



Submission No. 17-64  
May 25, 2017

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 AB NIT (7a/5a) Index Future and Related Amendments (1 of 2)**  
**Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.2 and 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Commission Regulations 40.2 and 40.6(a), ICE Futures U.S., Inc. (“Exchange”) submits, by written certification, new Rules 18.A.184 and 18.A.185, and amendments to Resolutions 1 and 2 of Chapter 18, and the Exchange’s Block Trade Procedures, which are codified in the Exchange’s Block Trade FAQ, as set forth in Exhibit A. The new rules and amendments provide for two new financial natural gas futures contracts, which will be listed on June 12, 2017.

**AB NIT**

The Exchange is listing two new futures contracts based on the AB NIT market center. The acronym AB-NIT refers to the Alberta, Canada and Nova Inventory Transfer hub. The Alberta System is a network comprising 14,100 miles of pipeline that gathers natural gas for use both in Alberta and for delivery to provincial border points for export to North American markets. The Alberta System is one of the largest natural gas transmission systems in North America and gathers 66 percent of natural gas produced in Western Canada. The AB NIT (7a/5a) Index Future is a monthly cash settled futures contract based on the result of subtracting the monthly price published by Canadian Gas Price Reporter for AB-NIT Month Ahead Index 7a, from the average of the daily prices published by Canadian Gas Price Reporter for AB-NIT 5a. The AB NIT 5a Swing Future is a daily futures contract based on the daily price published by Canadian Gas Price Reporter for AB-NIT 5a.

Contract Name	Contract Code	Contract Size (MMBtu)	Minimum Tick <sup>1</sup>	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR	Minimum Block Size	Spot Month Position Limit
AB NIT (7a/5a) Index Future	NG7	2,500	\$0.0005	\$0.20	3	5	0.02	25	14,300

<sup>1</sup> As noted, above, the minimum price fluctuation is \$0.0005 for screen trades for the AB NIT (7a/5a) Index Future and \$0.0001 for screen trades for the AB NIT 5a Swing Future (US/MM). For blocks and other trades outside the central limit order book, the minimum price fluctuation is \$0.0001 for the aforementioned futures.

AB NIT 5a Swing Future (US/MM)	NG5	2,500	\$0.0001	\$4.00	3	5	0.05	25	14,300
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The listing cycle for the AB NIT (7a/5a) Index Future is up to 120 consecutive monthly contract periods, or as otherwise determined by the Exchange. The listing cycle for the AB NIT 5a Swing Future (US/MM) is up to 65 consecutive daily contract periods, or as otherwise determined by the Exchange. The block trade minimum size of 25 lots is consistent with minimum sizes for similar natural gas contracts currently listed by the Exchange. The spot month limit of 14,300 is consistent with similar natural gas contracts currently listed by the Exchange.

### **Certifications**

The new rules and rule amendments will become effective with the listing of the new financial natural gas contracts on June 12, 2017. The Exchange is not aware of any substantive opposing views to the new financial natural gas contracts. 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 contracts are set forth in new Rules 18.A.184 and 18.A.185, and amendments to Resolutions 1 and 2 of Chapter 18, and the Exchange's Block Trade Procedures, and will be enforced by the Exchange. In addition, trading of the contracts 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 contracts are not readily subject to manipulation as they are based on established and liquid underlying cash markets. In addition, trading of the new contracts will be monitored by the Market Regulation Department.

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

Positions in the new financial natural gas futures contracts will be subject to position limit 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.

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

The new financial natural gas futures contracts 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 312-836-6746 or at [conor.weber@theice.com](mailto:conor.weber@theice.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Conor Weber". The signature is fluid and cursive, with the first name "Conor" being more prominent than the last name "Weber".

Conor Weber  
Compliance Counsel  
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.184	AB NIT (7a/5a) Index Future	\$0.0005	\$0.0001
18.A.185	AB NIT 5a Swing Future (US/MM)	\$0.0001	\$0.0001

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

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Spot Month Limit	Single Month Accountability Level	All Month Accountability Level	Aggregate 1 (Positive Correlation)	Aggregate 2 (Negative Correlation)	Exchange Reportable Level
18.A.184	AB NIT (7a/5a) Index Future	NG7	2,500	MMBtu	14,300	14,300	50,000	NG5		25
18.A.185	AB NIT 5a Swing Future (US/MM)	NG5	2,500	MMBtu	14,300	14,300	50,000	NG5		1

## **18.A.184 AB NIT (7a/5a) Index Future**

**Contract Description:** A monthly cash settled Exchange Futures Contract based upon the mathematical result of subtracting the monthly price published by Canadian Gas Price Reporter, as defined in Reference Price B, from the average of the daily prices published by Canadian Gas Price Reporter, as defined in Reference Price A.

**Contract Symbol:** NG7

**Settlement Method:** Cash Settlement

**Contract Size:** 2500 MMBtus

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be One hundredth of a cent (\$0.0001) per MMBtu; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18.

**Listing Cycle:** Up to 120 consecutive monthly Contract Periods, or as otherwise determined by the Exchange

**Last Trading Day:** The last Business Day prior to the first calendar day of the Contract Period

**Reference Price A:** NATURAL GAS-NGX AB-NIT 5a (US\$/MMBTU)-CANADIAN GAS PRICE REPORTER

- a) **Description:** "NATURAL GAS-NGX AB-NIT 5a (US\$/MMBTU)-CANADIAN GAS PRICE REPORTER" means that the price for a Pricing Date will be that day's Specified Price per MMBTU of natural gas for delivery on the Delivery Date, stated in U.S. Dollars, published under the heading "NGX AECO 5a Price Index: Total: Average Price US\$/MMBtu" in the issue of Canadian Gas Price Reporter that reports prices effective for that Pricing Date.
- b) **Pricing Date:** Each day that prices are reported for the Delivery Date
- c) **Specified Price:** Average
- d) **Pricing calendar:** Canadian Gas Price Reporter
- e) **Delivery Date:** Contract Period

**Reference Price B:** NATURAL GAS-NGX AB-NIT MONTH AHEAD INDEX 7A (US\$/MMBTU)-CANADIAN GAS PRICE REPORTER

- a) **Description:** "NATURAL GAS-NGX AB-NIT MONTH AHEAD INDEX 7A (US\$/MMBTU)-CANADIAN GAS PRICE REPORTER" means that the price for a Pricing Date will be that day's Specified Price per MMBTU of natural gas for delivery on the Delivery Date, stated in U.S. Dollars, published under the heading "Monthly Canadian and U.S. natural gas price summary: Canadian Domestic Gas Prices: NGX AB-NIT Month Ahead Index (7A): US\$/MMBtu" in the issue of Canadian Gas Price Reporter that reports prices effective for that Pricing Date.
- b) **Pricing Date:** First publication date of Contract Period

- c) **Specified Price: Index**
- d) **Pricing calendar: Canadian Gas Price Reporter**
- e) **Delivery Date: Contract Period**

**Final Payment Date: The Clearing Organization business day following the first Canadian business day following the last Business Day of the Contract Period.**

**18.A.185 AB NIT 5a Swing Future (US/MM)**

**Contract Description:** A daily cash settled Exchange Futures Contract based upon the daily price published by Canadian Gas Price Reporter for the location specified in Reference Price A

**Contract Symbol:** NG5

**Settlement Method:** Cash Settlement

**Contract Size:** 2500 MMBtus

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be One hundredth of a cent (\$0.0001) per MMBtu; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18.

**Listing Cycle:** Up to 65 daily Contract Periods, or as otherwise determined by the Exchange

**Last Trading Day:** The Business Day prior to the Contract Period

**Reference Price A:** NATURAL GAS-NGX AB-NIT 5a (US\$/MMBTU)-CANADIAN GAS PRICE REPORTER

- a) **Description:** "NATURAL GAS-NGX AB-NIT 5a (US\$/MMBTU)-CANADIAN GAS PRICE REPORTER" means that the price for a Pricing Date will be that day's Specified Price per MMBTU of natural gas for delivery on the Delivery Date, stated in U.S. Dollars, published under the heading "NGX AB-NIT 5a Index: Avg. Price US\$/MMBtu" in the issue of Canadian Gas Price Reporter that reports prices effective for that Pricing Date.
- b) **Pricing Date:** Each day that prices are reported for the Delivery Date
- c) **Specified Price:** Average
- d) **Pricing calendar:** Canadian Gas Price Reporter
- e) **Delivery Date:** Contract Period

**Final Payment Date:** The Clearing Organization business day following the first Canadian business day following the last Business Day of the Contract Period.

**[REMAINDER OF RULE UNCHANGED]**



**ICE FUTURES U.S.  
BLOCK TRADE – FAQs**

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<b>Contract Name</b>	<b>Commodity Code</b>	<b>Contract Size</b>	<b>Unit of Trading</b>	<b>Block Minimum (in Lots)</b>
AB NIT (7a/5a) Index Future	NG7	2,500	MMBtu	25
AB NIT 5a Swing Future (US/MM)	NG5	2,500	MMBtu	25

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