



ICE FUTURES U.S.
World Financial Center
One North End Avenue
New York, New York 10282

BY ELECTRONIC TRANSMISSION

Submission No. 12-37
June 28, 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: Amendments to Appendix 1 to Electronic Trading Rules –Error Trade Policy- Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6(a)

Dear Mr. Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. hereby notifies the Commission of changes to the Exchange Error Policy (Appendix 1 to Chapter 27 of the Rules) with respect to the Reasonability Limits (“RLs”) applicable to options in the Exchange’s Sugar No. 11[®], Cotton No. 2[®], Coffee “C”[®], Cocoa, FCOJ, Russell Index and USD[®] contracts. The new RLs are specified in Exhibit A and will become effective July 16, 2012.

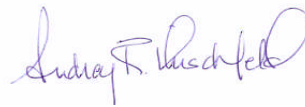
The new RL levels provide that the RL for a given option (including outright options, option combination transactions and hedged options) will be equal to three times the No Cancellation Range (“NCR”) for the option. Currently, the RL is calculated as 20% of the fair value of the option, subject to specified minimum and maximum RL levels. The Exchange has determined to make this change based on its experience using the current levels, and believes that three times the NCR is a more appropriate measure at this time.

No opposing views were expressed to the Exchange with respect to the amendments. The Exchange certifies that the rule amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. Specifically, the amendments address the Core Principle 4 requirement that the Exchange have the capacity to prevent price distortions, and are consistent with Regulation 38.255 regarding the

establishment of risk controls by a DCM and the Acceptable Practices issued by the Commission, which specifically reference the use of price collars or bands as appropriate forms of risk controls.

The Exchange further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website, which may be accessed at (<https://www.theice.com/notices/Notices.shtml?regulatoryFilings>). If you have any questions or need further information, please contact me at 212-748-4083 or at Audrey.hirschfeld@theice.com.

Sincerely,

A handwritten signature in purple ink, appearing to read "Audrey R. Hirschfeld".

Audrey R. Hirschfeld
Senior Vice President & General
Counsel

Enc.

cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

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

APPENDIX I

ERROR TRADE POLICY

1. Regulatory Considerations

* * *

4. No Cancellation Range

* * *

No-Cancellation Range for Screen-Traded Options ("NCR")								
Theoretical Value	Cotton	FCOJ	Cocoa	Coffee	Sugar	USDX	Theoretical Value	Russell
.01 - .20	.20 pts	.20 pts	.10 pts	.15 pts	.10 pts	.100 pts	.01 - .50	.25 pts
.21 - 2.00	.40 pts	.75 pts	20 pts	.50 pts	.15 pts	.150 pts	.51 - 5.00	.50 pts
2.01 - 5.00	.50 pts	1.00 pts	25 pts	.75 pts	.20 pts	.200 pts	5.01 - 10.00	1.00 pts
5.01 - 10.00	.60 pts	1.50 pts	25 pts	1.00 pts	.25 pts	.250 pts	10.01 - 25.00	1.50 pts
10.01 - above	.80 pts	2.00 pts	25 pts	1.00 pts	.25 pts	.250 pts	25.01 - above	2.00 pts
Reasonability Limit ^[**]	<u>3 x NCR</u> 20%	<u>3 x NCR</u> 20%	<u>3 x NCR</u> 20%	<u>3 x NCR</u> 20%	<u>3 x NCR</u> 20%	<u>3 x NCR</u> 20%		<u>3 x NCR</u> 20%
Maximum	[2.00]	[3.00]	[75]	[3.00]	[0.75]	[0.75]	-	[4.00]
Minimum	2x NCR	2x NCR	2x NCR	2x NCR	2x NCR	2x NCR	-	1.5 x NCR]
* Note that for Cocoa options (which do not trade in decimal points) the respective Theoretical Value Ranges are 1-20 points, 21-200 points, 201 to 500 points, 501 to 1000 points and 1001 points and above.								
[** Note that Reasonability will be 20% of Fair Value and all options are subject to a minimum and maximum reasonability for that option.] NCR and Reasonability Limits are for both outright options and User Defined Spread trades, including hedged trades; for purposes of NCR and RL levels, UDS and hedged UDS trades are treated as a package and not by the individual legs of the UDS.								
In the case of price adjustment, Market Supervision will adjust to fair value minus/plus NCR. [In the Bands where there are no NCRs, all trades will be up to the discretion of Market Supervision to price adjust and or bust.]								

NOTE: Market Supervision staff has the authority to expand the No Cancellation Range and Reasonability Limit for a product to two (2) times the levels shown above in volatile market conditions and without prior notice.

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