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Submission No. 11-9
February 23, 2011

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

Re: **Turning Implied Matching Engine on for Sugar No. 11® Futures Contracts; Amendments to Guidelines for the Treatment of Short-Term Price Spikes and to Standing Resolution No. 7 -**
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, a notice that the Exchange will be turning on the Implied Matching Engine ("IME") for Sugar No. 11 futures contracts ("SB") and amendments to the Guidelines for the Treatment of Short-Term Price Spikes ("Guidelines"), attached as Exhibit A, and to Standing Resolution No. 7, attached as Exhibit B.

In May 2009, the Exchange informed the Commission that it was extending the assessment period of turning off the IME for SB (see Submission No. 09-23). When turned on for a product, the IME matches outright orders entered onto the electronic trading system ("ETS") against legs of calendar spread orders entered onto the ETS. At the time, the Exchange was determining whether turning off the IME for SB would increase volume, improve liquidity and attract new traders. The Exchange has now made the determination to turn the IME back on for SB.

In December 2009, the Exchange issued its Guidelines which provided that in instances of a price spike, trades executed at prices outside an acceptable range for a product will either be (1) cancelled by the Exchange, or (2) price adjusted to the high/low of the acceptable range (see Submission No. 09-56). The published Guidelines specify which products will be subject to cancellation and which to price adjustment. In practice, the Exchange has determined that cancellation will be used for products for which the IME is on, and price adjustment will be used for products for which the IME is off.

As the IME had been turned off for SB prior to the issuance of the Guidelines, the Guidelines listed SB as one of the products for which price adjustments would be made. With the IME being turned on for SB, the Guidelines have been amended to provide that in the event of a price spike in SB, trades outside an acceptable price range will be cancelled.

Over time, the Exchange intends to review this practice and to consider the use of price adjustment for products for which the IME is on. To provide greater flexibility in administering the Guidelines, Standing Resolution No. 7 has been amended to authorize the President to determine which products will be subject to trade cancellation and which to price adjustment under the Guidelines.

The Exchange certifies that the turning on of the IME for SB and the amendments to the Guidelines and Standing Resolution No. 7 comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. No substantive opposing views were expressed by members or others with respect to the amendments.

The amendments were adopted by the Exchange's Board of Directors by Unanimous Written Consent on February 17, 2011 in accordance with Bylaw Section 4.7. The turning on of the IME for SB was authorized by the President in accordance with Standing Resolution No. 7. On March 1, 2011, the IME will be turned on for SB, and the amendments will go into effect.

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: Division of Market Oversight
New York Regional Office

EXHIBIT A

NOTICE

February 23, 2011

Summary of Content:

Price Spike Guidelines

For more information please contact:

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Revision To Guidelines for Treatment of Short-Term Price Spikes For the Sugar No. 11® Futures Contracts

With the March 1, 2011 resumption of the use of the Implied Matching Engine for trading of Sugar No. 11 futures contracts, a Revision to the Exchange's Guidelines for Treatment of Short-Term Spikes for the Sugar No. 111 futures contracts will also become effective on that same date. The Guidelines are intended to share with the trading community the kinds of factors considered relevant by the Exchange in determining whether a short-term price spike has occurred and what actions IFUS might take in such circumstances.

This Revision applies to Sugar No. 11 futures contracts only. The revision provides that in the event of a Price Spike, Sugar No. 11 trades at prices outside an acceptable price range will be cancelled; prior to the revision such trades were subject to price adjustment.

The revised Guidelines are as follows:

For purposes of this guidance, a "Price Spike" occurs when:
-- The price of a commodity rises and then falls (or falls and then rises) within 90 seconds or fewer;
-- There is neither widely available news that clearly precipitated the spike nor similar trading patterns on related products;
-- Each trade during the Price Spike occurs within the No-Cancellation Range as defined in the ICE Futures U.S. Rulebook;
-- There is not an apparent error that caused or exacerbated the Price Spike; and
-- The peak (or trough) of the price spike is more than the following number of points away from the Equilibrium Price (described below) determined by IFUS at the end of the Price Spike:

Soft Commodity Products:
--Sugar No. 11– 150 points / $.0150 (2 times the Reasonability Limit)
--Coffee "C"® – 398 points / $.0398 (2 times the Reasonability Limit)
--Cocoa – 150 points / $150.00 (2 times the Reasonability Limit)

(Note that the policy references the Reasonability Limit (or "RL") for a product, and the levels shown in this Notice shows current RL levels; as changes are made to the RL level for a product, the new RL will be used under the Price Spike Guidelines. Also note that the Guidelines do not apply to Cotton No. 2® and FCOJ futures, which are subject to daily price limits.)

Stock and Currency Index Products:
--Russell Stock Indexes – 1199 points/ 11.99 (1 times the RL)
--USDX – 100 points/ 1.000 (1.33 times the RL)

When a Price Spike has occurred, IFUS will determine an Equilibrium Price, which is the level at which price movement stabilizes at the end of the Price Spike. In doing so, it will consider the prices of trades matched in the platform for the relevant contract at that time, resting bids and offers in that contract at that time, trades/bids and offers in other months of the same contract at that time and market data from comparable products listed for trading on other venues.

For Sugar No. 11, Coffee and Cocoa, all trades executed at prices away from the Equilibrium price by more than the number of points specified for that market (i.e., 150 points for Sugar No. 11, 398 points for Coffee and 150 points for Cocoa) will be broken by the Exchange. For example, in the event that the Exchange determines that a downward price spike has occurred in a Cocoa futures contract and that the Equilibrium price at the end of the spike was 2850, all trades below 2700 (i.e., 2850 minus 150) will be cancelled.

For Russell Stock Indexes and the USDX, all trades executed at prices away from the Equilibrium price by more than the number of points specified for that market (i.e., 1199 points for Russell Stock Indexes and 100 points for the USDX) will be adjusted to the Equilibrium price plus (in the case or upward spikes) or minus (in the case of downward spikes) the number of points specified above for that market. For example, in the event that the Exchange determines that a an upward price spike has occurred in a USDX 11 futures contract and that the Equilibrium price at the end of the spike was 78.580, all trades above 79.580 (i.e., 78.580 plus 1.000) will be adjusted to a price of 79.580.

Notwithstanding the foregoing, as in all circumstances, IFUS always retains the right to depart from this Guideline and take such action as it deems to be in the best interest of the market.

This Guideline is separate and distinct from the IFUS Error Trade Policy. For the avoidance of doubt, if any trade during a Price Spike occurs outside of the No-Cancellation Range (or "NCR") for that market, IFUS will investigate the trade and determine whether or not to bust it and successive trades in accordance with the Error Trade Policy.

EXHIBIT B

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

R-7 Delegation of Authority to President

* * *

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby delegates to the President the authority to:

* * *

5. change the No Cancellation Ranges for each futures and options contract listed electronically by the Exchange and set forth in Section 4 of Appendix I of Chapter 27; [~~and~~]

6. change the Calendar Spread Stop-Limit Order Range; and

7. determine which Commodity Contracts are subject to trade cancellation and which are subject to price adjustment under the Guidelines for Treatment of Short-Term Price Spikes.