



55 East 52nd Street
New York, NY 10055

BY ELECTRONIC TRANSMISSION

Submission No. 20-13
January 17, 2020

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 Exchange Rule 6.16--“Position Limits for Bitcoin Futures Contracts” - 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 Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange”) hereby certifies amendments to Exchange Rule 6.16 relating to the position limits for Bakkt™ Bitcoin (USD) Monthly Futures and Options and the Bakkt™ Bitcoin (USD) Daily Futures, as set forth in Exhibit A.

With respect to the Bitcoin Daily Futures Contract, the amendments establish twenty-five thousand (25,000) futures contracts as the maximum quantity which may be held in any one Contract Date or in all Contract Dates combined. The amendments also reduce the position limit for the spot month of the Bitcoin Monthly Futures Contract to twenty-five thousand (25,000) futures and futures equivalent contracts, net long or short, in such expiring contract month. Concurrent with these changes to the spot month position limits, the amendments implement a position accountability regime in lieu of the 100,000 lot position limit currently applicable to any single month or all months combined. The accountability level is set at 25,000 futures and futures equivalent contracts, net long or short.

Position accountability rules establish a level which may be exceeded, but which requires the market participant, upon instruction from the Exchange, to cease increasing their position and to reduce their position to the accountability level if directed to do so by the Exchange. The new single and all-months-combined accountability levels have been set at levels similar to other

DCMs listing Bitcoin futures, and are equal to the amended spot month position limits specified above, which are considerably lower than the current single and all-months-combined position limits. The position accountability levels specified herein provide the Exchange further discretion in its surveillance of the monthly Bitcoin futures and options markets, consistent with CFTC Staff Advisory No. 14.¹ Additionally, the levels will continue to allow flexibility and potential for organic growth out the curve in the Bitcoin futures and options markets while ensuring orderly trading, without reducing necessary liquidity. The Exchange will implement the amendments effective February 4, 2020. The amendments to Exchange Rule 6.16 will be effective for all expiration months, including those with open interest.

The Exchange is not aware of any opposing views to the amendments and certifies that the 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 amendments comply with the following relevant Core Principles:

COMPLIANCE WITH RULES

The position limit and accountability levels will be set forth in Rule 6.16 and will be enforced by the Exchange. In addition, trading of the Bitcoin futures and options contracts are subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

CONTRACTS NOT READILY SUBJECT TO MANIPULATION

The Exchange's Bitcoin futures and options contracts are not readily susceptible to manipulation as they are based on established and liquid underlying cash markets. In addition, trading of the contracts will continue to be monitored by the Market Regulation Department.

POSITION LIMITS OR ACCOUNTABILITY

Positions in the Bitcoin futures and options contracts will continue to be subject to position limit and/or accountability levels set by the Exchange. Positions in the options markets will continue to be aggregated with the relevant futures markets for position limit and position accountability purposes.

FINANCIAL INTEGRITY OF CONTRACTS

The Bitcoin futures and options contracts will continue to be cleared by ICE Clear U.S., a registered derivatives organization, subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange certifies that, concurrent with this filing, a copy of this submission was

¹ *CFTC Staff Advisory No. 18-14*, "Advisory with respect to Virtual Currency Derivative Product Listings," pg. 3 (Description of requirements for enhanced market surveillance and effective oversight programs with respect to virtual currency derivatives contracts). <https://www.cftc.gov/cs/18-14/download>

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 the undersigned at audrey.hirschfeld@theice.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Audrey R. Hirschfeld".

Audrey R. Hirschfeld
SVP and General Counsel
ICE Futures U.S., Inc.

Enc.

cc: Division of Market Oversight

EXHIBIT A

Rule 6.16. Position Limits and Position Accountability for Bitcoin Futures Contracts

(a) Bitcoin Daily Contracts:

Subject to the exceptions contained in this Chapter, the maximum net long or net short position which any one (1) Person may own or control in Bitcoin Daily Futures Contracts is [~~one hundred~~] twenty-five thousand (~~[100,000]~~ 25,000) Futures Contracts in any one Contract Date or in all Contract Dates combined.

(b) Bitcoin Monthly Contracts:

(i) A Person holding or controlling twenty-five thousand (25,000) or more Exchange Futures Contracts and Futures Equivalent Contracts net long or short in any single contract month or in all contract months combined in the Bitcoin Monthly Futures Contract:

(1) automatically consents not to increase further and automatically consents to decrease those positions when so ordered by the Exchange acting in its own discretion; and

(2) shall provide, in a timely manner, information on the nature of that Person's related cash, Exchange Futures and Options Contracts positions, trading strategy and/or hedging strategy. Nothing in this Rule limits the authority of the Exchange to take action under Rules 6.11, 6.12 and 6.13 or to request and collect any information regarding that Person's related cash and Exchange Futures and Options Contracts positions.

(ii) Subject to the exceptions contained in this Chapter, as of the Business Day following the Last Trading Day of the preceding contract month of the Bitcoin Monthly Contract through the Last Trading Day of the expiring Contract Month of the Bitcoin Monthly Contract, the maximum net long or net short position which any one (1) Person may own or control in the expiring Bitcoin Monthly Contract[s] is [~~one hundred~~] twenty-five thousand (~~[100,000]~~ 25,000) Futures Contracts and Futures-Equivalent Contracts [~~in any one Contract Month or in all Contract Months combined~~].

* * *

[REMAINDER OF RULE UNCHANGED]