



Atlanta Calgary Chicago Houston London New York Singapore

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

**BY ELECTRONIC TRANSMISSION**

Submission No. 20-111  
October 1, 2020

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 the Coffee “C” Futures Contract Rules  
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”) and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“IFUS” or “Exchange”) hereby self-certifies the amendments to Rules 8.01, 8.12 and Appendices I and II of Chapter 8 of the Exchange Rules, as set forth in Exhibit A. The amendments clarify several provisions in the Coffee “C” Futures Contract rules relating to delivery. As described below, the amendments: (i) codify warehouse rent payment obligations for coffee during the month in which it is delivered against an Exchange futures contract; (ii) expressly require coffee that is being delivered against the Coffee “C” Futures Contract to be unencumbered; (iii) redefine the Port of Miami delivery point; and (iv) delete an obsolete Rule that provides for grading of coffee that is not stored in an Exchange licensed warehouse.

### **Amendment to Rule 8.01**

Arabica coffee delivered against the Coffee “C” Futures Contract must be stored in one of several approved locations, including the Port of Miami.<sup>1</sup> Exchange Rule 8.01(a)(12) defines the Port of Miami as “both the Port of Miami and Port Everglades as defined from time to time by the State of Florida.” After recent discussions with commercial participants and representatives from the Port of Miami, the Exchange learned that the defined Port of Miami is a small geographic area

---

<sup>1</sup> ICE Futures Rule 8.14(a) provides that “[i]n addition to other applicable terms and conditions set forth in the Rules, each Lot of coffee shall...be stored in a duly licensed warehouse in the Port of New York District, the Port of New Orleans, the Port of Miami, the Port of Antwerp, the Port of Hamburg/Bremen, the Port of Barcelona, the Port of Houston or the Port of Virginia or such other port as may be added from time to time upon the recommendation of the Coffee Committee and the two-thirds vote of the Board...”

that is mostly limited to the shipping terminals and channels. It does not include significant warehouse capacity.

Given the limited warehouse space and capacity within the actual defined Port of Miami itself, the Exchange is amending Rule 8.01(a)(12) to provide that the Port of Miami be defined as the Port of Miami Foreign Trade Zone as established by Miami-Dade County. The Port of Miami Foreign Trade Zone includes the Port of Miami (and all Exchange licensed warehouses in the Port), but encompasses a wider geographic area that currently holds more than 5 million square feet of warehouse space. The Foreign Trade Zone also offers both truck and rail transportation services. The Port of Miami will continue to include the Port of Everglades. The Exchange believes the readily available warehouse space and easy access to transportation will facilitate warehousing and delivery within the Port.

The guidance in appendix C to Part 38 (“Guidance”) of the Commission’s regulations states that, “[d]elivery point/area specifications should provide for futures delivery at a single location or at multiple locations where the underlying cash commodity is normally transacted or stored and where there exists a viable cash market(s).” The Exchange asserts that the revised definition meets this criteria. Furthermore, both the Exchange’s Board of Directors and the Coffee Committee determined, by unanimous votes, that the amendment clarifies the Rule to conform with commercial practice for the Miami delivery point and does not impact the value of the futures contract or the quality of the merchandise being delivered, and therefore may be implemented to any contract month without delay.

## **Amendments to Rule 8.12**

Exchange Rule 8.12 sets forth the delivery and payment obligations for the Coffee “C” Futures Contract. Arabica coffee that is delivered against the contract must be stored in an Exchange licensed warehouse.<sup>2</sup> The amendments to Rule 8.12(f) clarify the warehouse rent payment obligations for a lot of coffee during the month in which delivery is made. Specifically, the amendments codify the longstanding practice in which the Deliverer pays the warehouse operator rent upfront for the full calendar month and, in turn, the Receiver reimburses the Deliverer for rent for each calendar day after the Delivery Date via a credit to the Deliverer on the delivery invoice issued by the Exchange.

New Rule 8.12(h) adds an express warranty of title to the Coffee “C” Futures Contract. The amendment provides that the “Deliverer warrants to the Receiver that the Coffee delivered under the contract is free of all liens and/or claims of all kinds.” This provision codifies the long-implied obligation of a Deliverer to deliver unencumbered coffee to which the Receiver’s access is not impaired.

The amendments to Rule 8.12 are consistent with the Guidance, which states that contract terms and conditions should “specify appropriately detailed delivery procedures that describe the responsibilities of deliverers, receivers and any required third parties in carrying out the delivery process... These procedures should seek to minimize or eliminate any impediments to making or taking delivery by both deliverers and takers of delivery to help ensure convergence of cash and futures at the expiration of a futures delivery month.” After considering the amendments to Rule 8.12(f) and new Rule 8.12(h), the Exchange’s Board of Directors and the Coffee Committee determined, by unanimous votes, that the amendments codify current practice and do not impact

---

<sup>2</sup> See ICE Futures U.S. Rule 8.14(a).

the value of the futures contract or the quality of the merchandise being delivered, and therefore may be implemented to any contract month without delay.

### **Amendments to Appendices I and II of Chapter 8**

Coffee "C" Rule Chapter Appendices I and II each include provisions for Exchange grading of Arabica coffee that is not stored in an Exchange licensed warehouse. These provisions are being deleted because they are obsolete and have not been used for at least 20 years. Furthermore, the provisions do not provide sufficient clarity for the treatment of such lots in the event that the owner of the coffee subsequently seeks to make the lot deliverable by moving it into an Exchange Licensed Store. The Exchange's Board of Directors and the Coffee Committee determined, by unanimous votes, that the deletion of the Appendix provisions for the grading of coffee does not impact the value of the futures contract or the quality of the merchandise being delivered, and therefore may be implemented to any contract month without delay.

The Exchange is not aware of any opposing views and certifies that the amendments to Rules 8.01, 8.12 and Appendices I and II of Chapter 8, which will become effective on October 19, 2020 comply with the requirements of the Act and the rules and regulations promulgated thereunder. Specifically, the amendments comply with the following core principles:

**Core Principle 2 (Compliance with Rules)** - The amendments to Rules 8.01, 8.12 and Appendices I and II of Chapter 8 better identify delivery obligations and delivery points for the Coffee "C" Futures Contract. The amendments will not affect the Exchange's ability to assure compliance with its rules and fulfill its market surveillance obligations under the Act.

**Core Principle 3 (Contracts not Readily Susceptible to Manipulation)** – The Coffee "C" Futures Contract is not readily susceptible to manipulation as it is based on a highly liquid underlying commodity.

**Core Principle 7 (Availability of General Information)** - - The amendments codify existing practices and better identify delivery obligations and delivery points for the Coffee "C" Futures Contract in the Exchange's Rules. Further, Rules 8.01, 8.12 and Appendices I and II of Chapter 8 of the Exchange Rules are posted along with all other rules on the Exchange's website.

The Exchange further certifies that, concurrent with this filing, a notice of pending certification was posted on the Exchange's website as well as a copy of this submission, which 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,



Jason V. Fusco  
Assistant General Counsel  
Market Regulation

Enc.

## EXHIBIT A

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

### Rule 8.01. Definitions; Calculation of Time

\* \* \*

#### (12) Port of Miami

The "Port of Miami" shall mean both [~~the Port of Miami and~~] Port Everglades as defined from time to time by Broward County [~~the laws of the State of Florida~~] and the Port of Miami Free Trade Zone as defined from time to time by Miami-Dade County.

(Remainder of the Rule unchanged.)

### Rule 8.12. Delivery and Payment

\* \* \*

(f) Deliverer shall pay the warehouse operator for storage up to and including the last calendar day of the delivery month. Receiver shall be responsible for payment of storage commencing on the calendar day after the Date of Delivery, and the Exchange Invoice shall be calculated so that the Receiver reimburses the Deliverer [is charged for any remaining prepaid] for storage for the period between the calendar day after the Date of Delivery through the last calendar day of the delivery month.

(g) If the final Delivery Worksheet does not contain one (1) or more Weight Notes with respect to a given Lot on the Date of Delivery:

(1) the Exchange Invoice shall be designated a pro forma Exchange Invoice and the Receiver's account shall be debited and the Deliverer's account credited by the Clearing Organization the amount specified in the pro forma Exchange Invoice;

(2) the Deliverer must have the Weight Note(s) issued to the Receiver no later than the fifth (5<sup>th</sup>) Business Day following the last permissible delivery day of the delivery month, at which time the Receiver and Deliverer shall settle directly between them any amounts due and owing based upon the weight specified in such Weight Note(s); and

(3) the Deliverer issuing the request for weighing shall be liable for the repair of bags which, as a result of the weighing process, become, or are discovered to be, torn or bursting.

(h) In making delivery, the Deliverer warrants to the Receiver that the Coffee delivered under the contract is free of all liens and/or claims of all kinds.

(Remainder of the Rule unchanged.)

**APPENDIX I**  
**Procedures for Sampling Coffee**

\* \* \*

**(f) Procedure.**

(1) Each Master Sampler selected to sample coffee shall be responsible for printing three (3) copies of the appropriate Sampling Orders from eCOPS.

(2) In drawing a sample, a Sampler shall act in accordance with commercial practice, except as modified by these sampling procedures.

(3) If coffee to be sampled is not located in a Licensed Store, the Sampler shall make reasonable efforts to conform to these procedures.

(4) Each sample shall be drawn by means of a standard coffee tier and shall consist of coffee from (i) at least ten percent (10%) of the total number of bags listed in the Sampling Order, and (ii) at least two (2) sides of every pile, at least one (1) of which must be on the long side of the tier or aisle. Once the sample has been drawn, the Master Sampler shall scrape the bag surface area of the tier hole to re-close the bag weaving to minimize spillage.

(5) All samples must be placed directly in sampling bags. When an appropriate sized sample has been drawn, the Sampler shall immediately tie, seal, and tag the bag.

(6) All samples must be delivered to the Exchange within two (2) Business Days following receipt of the Sampling Order (or three (3) Business Days in the case of coffee stored in Antwerp, Hamburg/Bremen, Barcelona, Houston, the Port of Virginia, New Orleans or Miami), or within such longer period as allowed by the Exchange for good cause shown.

(7) Samples shall be no more than and no less than five (5) pounds.

(8) ~~reserved [In the case of coffee which has been moved to a Licensed Store from an unlicensed store or dock, where it was sampled and graded, the Exchange shall select a second Sampler (to be known as a "Comparison Sampler") who shall draw a sample for comparison by the original panel of graders with the sample which was originally drawn and graded.]~~

(Remainder Unchanged)

**APPENDIX II**  
**Procedures for Grading Coffee and Issuance of Certificates of Grade**

The following procedures must be followed by Members and Licensees in connection with the grading of Coffee "C":

**(a) eCOPS Sampling Order.**

(1) A Person who wishes to have coffee graded by the Exchange shall first (1<sup>st</sup>) submit to the Exchange a Sampling Order in the form prescribed by the Exchange. eCOPS will assign an Exchange identification number to each Sampling Order.

(2) No Sampling Order will be processed unless it is fully completed.

\* \* \* \*

**(k) reserved [Coffee not in Licensed Store.**

~~If a Sampling Order is submitted with respect to coffee which is in an unlicensed store or on pier, in an approved delivery port, the Exchange shall cause such coffee to be sampled and graded and, if appropriate, shall issue a written statement of the grading results; provided, however, the Exchange will not issue a Certificate of Grade which states that the coffee meets Exchange standards with respect to such coffee unless and until each of the following conditions has been met;~~

~~(1) Such coffee shall have been moved to a Licensed Store within thirty (30) days after the rendering of a decision by the grading panel;~~

~~(2) The warehouse to which the coffee is moved issues an EWR;~~

~~(3) Authorization is issued to the Exchange to draw a comparison sample and the sample so drawn is found by the original panel of graders to correspond with the original sample or samples on which the grading was determined. If at any time one (1) or more of the members of such original panel of graders is not available, the Exchange shall randomly fill such vacancy from the panel of licensed graders; and~~

~~(4) All other requirements for the issuance of a Certificate of Grade hereunder have been fully satisfied.]~~

(Remainder Unchanged)