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ICE FUTURES U.S.
World Financial Center
One North End Avenue
New York, New York 10282

BY ELECTRONIC TRANSMISSION

Submission No. 12-03
January 13, 2012

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

Re: **Amendments to Margin Rule 5.03**
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 Rule 5.03 , set forth in Exhibit A, regarding the calculation of initial margin requirements for customer accounts holding speculative positions.

Exchange Rules require FCMs to collect from their customers the minimum amount of initial margin for each futures contract, at rates established and published by the Exchange. When the maintenance margin level is reached the FCM must restore the account margin to the initial margin level. All of the margin rates set by the Exchange are based on ICE Clear U.S. ("ICUS") analysis and the establishment of margin rates for clearing. ICUS sets clearing margin rates at a level that affords the clearinghouse significant protection based on historical price movements and other data that is analyzed by the risk managers. The clearing house adjusts the margin requirement for each commodity up or down as market volatility changes. The Exchange, in turn, uses this "clearing rate" as the initial margin rate for Members and Members of the Trade ("Hedgers") and sets rates for non-Hedgers at levels ranging up from 100% to 140% of the hedge/clearing rate depending on whether the contract is an index, financial contract or agricultural contract.

The current rates of 133% and 140% have not been changed in over a decade and the Exchange has determined, for a variety of reasons, that there is no reason to maintain them so high. The concept of maintaining initial margin is unique to the US futures industry and originated at a time when retail customers transferred money by check and time was needed to wait for funds to clear. It was therefore important that FCMs had a cushion to protect against price moves while waiting for margin calls to be met. The larger the financial cushion the less frequent a margin call had to be made and, parenthetically, the greater the investment income to the FCM from the customer funds it held. Banking systems today have eliminated these historical concerns and funds can be deposited electronically directly into an FCM's segregated bank account whether or not the customer is a Hedger. To the extent that an FCM wants to maintain additional customer margin in a particular case, it is always free to demand more than the Exchange minimum requirement from any customer.

The Exchange has therefore determined it would be appropriate to amend the rule to establish a consistent speculative initial margin rate for all futures contracts equal to 110% of the hedge /clearing rate. Because of the way in which ICUS establishes the clearing margin rates, a level of 110% is fully supported by a review of historical price data. This review indicates that, in each of the Exchange's contracts, a price move of an amount more than 110% would happen only a handful of times over the course of a year. The Exchange has therefore determined that the amendment is consistent with Core Principle 11 (Financial Integrity of Transactions) by requiring FCMs to collect margin from their customers based upon risk calculations performed with respect to those contracts.

The Board of Directors unanimously adopted the amendments on January 5, 2012. No opposing views were expressed by members or others with respect to the amendments, which will become effective on February 1, 2012.

The Exchange certifies that the rule amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. The Exchange further certifies that, concurrent with this filing, a notice of pending certification was posted on the Exchange's website along with a copy of this submission, which may be accessed at (https://www.theice.com/notices/RegulatoryFilings.shtml).

If you have any questions or need further information, please contact me at 212-748-4083 or audrey.hirschfeld@theice.com.

Sincerely,

Audrey R. Hirschfeld
Senior Vice President & General Counsel

cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

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

Rule 5.03. Margin

(a) Member Firms shall calculate the amount of Original Margin required to be collected from each Person for which it carries an account holding Exchange Futures and/or Options Contracts using the SPAN^{TM} (Standard Portfolio Analysis of Risk) margining system unless otherwise determined by the Board. Original and Maintenance Margin requirements for any account that is subject to cross margining pursuant to the terms of a Cross Margining Program under Clearing Organization Rule 502B shall be calculated in accordance with the terms of such Cross Margining Program and collected by the Carrying Firm in accordance with this Chapter 5.

(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, FCOJ 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%~~]110% of the Hedge Margin Rate and [~~140%~~] 110% of the Arbitrage Position Rate applicable to each such Commodity Contract as published by the Exchange and modified from time to time.

(iii) With respect to Financial 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 [~~133%~~] 110% of the Hedge Margin Rate applicable to each Financial Contract as published by the Exchange and modified from time to time.

(iv) With respect to Index 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 [~~100%~~] 110% of the Hedge Margin Rate applicable to each such Index Contract as published by the Exchange and modified from time to time.

(v) For purpose of margining any account carrying positions in Cotton and FCOJ Futures and Options Contracts, the net liquidating value of each account at the close of trading on any Business Day on which trading ceases because of the application of price limits may be computed by using as the Settlement Price such synthetic price as the Exchange and/or the Clearing Organization shall determine.

Remainder of Rule Unchanged