
ICE FUTURES U.S.
World Financial Center
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BY ELECTRONIC TRANSMISSION

Submission No. 12-06
February 24, 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: Interval Price Limits - Amendments to Electronic Trading Rules 27.02, 27.11
and 27.19, and Standing Resolution R-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 amendments to Electronic Trading Rules 27.02, 27.11 and 27.19, as set forth in Exhibit B. The amendments introduce a new circuit breaker functionality for the Exchange's electronic trading platform which will diminish the frequency and extent of short-term price spikes.

The new functionality, known as Interval Price Limits ("IPL"), works by establishing a band of specific price limits (the "IPL Amount") for a contract over repeating short intervals of time. At the beginning of each interval, an "Anchor Price" is established for a contract. The duration of time between Anchor Price calculations is the IPL Recalculation Time. The functionality will prevent a contract from trading at a price level above or below the anchor price by more than the IPL Amount for that contract, within the IPL Recalculation Time. If the functionality determines that the next trade in a contract will be at a price that is outside of the limit, the functionality will trigger a Hold Period, which prevents the price of the contract from trading outside the limit. The duration of the hold period is pre-set. When the hold period ends, a new interval will commence and a new Anchor Price will be calculated. Attached as Exhibit A, is the Exchange Notice with a detailed description of the IPL functionality.

The Exchange will initially utilize IPL Functionality for the U.S. Dollar Index[®] and Russell Index futures contracts. The parameters will be as follows:

Futures Contract	Interval Price Limit (IPL)	IPL Recalculation Time	IPL Hold Period
U.S Dollar Index	.500 points	5 seconds	5 seconds
Russell 2000[®] Mini	20.00 points	5 seconds	5 seconds
Russell 1000[®] Mini	20.00 points	5 seconds	5 seconds
Russell 1000 Growth	n/a	n/a	n/a
Russell 1000 Value	n/a	n/a	n/a

While IPL functionality will be in place for these contracts at all times when the markets are open, active use of IPL (i.e. the triggering of Hold Periods) is expected to be very infrequent.

The amendments to Rule 27.11 also delete provisions for Cascading Stop Mitigation which mandated alterations to the terms of Stop-Limit Orders and Stop Orders with Protection in the event of a potential incidence of the successive triggering of Stop Orders. These Cascading Stop Mitigation provisions were implemented in January 2011 for U.S. Dollar Index and Russell Index futures contract orders only and were never implemented for the agricultural contracts. Implementation of the new IPL functionality for these products both replaces and requires elimination of the Cascading Stop Mitigation provisions.

Amendments to Standing Resolution R-7 provide authority for the President and/or Chief Operating Officer to revise the IPL Recalculation Time, IPL Amount and IPL Hold Period parameters for each futures contract and to determine which contract months will be subject to IPL at any time.

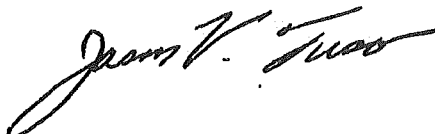
The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act and has determined 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 Board of Directors adopted the amendments by Unanimous Written Consent as of February 17, 2012. The amendments will become effective on March 12, 2012. No substantive opposing views were expressed by members or others with respect to the amendments.

The Exchange certifies that, concurrent with this filing, a notice of pending certification was posted on the Exchange's website as well as 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 212-748-4021 or at jason.fusco@theice.com.

Sincerely,

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

Jason V. Fusco
Assistant General Counsel
Market Regulation

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

Exhibit A

NOTICE

February 24, 2012

Summary of Content:

Interval Price Limit
Functionality.

For more information please contact:

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Interval Price Limit Functionality

Effective with the start of trading for trade date Monday, March 12, 2012 the Exchange will introduce new electronic trading platform functionality known as Interval Price Limits ("IPL"). This functionality will be implemented for USDX[®] and certain Russell futures contracts on March 12, and for all other ICE Futures U.S.[®] futures contracts on a later date.

IPL functionality will act as a temporary circuit breaker feature on the electronic platform, to diminish the likelihood and extent of short-term price spikes or aberrant market moves. While it is designed to be in force throughout each trading day, it is expected that the protections will be actively triggered only in the case of extreme price moves over very short periods of time. The IPL regime uses three customizable parameters for each futures product:

1 – the **IPL Recalculation Time**: a pre-set length of time during which the price of a contract month may not move up or down more than the IPL Amount (defined below) from the contract price at the start of the period. This starting price is referred to as the "anchor price". The IPL Recalculation Time continuously resets for the length of time applicable to the particular futures contract.

2 – the **IPL Amount**: the maximum number of points that a contract month is permitted to move up or down during each IPL Recalculation Time for the contract. The anchor price plus/minus the IPL amount effectively creates an IPL range for the contract for the IPL Recalculation Time.

3 – the **IPL Hold Period**: when the platform determines that the next trade in the contract month will be at a price that is outside the active IPL range, the platform triggers a Hold Period, during which the price of the contract is not permitted to trade outside the IPL range that was in place at the start of the IPL Hold Period. The length of the Hold Period is pre-set. When a Hold Period is triggered, the platform will issue an alert to notify users that a Hold Period has begun and specifying the time the Hold Period will end.

These parameters can be changed over time based upon market conditions. For the USDX and Russell 1000® Index Mini Futures and Russell 2000® Index Mini futures contracts the IPL parameters at implementation will be as follows:

	<u>USDX</u>	<u>Russell 1000 & 2000 Index Mini</u>
Recalculation Time:	5 seconds	5 seconds
IPL Amount:	.500 Index Point	20.00 Index Points
IPL Hold Period:	5 seconds	5 seconds

Further information on IPL functionality can be found at:
https://www.theice.com/publicdocs/technology/IPL_Circuit_Breaker.pdf

Also effective March 12, 2012 the Exchange will eliminate the current Cascading Stop functionality that is in place for USDX and Russell futures contracts only. The new IPL functionality replaces the Cascading Stop functionality for these products.

Exhibit B

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

Rule 27.02. Definitions

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

* * * * *

(i) "Anchor Price" shall mean the price set by the Exchange from which Reasonability Limits, ~~and~~ 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.

* * * * *

(iv) "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.

(v) "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.

(vi) "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(c).

Rule 27.11. Acceptable Orders

(a) An ETS order shall be in one of the following order types (listed in alphabetical order):

* * * * *

(v) "Stop Orders" – Acceptable Types

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(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 that the election of a Stop Limit Order in an Exchange Financial or Stock Index product would elect other Stop Orders which could cause a rapid price movement and cascading election of other Stop Orders, of an IPL Hold Period being triggered, the ETS will temporarily reset the limit price of such other 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) that are elected while the condition exists using a cascading stop algorithm. 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. For a Stop limit Order whose limit price has been adjusted by ETS, if such order is not fully executed, the remaining quantity of the order will be cancelled.~~

(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 that the election of a Stop Order with Protection in an Exchange Financial or Stock Index product would elect other Stop Orders which could cause a rapid price movement and cascading election of other Stop Orders, ETS will reset the limit price of such other Stop Orders that are elected while the condition exists using a cascading stop algorithm. 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. For a Stop Order with Protection whose limit price has been adjusted by ETS, if such order is not fully executed, the remaining quantity of the order will be cancelled.~~

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.

(e-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.

(de) Each matched Trade shall be transmitted to TIPS/PTMS at which time executing Floor Brokers and Clearing Members will be able to view their matched Trades.

(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 User with Direct Access will automatically clear to the account of the Floor Broker's or User's Clearing Member Guarantor at the end of the Trading Session unless such Trade is otherwise accepted for clearance by another Clearing Member on such trading day.

(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.

R-7 Delegation of Authority to President and COO

WHEREAS, Bylaw Section 4.3 provides that the business of the Exchange shall be managed by or under the direction of the Board of Directors ("Board"); and

WHEREAS, Bylaw Section 9.1 authorizes the Board of Directors to appoint a President and other officers to carry out the business of the Exchange; and

WHEREAS, the Licensing Rules authorize the Board to grant Exchange licenses to chemists, graders, master samplers, warehouse or tank facility operators and weighmasters; and

WHEREAS, Article XVI of the Bylaws authorizes the Board to adopt Rules or make any amendments to the Rules that are not inconsistent with the Bylaws; and

WHEREAS, the adoption of certain Rules or amendments and the granting of licenses are administrative in nature;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby delegates to each of the President and the COO, acting individually, the authority to:

* * * *

8. change the Messaging Policy contained in Appendix II of the Electronic Trading Rules; and

9. determine the Interval Price Limits, the IPL Recalculation Time and the IPL Hold Period as such terms are defined in Chapter 27 of the Rules, and the contract delivery months to which they will be applicable, for purposes of implementing the Exchange's procedures to address unwarranted short term price movement in electronic markets.