



BY ELECTRONIC TRANSMISSION

Submission No. 21-155
November 18, 2021

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

Re: Amendments to Exchange Rule 6.23 (Migration to Exchange-Set Single Month and All-Months-Combined Position Accountability for Sugar No. 16 Futures) - Submitted Pursuant to Commodity Futures Trading Commission Regulation 40.6(a).

Dear Mr. Kirkpatrick:

Pursuant to Commodity Futures Trading Commission (“CFTC” or “Commission”) Regulation 40.6(a), ICE Futures U.S., Inc. (“IFUS” or “Exchange”) certifies the amendments to Exchange Rule 6.23 set forth in attached Exhibit A. The amendments implement single and all-months-combined position accountability levels for the Exchange’s Domestic Sugar futures contract as discussed below.¹

Sugar No. 16 Futures (“SF”) currently have exchange-set single month and all-months-combined position limits of 1,000 contracts net long or short which have been in effect for decades. Amendments to Exchange Rule 6.23 provide for the implementation of position accountability levels for single month and all-months-combined in lieu of position limits. The single month and all-months-combined position accountability levels will be set at 1,000 contracts net long or short, reflecting the current position limits.

These amendments are consistent with CFTC Regulation 150.5(b) and Appendices E and F (a)(2). The recent position limits final rule established a spot month position limit level of 6,400 contracts, but did not specify a single or all-months-combined position limit for Sugar No. 16. The exchange-set spot month position limit of 1,000 is below the federal spot month limit provided in CFTC Regulation 150.2 and is based on the Exchange’s knowledge of and experience with typical positions held by speculative traders in the contract. The position accountability rules establish a level which may be exceeded, but which requires the market participant, upon instruction from the Exchange, to cease increasing its position and also obligate the market participant to reduce the position to the accountability level if directed to do so by the Exchange. Furthermore, Exchange rules require market participants to provide information about the nature of their positions and strategies. These provisions are consistent with CFTC Regulation 150.1 We also note that the Exchange’s other agricultural contracts have operated successfully under a position accountability regime for single month and all-months-combined for many years without issue. The amendments to Rule 6.23 will result in a consistent approach for our agricultural complex, which we believe will benefit market participants.

¹ The Exchange does not currently list a corresponding option on futures contract related to Sugar No. 16 Futures.



The Exchange contacted market participants impacted by the amendments and no objections were raised. The amendments described herein will become effective on January 1, 2022.

Certifications

The Exchange certifies that the amendments to Exchange Rule 6.23 complies 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 amendments comply with the following relevant Core Principles:

COMPLIANCE WITH RULES

The position limit and accountability levels for SF are set forth in Rule 6.23 and will be enforced by the Exchange. In addition, trading of the relevant contracts is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

CONTRACTS NOT READILY SUBJECT TO MANIPULATION

The Exchange's SF futures contract is not readily subject to manipulation as they are based on established and liquid underlying cash markets and derivative contracts traded at other designated contract markets, in compliance with CFTC Regulation 38.200. In addition, trading of the contracts will be monitored by the Market Regulation Department.

POSITION LIMITS OR ACCOUNTABILITY

Positions in the Exchange's SF futures contract will continue to be subject to position limits and position accountability levels set by the Exchange, in compliance with Core Principle 5 and CFTC Regulation 38.300, which expressly provides that a board trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators and such position limits shall be set at a level not higher than the position limitation established by the Commission. Generally, such position limits are based upon the deliverable supply in the cash market or position limits at other designated contract markets and have been deemed appropriate by the Commission in its rulemaking.

AVAILABILITY OF GENERAL INFORMATION

The Exchange will issue a notice and post amended Rule 6.23 to ensure that market participants are aware of the new SF position accountability levels.

PROTECTION OF MARKETS AND MARKET PARTICIPANTS

The amendments to the above-referenced Exchange Rule complies with Core Principle 12 and CFTC Regulation 38.650, as the rule is provided in furtherance of the Exchange's promotion of fair and equitable trading and to protect markets and market participants from abusive practices by any market participant and their agents.

FINANCIAL INTEGRITY OF CONTRACTS

The Exchange's SF futures contract will continue to be cleared by ICE Clear U.S., 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 substantive opposing views expressed by members or others with respect to the amended Exchange Rule 6.23, and 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 312-836-6745 or at patrick.swartzner@theice.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick Swartzner', written over a light gray rectangular background.

Patrick Swartzner
Director
Market Regulation

Enc.



EXHIBIT A

Rule 6.23. Position Limits and Position Accountability for Domestic Raw Sugar No. 16 Contracts

- ~~(a) [Subject to the exceptions contained in this Chapter, the maximum net long or net short position which any one (1) Person may hold or control in the Domestic Raw Sugar No. 16 Contracts is one thousand (1,000) Exchange Futures Contracts in any one (1) month or in all months combined.]~~
- (a) A Person holding or controlling one thousand (1,000) or more Exchange Futures Contracts net long or net short in any single Domestic Raw Sugar No. 16 month or in all Domestic Raw Sugar No. 16 months combined:
- (i) automatically consents not to increase further and automatically consents to decrease those positions when so ordered by the Exchange acting in its own discretion; and
- (ii) shall provide, in a timely manner, information on the nature of that Person's related cash, Exchange Futures and Options Contracts positions, trading strategy and/or hedging strategy. Nothing in this Rule limits the authority of the Exchange to take action under Rules 6.11, 6.12 and 6.13 or to request and collect any information regarding that Person's related cash and Exchange Futures and Options Contracts positions.
- (b) Subject to the exceptions contained in this Chapter, as of the opening of trading on the third-to-last Business Day of the expiring contract, the maximum position net long or net short which any one (1) Person may hold or control in an expiring Domestic Raw Sugar No. 16 Contract is one thousand (1,000) Exchange Futures Contracts.