated by assigning a multiplier to each new order that was submitted in the Designated Contract based on the price level the order was submitted at. Since the purpose of this Policy is to discourage inefficient order messaging, and the further away from the top-of-book that an order is submitted the less likely the order is to be traded against and provide liquidity, orders submitted further away from the top-of-book will have a higher weighting by a factor of 1 to 3 depending on the price level. Orders entered at top-of-book or at price levels that have a high likelihood of trading and providing liquidity will be multiplied by a factor of 0. The weighted messages calculation will exclude system priced or implied legs.

Given the unique characteristics of each product, the price level where an order is submitted at and is likely to get filled will vary. The message weights are determined for each Designated Contract and will be re-calculated at least annually, or more frequently as determined by ICE.

The sum of cleared lots in a Designated Contract is calculated by adding together the cleared volume of in all individual contract months for a Designated Contract on one trading day.

The Designated Contract message weighting is provided in **Appendix 3** to this Policy.

Calculation Examples

Outright Order

A trading firm enters an order to buy 10 Jan24 at a price of $9.00 and sell 10 Feb24 at a price of $10.00.

The Jan24 order is entered at a price level that has a weight of 2 and the Feb24 order is entered at a price level that has a weight of 2.

The weighted message calculation for these outright orders is:

- (One order multiplied 2 = 2) plus (one order multiplied by 2 = 2) = 4

When both orders are filled the trading firm receives a cleared position of long 10 lots in the Jan24 outright and short 10 lots in the Feb24 outright.

The volume calculation for the orders is:

- 10 lots in the Jan24 plus 10 lots in Feb24 = 20 lots

The trading firm's WVR calculation is:

- [(One order multiplied 2 = 2) plus (one order multiplied by 2 = 2) = 4] / (10 lots in the Jan24 plus 10 lots in Feb24 = 20) = .20

<u>Spread Order</u>

A trading firm enters an order to buy 10 Jan24/Feb24 spread at a differential of -$1.00 in a Designated Contract.

The spread order differential is entered at a price level that has a weight of 2. The matching engine derives a Jan24 outright order to buy 10 at a price of $9.00 and a Feb24 outright order to sell 10 at a price of $10.00.

The weighted message calculation for this spread order is:

- One order multiplied by 2 = 2 (the outright derived orders in Jan24 and Feb24 are not weighted or counted)

When the spread is matched the trading firm receives a cleared position of long 10 lots in the Jan24 outright and short 10 lots in the Feb24 outright.

The volume calculation for this spread order is:

- 10 lots in the Jan24 plus 10 lots in the Feb24 = 20 lots

The trading firm's WVR calculation is:

- (one order multiplied by 2 = 2) / (10 lots in Jan24 plus 10 lots in Feb24 = 20) = .10

<u>Calendar/Quarterly/Seasonal Order</u>

A trading firm enters an order to buy 10 Cal24 at a price of $5.00 in a Designated Contract.

The Cal24 order is entered at a price level with a weight of 3. The matching engine derives outright orders to buy 10 Jan24, buy 10 Feb24, buy 10 Mar24,…buy 10 Dec24.

The weighted message calculation for the Cal24 order is:

- One order multiplied by 3 = 3 (outright derived orders are not weighted or counted)

When the Cal24 order is matched the trading firm receives cleared positions of long 10 lots in Jan24, long 10 in Feb24, long 10 lots Mar24,…long 10 lots in Dec24.

The volume calculation for the Cal24 order is:

- (10 lots in Jan24 plus 10 lots in Feb24 plus 10 lots in Mar24…plus 10 lots in Dec24) = 120 lots

The trading firm's WVR calculation is:

- (One order multiplied by 3 = 3) / [(10 lots in Jan24 plus 10 lots in Feb24 plus 10 lots in Mar24…plus 10 lots in Dec24) = 120 lots] = .025

WVR Thresholds and Surcharges

When a market participant has a WVR that exceeds 100:1 in one or more Designated Contract(s) on a trading day, the firm will receive an electronic notification. A market participant that exceeds a WVR of 100:1 in one or more Designated Contract(s) for seven (7) or more trading days in a calendar month will receive a one-thousand-dollar ($1,000) surcharge for that calendar month. The surcharge will increase by one thousand dollars for each consecutive month that a market participant has seven or more trading days with a WVR that exceeds 100:1.

A market participant that has a WVR of 500:1 or greater in one or more Designated Contract(s) on a single day will be subject to a two-thousand-dollar ($2,000) surcharge on each day.

Company Aggregation

A market participant may request that ICE aggregate the order activity and trade volumes of trading companies that are owned and/or controlled by a common entity but the trading activity is routed through separate WebICE Company IDs. ICE at its sole discretion will decide based on a variety of factors and may consider input from the relevant Exchange's personnel. If aggregation is approved, it will become effective as of the beginning of the month determined by ICE and providing in writing. Until such time that a decision is made to approve a request for aggregation, the individual Company IDs must abide by the Policy. This aggregation solely applies to for the purposes of this Messaging Policy.

To request an aggregation under this Policy please contact ICE Trade Operations.

Reports and Access to Data

Reports related to this Policy and the corresponding messaging and volume data will be made available to market participants in the Company Portal on the ICE website.

Restriction or Suspension of Access

Subject to the Rules of the applicable ICE exchange, ICE retains the right to restrict or suspend access to any market should it be determined that the messaging activity or platform usage become capable of impairing the orderly conduct of business. Such determination will be made by ICE at its absolute discretion and may be made at any time and, if necessary, any consequent restriction or suspension may be implemented immediately and without notice.

Support

For questions related to this Policy or access to a Company's data, please contact ICE Trade Operations at icehelpdesk@ice.com or at +1 770 738 2101 or +1 312 945 5800.

Appendix 1

The following message codes are included in the calculations for this Policy.

Message Status	Message Reason Code
active	submit
active	replace
active	refloat
active	change

Appendix 2

The list of Designated Contracts and their corresponding daily message thresholds for inclusion in the Policy are reflected below.

Exchange	Product Name	Product Code	Daily Threshold
ICE Futures Abu Dhabi	Murban Crude Futures	ADM	100,000
ICE Futures Europe	Brent Crude Futures	B	250,000
ICE Futures Europe	WTI Crude Futures	T	100,000
ICE Futures Europe	Low Sulphur Gasoil Futures	G	100,000
ICE Futures U.S.	Cocoa Futures	CC	100,000
ICE Futures U.S.	Coffee Futures	KC	100,000
ICE Futures U.S.	Cotton No. 2 Futures	CT	100,000
ICE Futures U.S.	Henry LD1 Fixed Price Futures	H	100,000
ICE Futures U.S.	Sugar No. 11 Futures	SB	100,000
ICE Futures U.S.	US Dollar Index Futures	DX	100,000
ICE Endex	Dutch TTF Natural Gas Futures	TFM	100,000

Appendix 3

The order message weighting scale for each Designated Contract is provided below. Each table is specific to the corresponding Designated Contract and as such one “tick” is reflected as the minimum price fluctuation. “Off market” shall mean the number of price fluctuations from the best bid or offer. For example, a reference to “1 to 5 ticks off market” means that an order submitted at a price level that is within one minimum price fluctuation through five minimum price fluctuations from the best bid or offer will be weighted according to the table.

ICE Futures Abu Dhabi

Murban Crude Futures (one tick = one cent ($0.01) per barrel)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 2 ticks off market	0	0
3 to 5 ticks off market	1	.5
6 to 10 ticks off market	2	1
>10 ticks off market	3	1.5

ICE Futures Europe

Brent Crude Futures (one tick = one cent ($0.01) per barrel)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 10 ticks off market	0	0
11 to 14 ticks off market	1	.5
15 to 20 ticks off market	2	1
>20 ticks off market	3	1.5

WTI Crude Futures (one tick = one cent ($0.01) per barrel)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 5 ticks off market	0	0
6 to 8 ticks off market	1	.5
9 to 12 ticks off market	2	1
>12 ticks off market	3	1.5

Low Sulphur Futures (one tick = twenty-five cents ($0.25) per metric tonne)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 2 ticks off market	0	0
3 ticks off market	1	.5
4 ticks off market	2	1
>4 ticks off market	3	1.5

ICE Futures US

Cocoa Futures (one tick = one dollar ($1.00) per metric ton, equivalent to $10.00 per contract)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 2 ticks off market	0	0
3 ticks off market	1	.5
4 to 6 ticks off market	2	1
>6 ticks off market	3	1.5

<u>Coffee C Futures (one tick = 5/100 cent/lb., equivalent to $18.75 per contract)</u>

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 4 ticks off market	0	0
5 to 6 ticks off market	1	.5
7 to 13 ticks off market	2	1
>13 ticks off market	3	1.5

<u>Cotton No. 2 Futures (one tick = 1/100 of a cent per pound, equivalent to $5.00 per contract)</u>

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 9 ticks off market	0	0
10 to 12 ticks off market	1	.5
13 to 18 ticks off market	2	1
>18 ticks off market	3	1.5

<u>Henry LD1 Fixed Price Futures (one tick = one tenth of a cent ($0.001) per MMBtu</u>

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 3 ticks off market	0	0
4 to 5 ticks off market	1	.5
5 to 10 ticks off market	2	1
>10 ticks off market	3	1.5

Sugar No. 11 Futures (one tick = 1/100 of a cent per pound, equivalent to $11.20 per contract)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 2 ticks off market	0	0
3 ticks off market	1	.5
4 to 5 ticks off market	2	1
>5 ticks off market	3	1.5

US Dollar Index Futures (one tick = .005 or $5.00)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 2 ticks off market	0	0
3 ticks off market	1	.5
4 to 5 ticks off market	2	1
>5 ticks off market	3	1.5

ICE Endex

Dutch TTF Natural Gas Futures (one tick = 0.5 Euro Cent per MWh (€0.005/MWh)

Price difference from best bid or offer	Outright Order Multiplier	Spread Order Multiplier
At or better than	0	0
1 to 12 ticks off market	0	0
13 to 16 ticks off market	1	.5
17 to 25 ticks off market	2	1
>25 ticks off market	3	1.5