



ICE FUTURES U.S.

World Financial Center
One North End Avenue
New York, New York 10282

BY ELECTRONIC TRANSMISSION

Submission 07-64
October 17, 2007

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

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Re: **Amendments to Rules 3.26, 5.03 and 5.05 -
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6, ICE Futures U.S., Inc. ("Exchange") submits, by written certification, amendments to Rules 3.26, 5.03 and 5.05, attached as Exhibit A.

Amendments to Rules 3.26, 5.03 and 5.05

Rule 5.05 creates an exception that allows the Exchange to establish lower margin rates for Arbitrage Positions in Coffee, Sugar and Cocoa futures and options. Arbitrage Positions are defined essentially as offsetting positions held on Euronext-LIFFE. In accordance with Rule 3.26, the Margin Committee of the Exchange has the authority to set Arbitrage Position rates ("the Rates") and, if delegated the power of the Board, can also change rates generally. Since the Margin Committee has not regularly met to review the Rates, Rule 3.26 has been amended to delete the Margin Committee's authority to establish the Rates. Instead, the Rates will be established by the Board as it does all other margin requirements. In addition, Rules 5.03 and 5.05 have been amended to require Member Firms to collect the margin applicable to such Arbitrage Positions.

Amendments to Rule 5.03

All warehouse receipts and shipping certificates used for cocoa, coffee (arabica and robusta), cotton, frozen concentrated orange juice and not from concentrate orange juice deliverable under Exchange Rules are created and processed electronically. The Exchange no

longer permits the use of negotiable paper warehouse receipts or shipping certificates in the listed commodities to transfer title from deliverer to receiver. The amendments to Rule 5.03 delete the references to negotiable warehouse receipts and permit the use of electronic warehouse receipts to be acceptable as margin for the listed commodities.

The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder.

The amendments were adopted unanimously by the Exchange's Board of Directors on October 10, 2007. No substantive opposing views were expressed by members or others with respect to the amendments. The amendments will become effective on October 18, 2007.

If you have any questions or need further information, please contact me at 212-748-4084 or at jill.fassler@theice.com.

Sincerely,

Jill S. Fassler
Vice President
Associate General Counsel

cc: Riva Adriance
CFTC, Division of Market Oversight
Allen Cooper
CFTC, New York Regional Office

(In the text of the amendments below, additions are underlined and deletions are bracketed and lined out.)

Rule 3.26. Margin Committee

* * *

(c) The Committee, or any subcommittee thereof, shall have the power with respect to all Exchange Futures and Options Contracts to ~~[(i) establish from time to time the minimum Original Margin requirements for Straddle and arbitrage Transactions, which must be obtained by the Carrying Member from Customers for any account carrying Exchange Futures and/or Options Contracts and (ii)]~~ perform such ~~[other]~~ duties as may from time to time be delegated to it by the Board with respect to Exchange Margin requirements.

[REMAINDER OF RULE UNCHANGED]

Rule 5.03. Margin

* * *

(b) The minimum amount of Original Margin which must be obtained by Member Firms from other Persons for any account carrying Exchange Futures and/or Options Contracts shall be as follows:

(i) Where such other Person is a Member or Member of the Trade, the Original Margin required to be deposited in each such account shall be no less than the Hedge Margin Rate or the Arbitrage Position Rate applicable to each such Commodity Contract as published by the Exchange and modified from time to time.

(ii) With respect to Cocoa, Coffee, Cotton, Ethanol, FCOJ, Pulp and Sugar Futures and Options Contracts and where such other Person is not a Member or Member of the Trade, the Original Margin required to be deposited in each such account shall be no less than 140% of the Hedge Margin Rate and 140% of the Arbitrage Position Rate applicable to each such Commodity Contract as published by the Exchange and modified from time to time.

* * *

(d) The margin level which must be maintained (the "Maintenance Level") by all Carrying Members for each account which has an open Position in Exchange Futures and Options Contracts shall be 100% of the Hedge Margin Rate and 100% of the Arbitrage Position Rate established by the Exchange with respect to each Commodity Contract.

* * *

(j) Margin for Exchange Futures and Options Contracts may be deposited or credited in any one (1) or more of the following forms, subject to such terms and conditions as may be established by each Member Firm:

* * *

(vi) Electronic warehouse receipts ("EWRs") for Coffee "C", Cocoa and Cotton, Frozen Concentrated Orange Juice, Not From Concentrate Orange Juice and Robusta Coffee certified for delivery in Exchange licensed warehouses and which identify the Carrying Member as the title holder, to be valued at no more than 70% of their value based upon the Settlement Price of the nearby contract for the Commodity (determined in accordance with such procedures as may from time to time be established by the Exchange);

EXHIBIT A

- ~~[(vii) Negotiable warehouse receipts covering FCOJ stored in Exchange licensed warehouses;~~
- ~~(viii) Negotiable shipping certificates covering FCOJ issued by Exchange licensed tank facilities;]~~
- ~~[(ix)vii] Fully paid equity securities . . .[.];~~
- ~~[(x)viii] Irrevocable letter of credit in favor of the Clearing Member . . .;~~
- ~~[(xi)ix] Credit in the Customer's account . . .; and~~
- ~~[(xii)x] Money market mutual funds~~

Rule 5.05. Change in Margin Requirements

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(b) Notwithstanding the provisions of paragraph (a) of this Rule, at no time shall Margin requirements be less than the minimum Margin required for all Exchange Futures and Options Contracts set by the Clearing Organization[; provided, however, that this prohibition shall not apply to Margin requirements established for Arbitrage Positions in Coffee, Sugar and Cocoa Futures and Options Contracts].

[REMAINDER OF RULE UNCHANGED]