

 **ICE** FUTURES U.S.  
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C.F.T.C.  
OFFICE OF THE SECRETARIAT  
2010 MAY 21 PM 4 08

**BY ELECTRONIC TRANSMISSION**

Submission No. 10-23  
May 21, 2010

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

Re: **Request for Commission Rule Approval: Amendments to Rule 10.53 -  
Submission Pursuant to Section 5c(c)(2) of the Act and Regulation 40.4(a)**

Dear Mr. Stawick:

Pursuant to Section 5c(c)(2) of the Commodity Exchange Act, as amended, and Commission Regulation 40.4(a), ICE Futures U.S., Inc. ("Exchange") is requesting approval of amendments to Rule 10.53, attached as Exhibit A.

The amendments to Rule 10.53 provide that trading in Cotton No. 2<sup>®</sup> Options contracts ("Options") be halted upon a determination that the Cotton No. 2 futures contract is trading synthetically at a price that is two daily trading limits above or below the prior day's settlement price for that futures contract. The determination that the condition necessary to trigger a halt in Options trading shall be made by the Exchange based upon trading in the "Lead Month". The Lead Month is defined as the Cotton No. 2 futures contract month with the highest open interest, provided that the regular Options contract on that future has not already expired. The amendments further provide that floor trading in Options will resume during the same trading day if, after a halt is declared, the Lead Month futures contract resumes trading within its allowed daily trading range.

The trading halt will benefit market participants by: (1) allowing Options trading to continue after the futures contract has reached its own daily trading limit, permitting both price discovery and Option trading in volatile conditions, and (2) only halting trading in all Options when further synthetic price movement indicates that the market is experiencing conditions of extreme price volatility.

When the Exchange makes the determination that the conditions are present which necessitate a trading halt in Options, the appropriate announcements will be made in the trading ring, on the electronic trading platform and on the Exchange website.

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

The amendments to Rule 10.53 were adopted by the Exchange's Board of Directors at its meeting on May 20, 2010 and will go into effect after approval by the Commission on a date selected by the Exchange President and announced by the Exchange.

If you have any questions or need further information, please contact me at 212-748-4084 or at [jill.fassler@theice.com](mailto: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 amendment below, additions are underlined and deletions are bracketed and lined out.)

### Rule 10.53. [~~Absence of~~]Price Fluctuation Limitations

(i) Transactions in Cotton No. 2 Options shall not be subject to price fluctuation limitations.

(ii) For the purposes of this Rule, the term "Lead Month" shall mean the futures contract month carrying the most open interest; provided, however, that if the regular option contract on such futures contract month has expired then such futures contract month is not eligible to be the Lead Month.

(iii) If, during any trading day, the Lead Month is at limit bid or limit offer and the Exchange determines that the Options contract for which the Lead Month is the Underlying Futures Contract is trading at a synthetic price that is equal to two (2) times the daily price limit currently in effect for the Lead Month, trading in all Options contracts shall be halted for the remainder of the trading day; provided, however, that if prior to the end of the trading day the Lead Month is no longer limit bid or limit offer, trading in all Options contracts shall resume exclusively on the Trading Floor.

(iv) The decision by the Exchange that the Options contract is trading at a synthetic price that is equal to two (2) times the daily price limit currently in effect for the Lead Month shall be final.

(v) All Options trades executed prior to the Exchange halting Options trading for the day shall be valid trades.