


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

BY ELECTRONIC TRANSMISSION

Submission No. 16-53
May 16, 2016

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: Non-Material Agricultural Rule Change: Amendments to Cotton Rule 10.19 Submitted pursuant to Regulation 40.4(b)(5) and Conforming Amendments to World Cotton Rule 12.03 Submitted Pursuant to Regulation 40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Regulations 40.4(b)(5) ICE Futures U.S., Inc. (“IFUS” or “Exchange”) submits by written certification changes to Cotton Rule 10.19 concerning bagging standards. As described below, the Exchange, including the members of its Cotton Committee, have determined that the amendments to Rule 10.19 reflect non-material changes to the terms and conditions of the Cotton No. 2[®] contract, and as such, can become effective with respect to contract months in which there is open interest, without the specific approval of the Commission. The Exchange also submits herewith, pursuant to Regulation 40.6(a), parallel amendments to World Cotton Rule 12.03. All of the amendment, as set forth in Exhibit A, will become effective June 1, 2016.

Exchange Rule 10.19 provides that only bales which are packaged under standards that have been approved by the Joint Cotton Industry Bale Packaging Committee (or “JCIBPC”) can be delivered under the Cotton No. 2[®] contract. The JCIBPC is organized by the National Cotton Council to set standards for bale packaging in the U.S. It has broad representation from 5 industry segments--mills, producers/ginners, warehouses, merchants and co-ops. As part of its responsibilities the JCIBPC approves detailed specifications for the materials used to wrap and band bales, and conducts experimental test programs to assess new materials. These experimental test programs run for a particular crop year and must be reauthorized for further testing in order to continue for the next crop year. Experimental materials may also be fully approved and thereby become part of the JCIBPC standards.

JCIBPC has asked the Exchange to consider amending Rule 10.19 to also accept bales packaged under its experimental test programs. The Exchange has discussed these experimental programs with industry participants, analyzed data provided by JCIBPC on such programs in the ten-year

period from 2005 to 2015 and determined that these test program bales accounted for only approximately 5.1% of all US bales produced in the period. The Exchange also received data

from JCIBPC regarding the outcome of each annual experimental test program, indicating whether in the following year each such test program was extended for another year, not extended because the submitter dropped its request, or resulted in full approval of the test material. This analysis was reviewed with the Exchange's Cotton Committee, which unanimously recommended adoption of the amendments to Cotton Rule 10.19.

Specifically, the amendments provide that:

1 - JCIBPC approval of the specific annual experimental test program must include an explicit recommendation that bales produced under the test program for that crop year be eligible for Exchange delivery. In other words, a test program would not automatically render the bales packaged under the program eligible for delivery;

2 - such a recommendation by the JCIBPC must be based on review of at least one year of testing under that experimental test program;

3 - a JCIBPC recommendation for a specific experimental test program for a crop year does not make bales that were packaged under an earlier version of that experimental test program for an earlier crop year eligible for Exchange delivery; and

4 - if JCIBPC does recommend that bales produced under an experimental test program for a crop year be eligible for Exchange delivery, and subsequently determines to neither fully approve the test program materials nor extend such program for another crop year (with a recommendation that bales be eligible for Exchange delivery), then all bales that already have deliverable status as of the date of such JCIBPC determination shall retain their deliverable status but no new bales from that experimental test program and crop year may become deliverable.

The foregoing amendments were adopted by the Exchange along with amendments to World Cotton Rule 12.03 to conform the relevant provisions of that Rule with the amendments to the Cotton No. 2 Rules. The Cotton Committee and the Board each concluded that the amendments do not materially effect the terms and conditions of the contract and therefore could be made effective to contract months with open interest.

The Exchange certifies that the amendments comply with the Commodity Exchange Act, as amended, and the regulations thereunder. There were no substantive opposing views to the amendments. The Exchange further certifies that concurrent with this filing a copy of this

submission was posted on the Exchange's website at (<https://www.theice.com/futures-us/regulation#rule-filings>).

If you have any questions or need further information, please contact me at Audrey.hirschfeld@theice.com.

Sincerely,

A handwritten signature in blue ink that reads "Audrey R. Hirschfeld". The signature is written in a cursive, flowing style.

Audrey R. Hirschfeld
SVP and General Counsel

cc: Division of Market Oversight

EXHIBIT A

[in the text additions are underscored and deletions overstruck]

Rule 10.19. Bands and Bagging

(a) Six (6) or eight (8) bands and/or ties depending on the configuration and being of such material as approved for such use by The Joint Cotton Industry Bale Packaging Committee (“JCIBPC”) and bagging material as approved for use by the JCIBPC shall be considered sufficient for each bale of cotton that is compressed to Gin Universal Density. Any excess bands and/or ties and any excess bagging shall, at the option of the Receiver, be removed from the bale or be deducted from the gross weight. If a bale has less than the prescribed number of bands and/or ties, such bands and/or ties are to be put on by the warehouse at the expense of the seller.

(b) The actual tare weight (weight of bagging and ties, and patches, if any) shall be deducted from the gross weight (scale weight) of the bale.

(c) In the event of a disagreement as to the quantity of bagging on any bale of cotton submitted for inspection, the Exchange or its designated agent may require such bale to be stripped.

(d) Notwithstanding the above, bales that are packaged in materials (including bagging material and the number and material of bands and/or ties) that are being evaluated by the JCIBPC as part of an approved test program for the applicable crop year are permitted for delivery subject to the following conditions:

(1) the JCIBPC approval of the experimental test program for the applicable crop year must include an explicit determination by the JCIBPC that bales in that experimental test program for such crop year should be allowed for delivery on the contract, provided that such a determination (hereafter, the “JCIBPC Determination”) may only be made after JCIBPC has considered the results of at least one full crop year test period for that experimental test program;

(2) a JCIBPC Determination for a crop year shall not grant deliverable status to bales packaged as part of that approved experimental test program for any earlier crop year; and

(3) in the event that, following a JCIBPC Determination under paragraph (1) above, JCIBPC subsequently (1) does not fully approve the experimental test program materials for the next crop year, and (2) does not issue a new JCIBPC Determination in the course of extending the experimental test program for the next crop year, then each bale that has already gained and retains deliverable status pursuant to the JCIBPC Determination with respect to the experimental test program materials shall retain its deliverable status, but no additional bales covered by the JCIBPC Determination for that experimental test program for an earlier crop year shall be accepted as deliverable or regain deliverable status.

Rule 12.03 Official Standards and Undeliverable Cotton

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(f)(ii) Bands and Bagging:

(a) For U.S. Cotton, six (6) or eight (8) bands and/or ties depending on the configuration and being of such material as approved for such use by The Joint Cotton Industry Bale Packaging Committee (“JCIBPC”) and bagging material as approved for use by the JCIBPC shall be considered sufficient for each bale of cotton that is compressed to Gin Universal Density.

(b) Notwithstanding the above, bales that are packaged in materials (including bagging material and the number and material of bands and/or ties) that are being evaluated by the JCIBPC as part of an approved test program for the applicable crop year are permitted for delivery subject to the following conditions:

(1) the JCIBPC approval of the experimental test program for the applicable crop year must include an explicit determination by the JCIBPC that bales in that experimental test program for such crop year should be allowed for delivery on the contract, provided that such a determination (hereafter, the “JCIBPC Determination”) may only be made after JCIBPC has considered the results of at least one full crop year test period for that experimental test program;

(2) a JCIBPC Determination for a crop year shall not grant deliverable status to bales packaged as part of that approved experimental test program for any earlier crop year; and

(3) in the event that, following a JCIBPC Determination under paragraph (1) above, JCIBPC subsequently (1) does not fully approve the experimental test program materials for the next crop year, and (2) does not issue a new JCIBPC Determination in the course of extending the experimental test program for the next crop year, then each bale that has already gained and retains deliverable status pursuant to the JCIBPC Determination with respect to the experimental test program materials shall retain its deliverable status, but no additional bales covered by the JCIBPC Determination for that experimental test program for an earlier crop year shall be accepted as deliverable or regain deliverable status.

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(balance of the Rule unchanged)