

Submission No. 18-3  
 January 4, 2018

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: New UK NBP Natural Gas Last Day Financial Futures (USD/MMBtu)  
 and Related Amendments**
  
**Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.2**

Dear Mr. Kirkpatrick:

Pursuant to Commission Regulations 40.2, ICE Futures U.S., Inc. (“Exchange”) submits, by written certification, new Rule 18.A.186, and amendments to Resolutions 1 and 2 of Chapter 18. The new rule and amendments provide for one new financial natural gas futures contract, which will be listed on January 22, 2018.

**UK NBP Natural Gas Last Day Financial Futures (USD/MMBtu)**

The Exchange is listing one new futures contract, the UK NBP Natural Gas Last Day Financial Futures (USD/MMBtu), a monthly cash settled contract based on the settlement price as published by ICE Futures Europe for the ICE UK Natural Gas Futures (M) contract converted to United States Dollar (USD) using the Daily Spot Rate published by the Bank of England. The UK National Balancing Point (NBP) is a long-standing spot natural gas market on the National Transmission System, the UK natural gas distribution network operated by National Grid Gas and regulated by the United Kingdom, and is widely used as a European benchmark for the price of natural gas.

Contract Name	Contract Size (MMBtu)	Minimum Tick <sup>1</sup>	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR	Spot Month Position Limit	Single and All Month Accountability Levels
UK NBP Natural Gas Last Day Financial Future (USD/MMBtu)	2,500	\$0.001	\$0.12	3	5	\$0.04	21,100	21,100

The listing cycle for the UK NBP Natural Gas Last Day Financial Futures (USD/MMBtu) is up to 78 consecutive monthly contract periods, or as otherwise determined by the Exchange. Other relevant specifications for the contract are listed above. A Deliverable Supply Analysis detailing the methodology

<sup>1</sup> As noted, above, the minimum price fluctuation is \$0.001 for screen trades for the UK NBP Natural Gas Last Day Financial Future (USD/MMBtu) contract. For blocks and other trades outside the central limit order book, the minimum price fluctuation is \$0.001 for the aforementioned futures.

the Exchange used to determine the spot month position limits for the aforementioned contract is attached hereto as Exhibit A.

### **Certifications**

The new rule and rule amendments will become effective with the listing of the new financial natural gas contract on January 22, 2018. The Exchange is not aware of any substantive opposing views to the new financial natural gas contract. The Exchange certifies that the rule amendments 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 listing of the contract complies with the following relevant Core Principles:

#### **COMPLIANCE WITH RULES**

The terms and conditions of the new financial natural gas futures contract is set forth in new Rules 18.A.186, and amendments to Resolutions 1 and 2 of Chapter 18, and will be enforced by the Exchange. In addition, trading of the contract is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

#### **CONTRACTS NOT READILY SUBJECT TO MANIPULATION**

The new financial natural gas futures contract is not readily subject to manipulation as it is based on established and liquid underlying cash markets. In addition, trading of the new contract will be monitored by the Market Regulation Department.

#### **POSITION LIMITS OR ACCOUNTABILITY**

Positions in the new financial natural gas futures contract will be subject to position limits and accountability levels set by the Exchange. As described above, such position limits are based upon existing levels set for substantially similar products or are based upon the deliverable supply in the cash market. A Deliverable Supply Analysis is attached hereto as Exhibit B.

#### **FINANCIAL INTEGRITY OF CONTRACTS**

The new financial natural gas futures contract will be cleared by ICE Clear Europe, a registered derivatives clearing organization subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange further 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@theice.com](mailto:patrick.swartz@theice.com).

Sincerely,



Patrick Swartz  
Manager  
Market Regulation

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

## EXHIBIT A

### Resolution No. 1-Minimum Price Fluctuation Table

The following minimum price fluctuations shall be applicable to Energy Contracts.

Rule Number	Product	Minimum Price Fluctuation		
		Screen	Blocks and other trades outside the central limit order book	
		*	*	*
18.A.186	UK NBP Natural Gas Last Day Financial Futures (USD/MMBtu)	\$0.001	\$0.001	
		*	*	*

**Resolution No. 2 – Position Limit/Accountability Table**

<b>Rule</b>	<b>Contract Name</b>	<b>Commodity Code</b>	<b>Contract Size</b>	<b>Unit of Trading</b>	<b>Spot Month Limit</b>	<b>Single Month Accountability Level</b>	<b>All Month Accountability Level</b>	<b>Aggregate 1 (Positive Correlation)</b>	<b>Aggregate 2 (Negative Correlation)</b>	<b>Exchange Reportable Level</b>
18.A.186	UK NBP Natural Gas Last Day Financial Futures (USD/MMBtu)	UNF	2,500	MMBtu	21,100	21,100	21,100	UNF		25

### **18.A.186 UK NBP Natural Gas Last Day Financial Futures (USD/MMBTU)**

**Contract Description:** A monthly cash settled Exchange Futures Contract based upon the settlement price as published by ICE Futures Europe for the ICE UK Natural Gas Futures (M) contract converted to United States dollar (USD) using the Daily Spot Rate as published by the Bank of England.

**Contract Symbol:** UNF

**Settlement Method:** Cash settlement

**Contract Size:** 2500 MMBtu

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be one tenth of a cent (\$0.001) per MMBtu; minimum price fluctuation may vary by trade type.

**Listing Cycle:** 78-83 consecutive months. 11-13 consecutive qtrs. Quarters are strips of three individual and consecutive contract months. Quarters always comprise a strip of Jan-Mar, Apr-Jun, Jul-Sep or Oct-Dec. 13-14 consecutive seasons. Seasons are strips of six individual and consecutive contract months. Seasons always comprise a strip of Apr-Sep or Oct-Mar. 6 consecutive years.

**Last Trading Day:** Trading will cease at the close of business two Business Days prior to the first calendar day of the delivery month, quarter, season or calendar year.

**Final Settlement:** Reference Price A

**Reference Price A:** UK Natural Gas NBP Future (M) - ICE Futures Europe

- a) **Description:** "UK Natural Gas NBP Future (M) - ICE Futures Europe " means that the price for a Pricing Date will be that day's Specified Price per MMBTU of natural gas on ICE Futures Europe for the UK Natural Gas NBP Future Contract (M) for the Delivery Date, stated in pence Sterling per therm, as made public by ICE Futures Europe on that Pricing Date. The price for a Pricing Date is converted to United State dollar (USD) using the Daily Spot Rate as published by the Bank of England.
- b) **Pricing Date:** Last scheduled trading day of the ICE Futures Europe UK Natural Gas NBP Futures (M) Futures Contract for the Delivery Date.
- c) **Specified Price:** Settlement price
- d) **Pricing Calendar:** ICE Futures Europe
- e) **Delivery Date:** Contract Period

**Final Payment Date:** The first Clearing Organization business day following the Last Trading Day.

**[REMAINDER OF RULE UNCHANGED]**

**EXHIBIT B**

**[EXHIBIT REDACTED]**