



ICE FUTURES U.S.

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C.F.T.C.
OFFICE OF THE SECRETARIAT

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BY ELECTRONIC TRANSMISSION

Submission No. 09-17
April 15, 2009

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 Rules 3.16, 3.21, 3.24, 3.33, 3.39, 4.31, 6.27 and 8.10(g) and Resolution concerning Cotton and Sugar Options on Spreads - 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 3.16, 3.21, 3.24, 3.33, 3.39, 4.31, 6.27 and 8.10(g), attached as Exhibit A, and a resolution limiting the trading months listed for Cotton No. 2[®] and Sugar No. 11[®] Options on Spreads.

Rules 3.16, 3.21, 3.24, 3.33 and 3.39

The amendments to Rules 3.16, 3.21, 3.24, 3.33 and 3.39 eliminate the Ethanol, Financial Products, Index Products, Settlement Price and Pulp Committees. Ethanol and Pulp are no longer listed for trading by the Exchange. Although the Exchange does list currencies and stock index products, neither the Financial Products nor the Index Products Committees have met in more than two (2) years, and none of the members of those committees have requested the need for a meeting. There is no longer a need for the Settlement Price Committee as settlement prices for futures contracts are determined by the Exchange's Market Supervision Department and settlement premiums for options contracts are determined by staff of ICE Clear U.S., Inc. For all of these reasons, the listed committees have been disbanded.

Rules 4.31 and 6.27

Regulatory Requirement Rule 6.27 allows a trader of a warehoused commodity, such as cocoa, coffee and FCOJ, to apply for an “arbitrage and straddle” or “cash and carry” exemption (the “Exemption”). The Exemption is an exception to the position limits that are applicable in the spot month. It is granted during the notice period to allow the trader to take delivery of the commodity if market conditions permit the trader to establish spread positions at a level that equals or exceeds the trader’s cost of carrying the commodity in the warehouse. Inherent in acquiring the necessary spread positions is establishing such positions at prices bid and offered in the competitive market, as opposed to prearranged, non-competitive trading.

Rule 4.31 allows for the execution of Block Trade, which are privately negotiated and thus are not necessarily reflective of the prices bid and offered in the competitive marketplace and of market conditions.

The amendments to Rules 4.31 and 6.27 prohibit the use of a Block Trade to establish the spread positions necessary for the Exemption. By requiring the traders seeking the Exemption to establish their spread positions exclusively in the competitive marketplace, the spread differentials obtained by such traders will accurately reflect market conditions relative to the cost of carrying the commodity through the delivery period.

Rule 8.10(g)

When Exchange Coffee is moved from one warehouse to another, Rule 8.10(g)(iii) requires that the Exchange weights be invalidated at the time of the move and the Coffee reweighed upon the completion of the move. The amendment will allow the owner of the Coffee, if it is the owner of the coffee requesting the move, to decide if the Coffee should be weighed after the completion of the move or at a later time. Since it is the owner that is requesting the move and then paying for the new weights, the owner should be given the right to decide when to reweigh the Coffee. Further, the owner, by requesting the move and then delaying the reweighing, would be waiving any claims for loss which may have occurred as a result of the move.

Resolution to Limit the Trading Months for Options on Spreads

Since March 2005, the Exchange has listed Options on Spreads for Cotton No. 2 and Sugar No. 11. Trading months for Options on Spreads are listed in series, such as, 1 month series in which each of the first three expiration months is paired with its next successive expiration month. Actual trading, however, occurs only in the 1 month series and, occasionally, the 2 month series. The Exchange’s Board of Directors adopted a resolution that limits the trading months listed for Options on Spreads for Cotton No. 2 and Sugar No. 11 to the 1 and 2 month series and delist each month-to-month combination listed for the rest of the series for

which there is no open interest. Currently, there is no open interest in the any of the series being delisted.

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

The amendments and the resolution were adopted by the Exchange's Board of Directors at its meeting on April 15, 2009 and, except for the Resolution delisting certain trading months for Options on Spreads, will go into effect on April 17, 2009. The Resolution will become effective on April 22, 2009.

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

Sincerely,

Jill S. Fassler
Vice President
Associate General Counsel

cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

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

Rule 3.16. [Ethanol Committee] Reserved

~~[(a) The Ethanol Committee shall be an Exchange Committee and shall consist of such number of individuals who are employed by Firms that are identified with the business of the ethanol trade as the Board shall determine from time to time. Any such individual may appoint another individual to act in his place at any meeting of the committee at which the committee member is not in attendance, provided that such other individual is an employee of the same Firm as the committee member.~~

~~(b) The Committee shall advise the Board with respect to matters involving Ethanol Futures and Options Contracts as and when requested to do so.]~~

Rule 3.21. [Financial Products Committee] Reserved

~~[(a) The Financial Products Committee shall be an Exchange Committee and shall consist of not less than ten (10) nor more than twenty one (21) Persons who either primarily trade the Financial Products or are identified with the currency or banking industries. The Chairman and Vice Chairman of the Committee must each be either an NYBOT Member or the holder of a FINEX[®] permit.~~

~~(b) The Committee shall advise the Board with respect to matters involving Financial Products Futures and Options contracts as and when requested to do so.]~~

Rule 3.24. [Index Products Committee] Reserved

~~[(a) The Index Products Committee shall consist of not less than ten (10) nor more than twenty (20) Persons who hold a FINEX permit and primarily trade Index Contracts.~~

~~(b) The Committee shall advise the Board with respect to matters involving Index Products as and when requested to do so.]~~

Rule 3.33. [Settlement Price Committee] Reserved

~~[(a) The Settlement Price Committee shall be an Exchange Committee and shall consist of such number of Persons as the Board shall determine from time to time.~~

~~(b) The Settlement Price Committee shall perform such duties as set forth in Rules 4.28 and 4.29 and as specified by the Board.~~

~~(c) The Settlement Price Committee shall be divided into subcommittees for each Exchange Futures and Options Contract. To the extent possible, each subcommittee shall consist of at least three (3) members, at least one (1) of whom shall be a Floor Broker primarily involved in executing orders, one (1) of whom shall be a Floor Broker primarily involved in trading for his account, and one (1) of whom shall represent trade interests (either personal, of his employer, or of a substantial customer base). On any day on which there is insufficient representation of any group on a subcommittee, the Chairman or Vice Chairman of the Settlement Price Committee, or his designee, shall supervise the Settlement Price determination for that Commodity Contract.~~

~~(d) The Settlement Price Committee, or any subcommittee thereof, shall have the authority to make changes to Settlement Prices as provided under the Rules and to request from any committee member who represents that certain market information should be considered in the determination of a Settlement~~

Price, such documentation as it deems appropriate including, but not limited to, trading cards or order tickets.]

Rule 3.39. [Pulp Committee] Reserved

~~[(a) The Pulp Committee shall be an Exchange Committee and shall consist of such number of individuals, as the Board shall determine from time to time, who are actively engaged, or employed by a Firm which is actively engaged, in the pulp trade. Any such individual may appoint another individual to act in his place at any meeting of the Committee at which the Committee member is not in attendance, provided that such other individual is an employee of the same Firm as the Committee member. Seven (7) members of the Pulp Committee shall constitute a quorum for the purpose of holding a meeting and transacting business.~~

~~(b) The Committee shall advise the Board with respect to matters respecting Pulp Futures and Options contracts.]~~

Rule 4.31. Block Trading

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(e) Block Trades may not be used to establish positions upon which an arbitrage and straddle exemption request made in accordance with Rule 6.27 is based.

Rule 6.27. Arbitrage and Straddle Exemption

(a) The position limits for Exchange Futures and Options Contracts specified in this Chapter shall not apply to Arbitrage or Straddle positions.

(b) To be eligible for an exemption under this Rule, a Member must submit to the Exchange a written request in the form provided by the Exchange which shall include the following:

(i) a description of the size and nature of the proposed Transactions;

(ii) a statement that the intended positions will be Arbitrage or Straddle positions;

(iii) a statement that the Person on whose behalf the request is made complies with whatever limitations are imposed by the Exchange with regard to said positions;

(iv) a statement that the Person on whose behalf the request is made agrees to submit immediately a supplemental statement explaining any change in circumstances affecting the position;

(v) a statement that the Person on whose behalf the request is made complies with all other Rules and requirements;

(vi) a statement that such positions will be moved in an orderly manner and will not be initiated or liquidated in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes. The Person on whose behalf the request is made will not use said position in an attempt to violate or avoid the Rules, or otherwise impair the good name or dignity of the Exchange; and

(vii) when applying for a cash and carry exemption, the trader must provide the cost of carrying the physical commodity, the minimum spread differential at which the trader will enter into a straddle position in order to obtain profit, and the quantity of stocks the trader currently owns in Exchange licensed warehouses or tank facilities.

(c) Written requests for exemptions to notice period limits specified in this Chapter must be received by the Exchange no later than five (5) Business Days prior to the first (1st) notice day of the contract month for existing positions. Failure to file notice period exemption requests on a timely basis shall subject the Member and/or the Carrying Member to disciplinary action pursuant to the Rules.

(d) Within five (5) Business Days of the submission of the information set forth above, the Exchange shall notify the Member whether the exemption has been granted and the limitations placed thereon. An exemption will remain in full force and effect until (i) the Member requests a withdrawal; or (ii) the Exchange revokes, modifies or places further limitations thereon.

(e) When granted a cash and carry exemption, the trader shall agree that, (i) before the price of the nearby contract month rises to a premium to the second (2nd) contract month, the trader will liquidate all long positions in the nearby contract, and (ii) the trader will comply with all other restrictions or limitations placed on the trader as a condition to the grant of the exemption.

(f) Block Trades may not be used to establish positions upon which an arbitrage and straddle exemption request made in accordance with this Rule is based.

Rule 8.10. Certificate of Grade

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(g)(iii) In the event that coffee that is moved pursuant to this paragraph (g) has been previously weighed for Exchange delivery, the Exchange weights shall be invalidated at the time of the move, and new Exchange weights shall be issued and entered upon completion of the move; provided, however, if such coffee is moved at the request of the owner, new Exchange weights will only be issued and entered upon the owner's request.

[REMAINDER OF RULE UNCHANGED]