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**BY ELECTRONIC TRANSMISSION**

Submission No. 14-115  
October 24, 2014

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 ICE Futures U.S. Rules 11.00, 11.08 and Sugar Resolution No. 3-  
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Mr. Kirkpatrick:

Pursuant to Commission Regulation 40.6(a), ICE Futures U.S., Inc. (the “Exchange”) self-certifies the amendments to Exchange Rules 11.00, 11.08, and Resolution No. 3 as set forth in Exhibit A. The amendments address two separate aspects of the rules which have become obsolete with the passage of time and commercial advancements related to the delivery of physical sugar under the Exchange’s Sugar No. 11® contract. The first amendment concerns the appropriate type of vessel that must be nominated for delivery; the second amendment concerns representations currently required of the Receiver regarding use of delivered sugar for human consumption.

**Rule 11.00(f)/Geared Vessels:**

Sugar No. 11 Rules require the receiver to provide a vessel under a standard form of Charter Party for raw sugar in general use at the time of shipment, or a freighting agreement. The form of Charter Party agreement includes provisions requiring the use of “geared vessels”, based on the premise that gear equipment, such as cranes, is routinely used in loading bulk sugar vessels and that such equipment must be made available to a deliverer to support timely loading by the deliverer of the receiver’s vessel. Gear equipment was once uniform across all ports and remains common in many ports, however in recent years the need and use of such equipment has ceased in several ports as a result of capital investments by the operators of those ports. Despite this evolving commercial practice the Charter Party, and through it the Sugar No. 11 Rules, continue to require the receiver to provide a geared vessel in all instances. For Exchange deliveries, this creates the potential that a deliverer (who chooses the port in which delivery will be made) who nominates a port in which the use of geared vessels is not commercially required could refuse to

accept the nomination of a gearless vessel by the receiver, notwithstanding the fact that gear equipment is not required and will not be used to load the vessel in the deliverer's chosen port. To address this situation, the Exchange adopted a clarifying amendment to Rule 11.00(f), to allow a receiver to request nomination of a gearless vessel where the berths in which loading will be performed do not require the use of gear equipment to load, and to require the deliverer not to unreasonably withhold agreement to such a request.

**Rule 11.08(5)(a) and Sugar Resolution No. 3:**

Longstanding provisions of Rule 11.08 require the receiver in an Exchange delivery to guarantee to the deliverer that the sugar delivered under the futures contract will not be "entered for human consumption into the United States as defined by the Sugar Act of 1948 as amended." However, Sugar Resolution No. 3, which interprets this provision of Rule 11.08, provides that the receiver may bring sugar into the U.S., whether or not it is for human consumption, "if the Sugar Act of 1948, as amended, or other equivalent legislation is not in effect at the time of delivery... unless such entry is prohibited by the government of the country of origin or by any contractual obligation required by such country." Recently market participants have raised questions about the proper interpretation of these Rule provisions. After reviewing the legislative history of the Sugar Act of 1948, subsequent legislation and the provisions of current U. S. sugar programs, the Exchange concluded that Rule 11.08(5)(a) and Sugar Resolution No. 3 are unclear and obsolete, and that there is no current commercial relevance to the import restrictions of Rule 11.08(5)(a). Accordingly, upon the unanimous recommendation of the World Sugar Committee, the Board determined to amend Rule 11.08 to delete this provision along with the related Sugar Resolution No. 3.

The amendments will become effective on November 10, 2014; the Exchange is not aware of any opposing views expressed by members or others with respect to the amendments. The Exchange certifies that (1) the rule amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder, and (2) concurrent with this filing, a copy of this submission was posted on the Exchange's website, which may be accessed at (<https://www.theice.com/notices/RegulatoryFilings.shtml>).

If you have any questions or need further information, please contact me at 212-748-4083 or at [audrey.hirschfeld@theice.com](mailto:audrey.hirschfeld@theice.com).

Sincerely,



Audrey R. Hirschfeld  
Senior Vice President & General Counsel

Enc.

cc: Division of Market Oversight  
New York Regional Office

## Exhibit A

(In the text of the amendments below additions are underscored and deletions are lined through and bracketed.)

### Rule 11.00. Contract Terms—Form

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(f) The Receiver shall provide vessels suitable for the carriage of the sugar and contracted for under a standard form of Charter Party for Raw Sugar currently in general use in the World Sugar Trade at the time of shipment, or a freighting agreement no less favorable to Deliverer than said Charter Party. Where the berth(s) to be nominated for loading do not customarily require the use of vessel's winches, derricks/cranes, power and gear to load sugar, the Receiver may request agreement of the Deliverer to nominate a gearless vessel which agreement shall not unreasonably be withheld. The rights and obligations of the Receiver and the Deliverer including but not limited to despatch, demurrage, loading conditions and vessel's responsibility to the cargo will be governed by the Charter Party unless both the Receiver and Deliverer agree in writing to other terms and conditions. Demurrage and despatch shall be the rates specified in the Charter Party, provided, however, that they are commensurate with the prevailing market rate for the size and type of the vessel at the time of shipment, with despatch to remain at one-half (50%) of the demurrage rate. In the event that the Receiver or the Receiver's eventual FOB buyer has chartered the vessel(s) basis a time charter agreement, then the declared demurrage and despatch rates shall also be commensurate with the prevailing market rate for the size and type of the vessel at time of shipment.

(Remainder of Rule Unchanged.)

### Rule 11.08. Obligations of the Receiver and Deliverer

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(5) Receiver guarantees to Deliverer:

(a) ~~[That sugar delivered under this contract will not be entered for human consumption in the United States as defined by the Sugar Act of 1948 as amended.]~~

~~(b)]~~ That no sugar received under this contract will be used in country of origin. (Except in the case of sugar delivered of United States origin.)

~~(b[e])~~ That if the sugar originated in a country which, at the time of delivery, is subject to any of the tariff quotas and preferential agreements referred to in Commission Regulation (EC) No. 950/2006 of 28 June 2006 (Official Journal of the European Union No. L178 of 1.7.2006) as amended from time to time, it will not be shipped to any of the states of the European Union.

~~(c[d])~~ That if the sugar be the product of a country that is a member of the European Union, such sugar will not be shipped to any other member country of the European Union.

(Remainder of Rule Unchanged.)

**[No. 3. ~~Sugar Rule 11.08(5)(a) Entry of Sugar into the United States~~**

~~WHEREAS, on April 14, 2004, the following resolution was adopted by the Board:  
RESOLVED, that the Board, pursuant to Section 301 of the By Laws, hereby interprets Sugar Rule 11.08(5)(a) as meaning that, if the Sugar Act of 1948, as amended, or other equivalent legislation is not in effect at the time of delivery of any sugar delivered under the Sugar No. 11 Futures Contract, the Receiver may enter such sugar into the United States, whether or not for human consumption, unless such entry is prohibited by the government of the country of origin or by any contractual obligation required by such government.]~~