


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

BY ELECTRONIC TRANSMISSION

Submission No. 13-10
January 30, 2013

Ms. Melissa Jurgens
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 Exchange Rules 27.02, 27.11 and 27.19 and New Rule 27.26
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“IFUS” or “Exchange”) hereby submits amendments to Rules 27.02, 27.11 and 27.19 and new Rule 27.26, which consolidate various provisions pertaining to the Exchange’s Interval Price Limit (“IPL”) functionality into a single new rule.

In March 2012, the Exchange implemented IPL functionality to serve as a circuit breaker to diminish the frequency and extent of short-term price spikes (see ICE Futures U.S. Submission 12-6). The functionality establishes a band of specific price limits for a contract over repeating short intervals of time. The amendments consolidate various provisions pertaining to the Exchange’s IPL functionality found in Rules 27.02, 27.11 and 27.19 into a single new rule, Rule 27.26. The amendments and new rule do not effect any substantive changes to the IPL functionality or rules.

The amendments will become effective on February 14, 2013. The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange 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 Commodity Exchange Act and has determined that the IPL functionality complies with the Core Principles 3 (Contracts not Readily Subject to Manipulation), 4 (Prevention of Market Disruption) and 9 (Execution of Transactions). The IPL functionality is designed to reduce the occurrence of short term price spikes, making contracts less susceptible to manipulation, price distortion and disruption, fostering efficient price discovery.

The Exchange further 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/notices/RegulatoryFilings.shtml>). There were no opposing views.

If you have any questions or need further information, please contact me at 212-748-4021 or at jason.fusco@theice.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Jason V. Fusco". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jason V. Fusco
Assistant General Counsel
Market Regulation

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

EXHIBIT A

[In the text below additions are underscored and deletions struck out]

Rule 27.26. ~~Reserved~~ Interval Price Limits

(i) Definitions: As used in this Rule 27.26, the following terms shall have the meanings specified herein:

- (A) Anchor Price: the price of the relevant contract month at the outset of an IPL Recalculation Period.
- (B) IPL Amount: the maximum number of points, as determined by the Exchange, that a contract month is permitted to move above or below the Anchor Price during each IPL Recalculation Time for such contract month. The IPL Amount shall be added to and deducted from the Anchor Price to create a permitted price range applicable to such contract month for the current IPL Recalculation Time
- (C) IPL Recalculation Time: the pre-set period of time, as determined by the Exchange, during which the intraday price range established in accordance with this Rule shall remain in effect. At the conclusion of each IPL Recalculation Time a new intraday price range shall be determined in accordance with this Rule.
- (D) IPL Hold Period: the additional period of time, as determined by the Exchange, that the applicable intraday price range will remain in effect in the event that a trading hold has been triggered.

(ii) Interval price limits, which establish dynamic intraday price ranges outside of which trading in a particular contract month of an Exchange Futures Contract may not take place for a pre-set period of time, shall be applicable to those Exchange Futures Contracts and contract months as determined by the Exchange, in its discretion, from time to time. The Exchange shall specify, and may alter in its discretion, the IPL Amount, IPL Recalculation Time, and IPL Hold Period for each Exchange Futures Contracts.

(iii) In the event that a contract month seeks to trade at a price that would be outside the permitted price range calculated in accordance with this Rule, a trading hold shall be initiated for the applicable IPL Hold Period. Any buy (sell) order which attempts to execute a Trade or rest above (below) the permitted price range will trigger a trading hold for the applicable IPL Hold Period.

(iv) During an IPL Hold Period, the affected contract month shall continue to trade, but price movement shall be restricted to the price range that was in effect prior to the start of the IPL Hold Period. All resting Limit and Stop Orders will remain active in the ETS during an IPL Hold Period; no resting Limit or Stop Orders will be cancelled by the ETS.

(A) In the event that a Market or Limit Order triggers an IPL Hold Period, any unexecuted balance of such order will be cancelled. If the IPL Hold Period is triggered by a Stop-Limit Order or Stop Order with Protection, the unexecuted balance of such order will not be cancelled.

(B) In the event an IPL Hold Period is triggered, the ETS will temporarily reset the limit price of elected Stop Limit Orders and Stop Orders with Protection while the IPL Hold Period exists to the upper or lower end of the intraday price range, depending on the direction of the price movement. The limit price of Stop Orders to buy at prices above the price range will be reset to the high end of the range (in the case of an upward move); the limit price of Stop Orders to sell at prices below the price range will be reset to the low end of the range (in the case of a downward move). At the end of the IPL Hold Period, the limit price of any remaining unfilled order volume will be restored to its original limit price.

(C) A new Market Order or new Limit Order to buy at a price above the high end of the permitted price range (in the case of an upward move) or to sell at a price below the low end of the permitted price range (in the case of a downward move) will be rejected during the IPL Hold Period. If, at the time such Market Order or Limit Order is entered it is capable of being executed at a price that is within the permitted price range, it will be accepted and executed.

Rule 27.02. Definitions

As used in this Chapter the following terms shall have the meanings indicated unless otherwise specified:

(i) “Anchor Price” shall mean the price set by the Exchange from which Reasonability Limits, No Cancellation Ranges and Interval Price Limits are determined. The Anchor Price shall be based on the front month, provided however, that, when the front month nears expiration, the Anchor Price will be based on the delivery month with the most open interest. The determination as to when to shift the Anchor Price based on open interest will be made by the Exchange. The Anchor Price may be the prior day’s settlement price, the price of the Opening Match or the last traded price of the front delivery or expiration month as determined by the Exchange. The Anchor Price of each successive expiration or delivery month is determined by applying spread differentials against the Anchor Price.

(ii) “eBadge” shall mean, in the case of a Clearing Member or Direct Access Member, the number(s) assigned by the Exchange to a Clearing Member or Direct Access Member which identifies such Person, and in the case of a Person who is a Floor Broker shall be the same as the numeric of the Floor Trading badge issued to such Floor Broker.

(iii) ~~Reserved [“Interval Price Limit” shall mean the dynamic intraday price limit established by the Exchange for an Exchange Futures Contract which limits the amount that the price of a contract delivery month may Trade above or below the applicable Anchor Price of such contract~~

~~delivery month during the IPL Recalculation Time, Interval Price Limits may be changed by the Exchange in its discretion. The Exchange shall determine which contract delivery months shall have Interval Price Limits, and may change such determination, as well as the applicable Interval Price Limits, in its discretion.]~~

~~(iv) Reserved [“IPL Recalculation Time” shall mean the pre-set period of time, established by the Exchange, during which an Interval Price Limit shall remain in effect. At the conclusion of each IPL Recalculation Time a new IPL price range is determined, IPL Recalculation Times may be changed by the Exchange in its discretion.]~~

~~(v) Reserved [“IPL Hold Period” shall mean the additional period of time, as determined by the Exchange, during which the IPL price range that was in effect at the time that a trading hold is triggered will remain in effect. A trading hold is triggered when a contract delivery month seeks to trade on the ETS at a price that would be outside the permitted IPL, as specified in Rule 27.19(e).]~~

[Remainder of Rule Unchanged]

Rule 27.11. Acceptable Orders

(a) The following order types are supported by the ETS and shall be available in such futures and options contracts as determined by the Exchange from time to time (listed in alphabetical order):

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(vi) “Stop Orders” – Acceptable Types

(A) In the event that a particular Commodity Contract is subject to different NCRs based on the delivery months, the widest NCR that is listed for the particular Commodity Contract shall be applied for Stop Limit Orders and Stop Orders with Protection (collectively, “Stop Orders”), regardless of the delivery month specified in such order.

(B) “Stop-Limit Orders” – A Stop-Limit Order has two components: (1) the stop price and (2) the limit price. When a trade has occurred on ETS at or through the stop price, the order becomes executable and enters the market as a Limit order at the limit price. The order will be executed at all price levels from the stop price up to and including the limit price. If the order is not fully executed, the remaining quantity of the order will remain active in ETS at the limit price.

~~(a) Notwithstanding the above subparagraph (v)(B), in the event of an IPL Hold Period being triggered, the ETS will temporarily reset the limit price of elected Stop Orders while the IPL Hold Period exists to the upper or lower IPL depending on the direction of the price movement. The limit price of Stop Orders to buy at prices above the IPL high will be reset to the IPL high (in the case of an upward move); the limit price of Stop Orders to sell at prices below the IPL low will be reset to the IPL low (in the case of a~~

~~downward move). At the end of the IPL Hold Period, the limit price of any remaining unfilled order volume will be restored to its original limit price.~~

~~(b)~~ With respect to Stop-Limit Orders for non-Calendar Spread Transactions, the allowable price range between the stop price and the limit price of a Stop-Limit Order will be restricted to 100% of the NCR for the specified Commodity Contract.

~~(e)~~ ~~(b)~~ With respect to Stop-Limit Orders for Calendar Spreads, the allowable price range between the stop price differential and the limit price differential of a Stop-Limit Order will be restricted to the range specified for the Commodity Contract as determined by the Exchange from time to time (the “Calendar Spread Stop-Limit Order Range”).

~~(d)~~ ~~(c)~~ A buy Stop-Limit becomes executable when a trade occurs at or higher than the stop price. When entered, the stop price must be above the current best offer or, if no working offer, above the current anchor price. The limit price must be equal to or greater than the stop price.

~~(e)~~ ~~(d)~~ A sell Stop-Limit becomes executable when a trade occurs at or lower than the stop price. When entered, the stop price must be below the current best bid or, if no working bid, then below the current anchor price. The limit price must be equal to or less than the stop price.

(C) “Stop Orders with Protection” – A Stop Order with Protection has two components: (1) the stop price and (2) an Exchange set protection limit price. The Exchange set limit price is the NCR for the specified Commodity Contract from the stated stop price. When a trade has occurred on ETS at or through the stop price, the order becomes executable and enters the market as a Limit order at the Exchange set limit price. The order will be executed at all price levels from the stop price up to and including the limit price. If the order is not fully executed, the remaining quantity of the order will remain active in ETS at the limit price.

~~(a) Notwithstanding the above subparagraph (v)(C), in the event an IPL Hold Period is triggered, the ETS will temporarily reset the limit price of elected Stop Orders while the IPL Hold Period exists to the upper or lower end of the IPL range depending on the direction of the price movement. The limit price of Stop Orders to buy at prices above the IPL high will be reset to the IPL high (in the case of an upward move); the limit price of Stop Orders to sell at prices below the IPL low will be reset to the IPL low (in the case of a downward move). At the end of the IPL Hold Period, the limit price on any remaining unfilled order volume will be restored to its original limit price.~~

~~(b)~~ A buy Stop will have as its Exchange set limit price the stated stop price plus the NCR for the specified Commodity Contract.

~~(b)~~ ~~(e)~~ A sell Stop will have as its Exchange set limit price the stated stop price minus the NCR for the specified Commodity Contract.

~~(c)~~ ~~(d)~~ For Commodity Contracts with daily price limits, the Exchange set limit price will not exceed the absolute maximum price permitted.

~~(d)~~ ~~(e)~~ A buy Stop for a Calendar Spread will have as its Exchange set limit price differential the stated stop price differential plus the Calendar Spread Stop-Limit Order Range then in effect for the specified Commodity Contract.

~~(e)~~ ~~(f)~~ A sell Stop for a Calendar Spread will have as its Exchange set limit price differential the stated stop price differential minus the Calendar Spread Stop-Limit Order Range then in effect for the specified Commodity Contract.

[Remainder of Rule Unchanged]

Rule 27.19. Order Execution

(a) A Trade is executed in ETS when the following conditions occur:

(i) one order is a bid and the other is an offer;

(ii) the two orders are for the same Exchange Commodity Contract and delivery or expiration month and, if an Option order, the same Strike Price and Option type, if available; and

(iii) the price of the bid (offer) equals or is greater (less) than the price of the offer (bid).

(b) All orders entered and activated are queued by the time of entry or amendment and matched on a first-in-first-out price and time priority basis.

~~(c) Interval Price Limits (“IPLs”) restrict the amount that any contract delivery month of an Exchange Futures Contract may trade above and below the Anchor Price of the respective contract delivery month during the IPL Recalculation Period established by the Exchange for such contract.~~

~~(i) In the event that a delivery month seeks to trade at a price that would be outside the permitted IPL, a trading hold would be initiated for the applicable IPL Hold Period established by the Exchange.~~

~~(ii) Any buy (sell) order which attempts to execute a Trade or rest above (below) the IPL will trigger a trading hold for the applicable IPL Hold Period in each contract delivery month that is subject to an IPL.~~

~~(iii) During an IPL Hold Period, the affected contract delivery month continues to trade, but price movement is restricted to the IPL range that was in effect prior to the start of the IPL Hold Period. All resting Limit and Stop Orders remain active in the ETS during an IPL Hold Period; no resting Limit or Stop Orders will be cancelled by the ETS.~~

~~(A) In the event that a Market or Limit Order causes a trading hold, any unexecuted balance of such order will be cancelled. If the trading hold is triggered by a Stop Limit Order or Stop Order with Protection, the unexecuted balance of such order will not be cancelled.~~

~~(B) Any new Limit Order to buy at a price above the IPL high (in the case of an upward move) or sell at a price below the IPL low (in the case of a downward move) will be rejected during the IPL Hold Period. If at the time such Limit Order is entered it is capable of being executed at a price that is within the IPL, it will be accepted and executed.~~

~~(C) A new Market Order to buy (in the case of an upward move) or sell (in the case of a downward move) will be rejected during an IPL Hold Period if it would result in a Trade that is outside the IPL. If, at the time such Market Order is entered, it is capable of being executed at a price that is within the IPL, it will be accepted and executed.~~

~~(d)~~ Details of each Trade made on ETS will be recorded by the Exchange, and confirmation of the Trade will be displayed on ETS for each Registered Operator who is a party to the Trade.

~~(d)~~ ~~(e)~~ Each matched Trade shall be transmitted to PTMS at which time executing Floor

(i) A Trade allocated to a Clearing Member will be deemed accepted by such Clearing Member unless such Trade has been challenged by the end of the Trading Session the Trade was submitted for clearance.

(ii) A Trade submitted to ETS by a Floor Broker or Direct Access Member that is not otherwise accepted by the Clearing Member to which it is allocated will automatically clear to the account of the Floor Broker's Clearing Member Guarantor (in the case of a Floor Broker) or the Clearing Member which authorized Direct Access to the Direct Access Member.

(iii) All mechanical adjustments shall be made through TIPS/PTMS. Any Registered Operator submitting a mechanical adjustment shall include all information required by TIPS/PTMS to process such mechanical adjustment.

~~(e)~~ ~~(f)~~ Failure of ETS to broadcast any message in respect of a Trade made in ETS, an order book, order or any part thereof, shall not invalidate any Trade recorded by the Exchange.

~~(f)~~ ~~(g)~~ In the event that ETS or any part of ETS fails, the Exchange's determination that a Trade has or has not been made on ETS shall be conclusive and binding. Such determination shall be made by Market Supervision.