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

Submission No. 24-144
October 10, 2024

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

Re: New Crude Diff - Argus X-Pipe Midland WTI vs WTI Trade Month Future and Related Amendments (1 of 1)
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.2

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "CEA"), and Commission Regulations 40.2, ICE Futures U.S., Inc. ("Exchange") submits, by written certification, new Rule 19.C.164, and amendments to Resolutions 1 and 2 of Chapters 19. The new rules and amendments provide for one new futures contract, which will be listed on or about October 28, 2024, or such other date as the Exchange shall determine which shall be no sooner than the second business day following the business day on which this submission is received by the Commission.

Oil Americas Futures Contract

The Crude Diff - Argus X-Pipe Midland WTI vs WTI Trade Month Future ("AXM") is a monthly cash settled future based on the Argus daily assessment for the Ex-Pipe Midland WTI (1st month) Diff weighted average. The futures price is expressed as a differential to the value of the WTI Trade Month Future. The contract will cease trading at the close of trading on the last business day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, trading shall cease on the first business day prior to the 25th calendar day. At expiry, the contract will cash settle to a price in USD and cents per barrel based on the average of the "Diff weighted average" quotations appearing in the *Argus Crude* report under the heading "US Gulf Coast and Midcontinent" subheading "WTI" for "WTI Ex-pipe Cushing" for each business day in the trade month.

As background, in the 36 months prior to and including July 2024, an average of over 20 million bbls (approximately 670,000 bbls/d) of crude oil was transported by pipeline from PADD-3 (Gulf Coast, including Texas) to PADD-2 (Midwest, including Cushing, OK) per month.[1] Cushing, OK plays an important and strategic role in the crude oil markets. In the same time period, an average of over 30 million bbls of crude oil was held in tank farms and pipelines in Cushing, OK.[2] The contract described herein represents the delivery price of WTI-grade crude oil at Cushing, OK, originating in the Permian Basin, a

[1] U.S. Energy Information Administration, *Midwest (PADD 2) Receipts by Pipeline from Gulf Coast (PADD 3) of Crude Oil* (https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=MCRMPP2P31&f=M)
[2] U.S. Energy Information Administration, Crude Oil Stocks at Tank Farms & Pipelines: Cushing, OK (https://www.eia.gov/dnav/pet/pet_stoc_wstk_dcu_YCUOK_w.htm)

resource rich area of the United States which accounts for over 6 million bbls/d of crude oil production, transported via the Basin Pipeline, operated by Plains All American Pipeline, and the Centurion Pipeline, operated by Energy Transfer Partners.[3] [4] In aggregate, Plains owns or operates over 18,000 miles of crude oil pipelines in the United States and Canada. One of which, the Basin Pipeline, has three origination locations: Jal, NM, Wink, TX, and Midland, TX. Plains has described the pipeline as the "primary route for transporting crude oil from the Permian Basin to Cushing, OK. Basin Pipeline also receives crude oil from a facility in southern Oklahoma which aggregates South Central Oklahoma Oil Province (SCOOP) production."[5] The SCOOP shale play is largely located in the Anadarko Basin in mid-Oklahoma. The segment of the Basin Pipeline that has its termination in Cushing, OK has a capacity of approximately 450,000 bbls/d, although other segments of the pipeline have lower crude oil transportation capacity. The Centurion Pipeline, which originates in Southeast New Mexico, has a system length of approximately 3,000 miles, including lateral spurs extending to Crane, TX, McAmey, TX, and Colorado City, TX, and has approximately 350,000 bbls/d of capacity terminating at Cushing, OK.

The contract size, minimum price fluctuation, Interval Price Limits (IPLs) and IPL recalculation times, No-Cancellation Ranges (NCRs), spot month position limits and single and all month accountability levels are provided in relevant documents attached as Exhibit A. All relevant terms of the contracts are similar to other Oil Americas futures contracts listed by the Exchange. The new contracts are block eligible. The minimum block trade sizes have been set consistent with existing Oil Americas futures contracts. The listing cycles and other relevant specifications are provided in the contract specifications in Exhibit A. New Exchange Rule 19.C.164 lists the new futures contract. The Exchange believes that the AXM contract is substantially the same as an existing contract (*look-a-like*) currently listed on another designated contract market. Therefore, pursuant to CFTC Regulation 150.5(b)(3), the Exchange has set spot month position limits and single and all-months-combined accountability levels for such contract at levels identical to the existing contract listed by such designated contract market, in compliance with the requirement.[6] Additionally, it is the Exchange's good faith belief that the above-referenced Oil Americas futures contract does not meet the definition of *referenced contract* as prescribed in CFTC Regulation §150.1.

<u>Certifications</u>

The rules and amendments establishing the new futures contract's terms and conditions are to become effective on the second business day following the business day on which this submission is received by the Commission. The Exchange is not aware of any substantive opposing views to the new futures contract. 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

---

[3] U.S. Energy Information Administration, *Permian Region Drilling Productivity Report* (May 2024) (https://www.eia.gov/petroleum/drilling/pdf/permian.pdf)

[4] Argus Media, *Argus Americas Crude Methodology*, pgs. 5 and 9, (September 2024) https://www.argusmedia.com/-/media/Files/methodology/argus-americas-crude.ashx (Providing that "the assessment is based on prevailing "stream quality" as it exits the pipeline system and is made available fob from the terminal" and for a minimum trade quantity of 1,000 bbls for the Ex-Basin pipeline market.)

[5] Plains All American Pipeline, *Form 10-K (2023)*, pg. 13, (https://s3.amazonaws.com/sec.irpass.cc/789/0001070423-24-000008.pdf)

[6] 17 C.F.R. § 150.5(b)(3) (October 15, 2020) (relevant regulation providing that: "For any newly listed commodity derivative contract subject to paragraph (b) of this section that is substantially the same as an existing contract listed on a designated contract market or swap execution facility that is a trading facility, the designated contract market or swap execution facility that is a trading facility listing such newly listed contract shall adopt spot month, individual month, and all-months-combined speculative position limits comparable to those of the existing contract.") Here, the AXM contract has identical final settlement price references and expiration schedules to those listed by CME Group in its WTI Ex-Pipe (Argus) vs. WTI Trade Month Futures ("XTT") contract. Therefore, the Exchange has determined to set spot month speculative position limits, and single and all-months-combined accountability levels at levels identical to XTT, consistent with spot month limits and levels at CME Group. (https://www.cmegroup.com/rulebook/files/position-limits-nymex.xlsx)

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 futures contract are set forth in new Rule 19.C.164, and amendments to Resolutions 1 and 2 of Chapters 19 and will be enforced by the Exchange. In addition, trading of the contract is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

CONTRACTS NOT READILY SUBJECT TO MANIPULATION
The new futures contract is not readily subject to manipulation as it is based on established and liquid underlying cash markets. In addition, trading of the new contract will be monitored by the Market Regulation Department.

PREVENTION OF MARKET DISRUPTION
Trading in the contract will be subject to the Rules of the Exchange which include prohibitions on manipulation, price distortion and disruptions of the cash settlement process. All products listed for trading on the Exchange are subject to monitoring by the Market Regulation Department.

POSITION LIMITS OR ACCOUNTABILITY
Positions in the new futures contract will be subject to position limits and accountability levels set by the Exchange. As described above, such position limits are based upon existing levels set for substantially similar products at another designated contract market.

AVAILABILITY OF GENERAL INFORMATION
The Exchange will publish on its website information regarding contract specifications, terms and conditions, as well as daily trading volume, open interest and price information for the contract.

FINANCIAL INTEGRITY OF CONTRACTS
The new futures contract 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 is not aware of any opposing views expressed by members or others regarding the listing of the new futures contract and the adoption of the related amendments. The Exchange further certifies that 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/futures-us/regulation#rule-filings).

If you have any questions or need further information, please contact the undersigned at patrick.swartzer@ice.com.

Sincerely,

Patrick Swartzer
Director
Market Regulation

Enc.
cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Minimum Tick [1]	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR
19.C.164	Crude Diff - Argus X-Pipe Midland WTI vs WTI Trade Month Future	AXM	1,000	bbl	0.001	6.25	3	5	0.25

[1] The minimum fluctuation for the above futures and options contracts may differ depending on trade type and market.

Resolution No. 1 - Minimum Price Fluctuation Table

The following minimum price fluctuations shall be applicable to Oil Contracts.

Rule Number	Product	Minimum Price Fluctuations	
		Screen	Blocks and other trades outside the central limit order book

* * *

Rule Number	Product	Screen	Blocks and other trades outside the central limit order book
19.C.164	Crude Diff - Argus X-Pipe Midland WTI vs WTI Trade Month Future	0.01	0.01

* * *

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	CFTC Referenced Contract	Trading Ratio
19.C.164	Crude Diff - Argus X-Pipe Midland WTI vs WTI Trade Month Future	AXM	1,000	bbl	2,000	5,000	10,000	AXM		25	N	

SUBCHAPTER 19C - DIFFERENTIAL FUTURES CONTRACTS-CRUDE OIL AND REFINED PRODUCTS

* * *

<u>19.C.164 Crude Diff - Argus X-Pipe Midland WTI vs WTI Trade Month Future</u>

* * *

Crude Diff - Argus X-Pipe Midland WTI vs WTI Trade Month Future

Description: A cash settled future based on the Argus daily assessment for the X-Pipe Midland WTI (1st month) Diff weighted average.

Contract Symbol: AXM

Contract Size: 1,000 barrels

Unit of Trading: Any multiple of 1,000 barrels

Currency: US Dollars and cents

Trading Price Quotation: One cent ($0.01) per barrel

Settlement Price Quotation: One tenth of one cent ($0.001) per barrel

Minimum Price Fluctuation: One tenth of one cent ($0.001) per barrel

Last Trading Day: Trading shall cease at the close of trading on the last business day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, trading shall cease on the first business day prior to the 25th calendar day.

Final Settlement Price: In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the "Diff weighted average" quotations appearing in the "Argus Crude" report under the heading "US Gulf Coast and Midcontinent" subheading "WTI" for "WTI ex-pipe Cushing" for each business day (as specified below) in the determination period.

Contract Series: Up to 60 consecutive months, or as otherwise determined by the Exchange

Final Payment Dates: Two Clearing House Business Days following the Last Trading Day

Business days: Publication days for Argus Crude

MIC: IFED

Clearing Venue: ICEU

[REMAINDER OF RULEBOOK UNCHANGED]