



Submission No. 15-153  
September 11, 2015

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 Henry Penultimate Fixed Price Future 25K and Related Amendments (2 of 3)  
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.172 and 18.A.173, 18.E.063, 6.20, 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 and one new financial natural gas options contract, which will be listed on September 28, 2015.

**Henry 25K**

The Exchange is listing two new futures contracts and one new options contract which supplement the existing Henry LD1 and Henry Penultimate contracts. Henry is a series of interstate interconnects with the Sabine natural gas pipeline. Located in southern Louisiana, it has historically been considered the most liquid trading point in the gas distribution system and is used the benchmark for gas prices across the U.S., which are generally set at differentials to Henry. The Henry LD1 Fixed Price Future 25K and Henry Penultimate Fixed Price Future 25K contracts are monthly cash settled Exchange futures contracts based on the price of the NYMEX Henry Hub Natural Gas Futures Contract. The Option on Henry Penultimate Fixed Price Future 25K is a monthly option on the corresponding contract period of the Henry Penultimate Fixed Price Future 25K.

Contract Name	Contract Size	Minimum Tick <sup>1</sup>	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR	Minimum Block Size	Spot Month Position Limit	Single Month Accountability Level
Henry LD1 Fixed Price Future 25K	25,000	\$0.0010	\$0.20	3	5	0.04	2	400	2,400

<sup>1</sup> The minimum price fluctuation is \$0.0010 for screen trades for each of the above contracts. For blocks and other trades outside the central limit order book, the minimum price fluctuation is \$0.0010 for the Henry LD1 future and \$0.0001 for the Henry Penultimate future and option.

Henry Penultimate Fixed Price Future 25K	25,000	\$0.0010	N/A	N/A	N/A	0.04	2	N/A	2,400
Option on Henry Penultimate Fixed Price Future 25K	25,000	\$0.0010	N/A	N/A	N/A	20% of Premium FMV up to 0.05	6	N/A	2,400

The listing cycle for the Henry LD1 Fixed Price Future 25K contract is up to 156 consecutive monthly contract periods. The listing cycle for the Henry Penultimate Fixed Price Future 25K and Option on Henry Penultimate Fixed Price Future 25K contracts is up to 84 consecutive monthly contract periods. Trading hours are 7:50PM to 6:00PM the next day. The spot month position limits and accountability levels for the aforementioned Henry LD1 and Henry Penultimate 25K contracts are consistent with the spot month position limit for similar natural gas contracts currently listed by the Exchange (converted to adjust for the contract size differential). The block trade minimum sizes of 2 and 6 lots are consistent with minimum sizes for similar natural gas contracts currently listed by the Exchange (converted to adjust for the contract size differential).

### **Certifications**

The new rules and rule amendments will become effective with the listing of the new financial natural gas contracts on September 28, 2015. 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.172 and 18.A.173, 18.E.063, 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 limits 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#Rule-Filings>).

If you have any questions or need further information, please contact me at 212-748-4021 or at [jason.fusco@theice.com](mailto:jason.fusco@theice.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Jason V. Fusco". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jason V. Fusco  
Assistant General 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.172	Henry LD1 Fixed Price Future 25K	0.0010	0.0010	
18.A.173	Henry Penultimate Fixed Price Future 25K	0.0010	0.0001	
18.E.063	Option on Henry Penultimate Fixed Price Future 25K	0.0010	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	Spot Month Accountability Level	Single Month Accountability Level	All Month Accountability Level	Aggregate 1 (Positive Correlation)	Aggregate 2 (Negative Correlation)	Exchange Reportable Level
18.A.172	Henry LD1 Fixed Price Future 25K	HHL	25,000	MMBtu	400		2,400	4,800	H		1
18.A.173	Henry Penultimate Fixed Price Future 25K	HHP	25,000	MMBtu	NA	400	2,400	4,800	PHH		1
18.E.063	Option on Henry Penultimate Fixed Price Future 25K	HHP	25,000	MMBtu	NA	400	2,400	4,800	PHH		1

\*As noted in the cover letter above, the spot month position limits and accountability levels for the new Henry LD1 and Henry Penultimate 25K contracts are consistent with the spot month position limit for similar natural gas contracts currently listed by the Exchange (converted to adjust for the contract size differential). The existing contracts, upon which such levels are based, are provided below for convenience.

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Spot Month Limit	Spot Month Accountability Level	Single Month Accountability Level	All Month Accountability Level	Aggregate 1 (Positive Correlation)	Aggregate 2 (Negative Correlation)	Exchange Reportable Level
18.A.139	Henry LD1 Fixed Price Future	H	2,500	MMBtu	4,000		24,000	48,000	H		200
18.A.142	Henry Penultimate Fixed Price Future	PHH	2,500	MMBtu	NA	4,000	24,000	48,000	PHH		200
18.E.004	Option on Henry Penultimate Fixed Price Future	PHE	2,500	MMBtu	NA	4,000	24,000	48,000	PHH		200

**18.A.172 Henry LD1 Fixed Price Future 25K**

**Contract Description:** A monthly cash settled Exchange Futures Contract based upon the monthly price published by NYMEX for the location specified in Reference Price A

**Contract Symbol:** HHL

**Settlement Method:** Cash settlement

**Contract Size:** 25,000 MMBtus

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be One tenth of a cent (\$0.001) per MMBtu; minimum price fluctuation may vary by trade type. Please see Table in Resolution 1 to this Chapter 18

**Listing Cycle:** Up to 156 consecutive monthly Contract Periods

**Last Trading Day:** Three Business Days prior to the first calendar day of the Contract Period

**Final Settlement:** Reference Price A

**Reference Price A:** NATURAL GAS-NYMEX

- a) **Description:** "NATURAL GAS-NYMEX" means that the price for a Pricing Date will be that day's Specified Price per MMBTU of natural gas on the NYMEX of the Henry Hub Natural Gas Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Pricing Date
- b) **Pricing Date:** Last scheduled trading day of the NYMEX Henry Hub Natural Gas Futures Contract for the Delivery Date
- c) **Specified Price:** Settlement Price
- d) **Pricing calendar:** NYMEX
- e) **Delivery Date:** Contract period

**Final Payment Date:** The first Clearing Organization business day following the Last Trading Day

**18.A.173 Henry Penultimate Fixed Price Future 25K**

**Contract Description:** A monthly cash settled Exchange Futures Contract based upon the monthly price published by NYMEX for the location specified in Reference Price A

**Contract Symbol:** HHP

**Settlement Method:** Cash settlement

**Contract Size:** 25,000 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 84 consecutive monthly Contract Periods

**Last Trading Day:** Four Business Days prior to the first calendar day of the Contract Period

**Final Settlement:** Reference Price A

**Reference Price A:** NATURAL GAS-NYMEX

- a) **Description:** "NATURAL GAS-NYMEX" means that the price for a Pricing Date will be that day's Specified Price per MMBTU of natural gas on the NYMEX of the Henry Hub Natural Gas Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Pricing Date
- b) **Pricing Date:** One Business Day prior to the last scheduled trading day of the NYMEX Henry Hub Natural Gas Futures Contract for the Delivery Date
- c) **Specified Price:** Settlement Price
- d) **Pricing calendar:** NYMEX
- e) **Delivery Date:** Contract period

**Final Payment Date:** The first Clearing Organization business day following the Last Trading Day

**18.E.063 Option on Henry Penultimate Fixed Price Future 25K**

**Contract Description:** A monthly Option on the corresponding Contract Period of the Henry Penultimate Fixed Price Future 25K

**Contract Symbol:** HHP

**Settlement Method:** Exercise into Underlying Futures Contract

**Contract Size:** 25,000 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 84 consecutive monthly Contract Periods

**Last Trading Day:** At 2:30pm EPT on the fourth Business Day prior to the first calendar day of the Contract Period

**Option Style:** European

**Exercise Method:** Automatic Only

**Exercise Procedure:** Manual exercise or abandon is not permitted

**Exercise Day:** The Last Trading Day

**Automatic Exercise Provisions:** Options which are "in the money", with respect to Reference Price A, exercise automatically into the Underlying Futures Contract with a contract price equal to the Strike Price.

Options which are "out of the money" expire automatically.

**Reference Price A:** NATURAL GAS-NYMEX

- a) **Description:** "NATURAL GAS-NYMEX" means that the price for a Pricing Date will be that day's Specified Price per MMBTU of natural gas on the NYMEX of the Henry Hub Natural Gas Futures Contract for the Delivery Date, stated in U.S. Dollars, as made public by the NYMEX on that Pricing Date
- b) **Pricing Date:** One Business Day prior to the last scheduled trading day of the NYMEX Henry Hub Natural Gas Futures Contract for the Delivery Date
- c) **Specified Price:** Settlement Price
- d) **Pricing calendar:** NYMEX
- e) **Delivery Date:** Contract Period



**Strike Price Listing:** A minimum of 10 Strike Prices in increments of \$0.25 per MMBtu 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

**[REMAINDER OF RULE UNCHANGED]**

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

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Contract Name	Commodity Code	Contract Size	Unit of Trading	Block MQR (in Lots)
Henry LD1 Fixed Price Future 25K	HHL	25,000	MMBtus	2
Henry Penultimate Fixed Price Future 25K	HHP	25,000	MMBtus	2
Option on Henry Penultimate Fixed Price Future 25K	HHP	25,000	MMBtus	6

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## Rule 6.20. Position Limits, Conditional Limits and Position Accountability for Energy Contracts

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(c) A Conditional Limit in the Henry ~~[Hub]~~ LD1 Fixed Price Future of up to five (5) times the spot month position limit of the Henry LD1 Fixed Price Future, which includes positively aggregated positions held in the Henry LD1 Fixed Price Future 25K contract, may be granted for the period that spot month position limits are in effect. To be eligible for a Conditional Limit under this Rule, a Person must submit a completed Conditional Limit Request Form to the Exchange and agree:

(i) not to hold or control a position in the corresponding CME/NYMEX Natural Gas Futures contract during the last three days of trading;

(ii) to provide the Exchange with information on all positions related to Henry Hub Contracts; and

(iii) to provide such other information as may be requested by the Exchange.

(d) The spot month position limits for the Henry LD1 Fixed Price Futures and Henry LD1 Fixed Price Futures 25K contracts ~~[Contract]~~ shall be effective on the Last Trading Day and the two Business Days preceding the Last Trading Day of the Contract Period, as such term is defined in Chapter 18 of the Rules, provided, however, that such spot month limits shall not become effective for the January 2015 Contract Period until December 24, 2014.

(e) The spot month position limits for Natural Gas contracts (excluding the Henry LD1 Fixed Price Future, Henry LD1 Fixed Price Future 25K[+] and the U.S. EIA Financial Weekly Index) shall be effective during the last five Business Days of the calendar month that precedes the Contract Period, as such term is defined in Chapter 18 of the Rules, provided, however, that such spot month limits shall not become effective for the January 2015 Contract Period until December 24, 2014. The spot month position limit for the U.S. EIA Financial Weekly Index shall be effective for the first expiration week in the rolling listing cycle.

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