



55 East 52<sup>nd</sup> Street  
New York, NY 10055

**BY ELECTRONIC TRANSMISSION**

Submission No. 19-56  
January 31, 2019

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: Amendments to Terms and Conditions of Condensate Diff - ICE C5 1a Index Future and Condensate Diff - ICE C5 1a Index Average Price Option - Submission Pursuant to Section 5c(1) of the Act and Regulation 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(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 the terms and conditions of the Condensate Diff - ICE C5 1a Index Future and Condensate Diff - ICE C5 1a Index Average Price Option to reflect changes to the products' underlying indices. The amendments to the terms and conditions and corresponding amendments to Exchange rules 19.C.25 and 19.F.30, described further below, will take effect on February 15, 2019, or no sooner than 10 business days after receipt of this submission by the Commission. The changes to the existing future and option products are attached to this submission for reference.

As background, certain Exchange futures and options products settle to or refer to indices published by ICE-NGX. Certain indices published by ICE-NGX have been amended to reconfigure the structure of existing indices. Of these indices, the ICE C5 1a will be amended by ICE-NGX. The existing ICE C5 1a index provides a monthly volume-weighted average price for crude oil as a differential to WTI on the "Enbridge Transfer, Federated, Fort Sask, Peace, Pembina, Rangeland and Wizard Lake pipelines at Edmonton and Peace pipeline at Namao." Of the delivery points specified in the existing ICE C5 1a index, Fort Sask is the most liquid and generally acts as a proxy to the broader ICE C5 1a index.

ICE-NGX has provided three new, individual monthly volume-weighted average price (1a) indices based on certain delivery points in the existing ICE C5 1a index: Enbridge Transfer pipeline at Edmonton (ICE C5 ENB 1a), Fort Sask pipeline at Edmonton (ICE C5 FSK 1a), and Peace pipeline at Edmonton (ICE C5 PEA 1a). Similar to the existing ICE C5 1a index, the new indices will provide a price of crude oil and condensate at the specific delivery points as a differential to WTI. The existing ICE C5 1a index will continue to be published by ICE-NGX, but will only be used to settle existing and legacy physical transactions, and will not be utilized for settlement of futures and options contracts after expiration of the March 2019 contract month.

Due to the changes to the underlying indices, the Exchange will amend its existing Condensate Diff - ICE C5 1a Index Future and Condensate Diff - ICE C5 1a Index Average Price Option products to reference the index for the most liquid delivery point, Fort Sask, as its settlement price index. As stated earlier, the Fort Sask delivery

point largely operated as a proxy for the price of the broader ICE C5 1a index and will provide further transparency to the market in the stand-alone, ICE C5 FSK 1a index.

In summary, for the April 2019 contract month and all subsequent contract months, the Exchange will amend the settlement price index for the above-referenced contracts to reference the ICE C5 FSK 1a index, in lieu of the existing ICE C5 1a index. The April 2019 and later contract months of these futures and options contracts currently have no open interest. In the interim, the Exchange products will continue to reference the existing ICE C5 1a index for final settlement for the March 2019 contract month. The products' terms and conditions will be amended to reflect the corresponding settlement price index change. All other terms and conditions of these products will remain unchanged.

## **Certifications**

The Exchange is not aware of any opposing view to the amendments and certifies that the amendments to products' terms and conditions and Exchange 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 comply with the following relevant Core Principles:

### **COMPLIANCE WITH RULES**

The amended terms and conditions are provided as an attachment to this submission, will be provided in the Exchange's rulebook, and will be enforced by the Exchange. In addition, trading of these contracts is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

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

The Exchange's futures and options contracts are not readily subject 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 these futures contracts will continue to be subject to position limits set by the Exchange. As described above, such position limits are based upon the existing levels for equivalent contracts currently in effect at the Exchange. Positions held in options positions will be aggregated with the relevant futures contract.

### **FINANCIAL INTEGRITY OF CONTRACTS**

These futures and options contracts will continue to 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 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,

A handwritten signature in black ink, appearing to read "Patrick Swartz", written in a cursive style.

Patrick Swartz  
Manager  
Market Regulation

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

## **EXHIBIT A**

### **19.C.25 CONDENSATE DIFF – ICE C5 1A INDEX FUTURE**

**Product Name:** Condensate Diff – ICE C5 1A IndexFuture

**Contract Description:** For contract months up to and including March 2019: A monthly cash settled future based on the ICE C5 (Canadian Condensate) Monthly Volume Weighted Average Price Index (ICE C5 1a). The ICE C5 1a Index is expressed as a differential to the NYMEX WTI 1st Line Future (Calendar Month Average).

For contract months including and after April 2019: A monthly cash settled future based on the ICE C5 FSK Monthly Volume Weighted Average Price Index (ICE C5 FSK 1a). The ICE C5 FSK 1a Index is expressed as a differential to the NYMEX WTI 1st Line Future (Calendar Month Average).

**Contract Size:** 1,000 barrels

**Unit of Trading:** Any multiple of 1,000 barrels

**Currency:** US Dollars and cents

**Trading Price Quotation:** One cent (\$0.01) per barrel

**Settlement Price Quotation:** One hundredth of one cent (\$0.0001) per barrel

**Minimum Price Fluctuation:** One hundredth of one cent (\$0.0001) per barrel

**Last Trading Day:** Trading shall cease one Canadian business day prior to the Notice of Shipments (NOS) date on the Enbridge Pipeline. The NOS date occurs on or about the 20th calendar day of the month, subject to confirmation by Enbridge Pipeline.

The official schedule for the NOS dates will be made publicly available by Enbridge Pipeline prior to the start of each year.

**Final Settlement Price:** A price in USD and cents per barrel based on the ICE C5 1a Index, for contract months up to and including March 2019, and based on the ICE C5 FSK 1a Index for contract months after and including April 2019, as published by NGX. The index pricing period for each contract month begins on the first Canadian business day of the calendar month prior to the contract month and ends on the Canadian business day prior to the NOS date (as published by Enbridge) in the same calendar month

**Contract Series:** Up to 60 consecutive months

**Final Payment Dates:** Two Clearing House Business Days following the Last Trading Day

**Business Days:** Publication days for NGX Crude Oil Markets

**Position Limits:** Specified in Table 2 to Chapter 19—see IFUS website

### 19.F.30 ICE C5 1A INDEX AVERAGE PRICE OPTION

**Description:** The ICE C5 1a Index Average Price Option is based on the underlying ICE C5 1a Index Future and will automatically exercise into the ICE C5 1a Index Future on the day of expiry of the options contract.

**Contract Symbol:** TMF

**Hedge Instrument:** The delta hedge for the ICE C5 1a Index Average Price Option is the ICE C5 1a Index Future (TMF)

**Contract Size:** 1,000 barrels

**Unit of Trading:** Any multiple of 1,000 barrels

**Currency:** US Dollars and cents

**Trading Price Quotation:** One cent (\$0.01) per barrel

**Settlement Price Quotation:** One hundredth of one cent (\$0.0001) per barrel

**Minimum Price Fluctuation:** One hundredth of one cent (\$0.0001) per barrel

**Last Trading Day:** Trading shall cease one Canadian business day prior to the Notice of Shipments (NOS) date on the Enbridge Pipeline. The NOS date occurs on or about the 20th calendar day of the month, subject to confirmation by Enbridge Pipeline. The official schedule for the NOS dates will be made publicly available by Enbridge Pipeline prior to the start of each year.

**Option Type:** Options are average priced and will be automatically exercised into the ICE C5 1a Index Future on the expiry day if they are "in the money". The Futures Contract resulting from exercise immediately goes to cash settlement. If an option is "out of the money" it will expire automatically. It is not permitted to exercise the option on any other day or in any other circumstances than the Last Trading Day. No manual exercise is permitted.

**Option Premium/Daily Margin:** The ICE C5 1a Index Average Price Option is a premium-paid-upfront option. The traded premium will therefore be debited by the Clearing House from the Buyer and credited to the Seller on the morning of the Business Day following the day of trade. Members who are long premium-paid-upfront options will receive a Net Liquidating Value (NLV) credit to the value of the premium which is then used to offset the initial margin requirement flowing from both these options and positions in other energy contracts. Members who are short premium-paid-upfront options will receive an NLV debit in addition to their initial margin requirement. NLV is calculated daily with reference to the settlement price of the option.

**Expiry:** 14:30 EPT (19:30 London Time).

Automatic exercise settings are pre-set to exercise contracts which are one minimum price fluctuation or more "in the money" with reference to the relevant reference price. Clearing Members cannot override automatic exercise settings or manually enter exercise instructions for this contract.

The reference price will be a price in USD and cents per barrel based on the ICE C5 1a Index, for contract months up to and including March 2019, and based on the ICE C5 FSK 1a Index for contract months after and including April 2019, as published by ICE-NGX for the contract month.

**Strike Prices:** A minimum of 20 Strike Prices in increments of \$0.01 per barrel above and below the at-the-money Strike Price. Strike Price boundaries are adjusted according to futures price movements. User-defined Strike Prices are allowed in \$0.01 increments.

**Contract Series:** Up to 60 consecutive months

**Final Payment Dates:** Two Clearing House Business Days following the Last Trading Day

**Business Days:** Publication days for ICE-NGX Crude Oil Markets