ICE FUTURES U.S.

World Financial Center
One North End Avenue
New York, New York 10282

BY ELECTRONIC TRANSMISSION

Submission No. 12-62
September 28, 2012

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 Exchange Rules 18.00, 27.11, 27.20, 27.21, 27.22 Appendices I and II of Chapter 27 and IPL levels for Henry Hub, and New Market Halt Review Procedures-Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6 (a)

Dear Sir or Madam:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the "CEA") and Commission Regulations 40.6(a), ICE Futures U.S., Inc. ("IFUS" or "Exchange") submits by written certification amendments to Exchange Rules 18.00, 27.11, 27.20, 27.21, 27.22 Appendices I and II of Chapter 27 and IPL levels for Henry Hub, and new Market Halt Review Procedures, as set forth in Exhibit A. The amendments are being made in connection with the October 15, 2012 transition of ICE OTC Energy swaps to Energy futures and options contracts listed on the Exchange.

Amendment to Rule 18.00

The amendment to Rule 18.00 adds a reference to physical delivery of an Energy Contract to make clear that such physical delivery is subject to the Rules of the Clearing Organization. In addition, four defined terms have been deleted from Rule 18.01, as they are only applicable to contracts in Natural Gas Liquids, which are not being listed by the Exchange.

Amendment to Rule 27.11(a)

Electronic Trading Rule 27.11 sets forth the acceptable order types for the electronic trading system. The amendment to Rule 27.11(a) expressly provides that acceptable order types will be available in certain futures and options contracts as determined by the Exchange.

Amendment to Rule 27.11(a)(i)

The amendment to 27.11(a)(i) provides that Calendar Spreads of Energy Contracts will use the same quote convention as Exchange agricultural products. A buy order will purchase the near month and sell the far month, and a sell order will sell the near month and purchase the far month.

The amendments to Exchange Rules 27.11(a)(vii)(A) and (b) expand the allowable number of minimum price fluctuations above or below the Trading Session's Settlement Price for Trade at Settlement ("TAS") orders involving Energy Futures Contracts. The Exchange will initially allow TAS trading of Henry Hub products and may offer the functionality in additional Energy Contracts in the future. Generally, these products have smaller minimum price fluctuations and, as a result, wider bid/ask spreads than most of the Exchange products in which TAS functionality is currently available. To accommodate such wider markets, the Exchange is expanding the TAS trading range for Energy Contracts to one hundred (100) minimum price fluctuations above or below the Trading Session's Settlement Price. This wider range establishes a band that is comparable to that which already exists for other Exchange contracts in which TAS trades are accepted.

<u>Amendment to 27.11(a)(ii)</u>

While not a convention in any markets currently offered by the Exchange, intercommodity spread trading of related products is a common practice of Energy swaps participants. The amendments to Rule 27.11(a)(ii) define an intercommodity spread order.

<u>Amendment to Rule 27.11(iv)</u>

The amendment to Rule 27.11(iv) establishes the price limit for Henry Hub market orders, providing that such orders will not be filled outside of the Reasonability limit for the product.

<u>Amendment to Rule 27.20</u>

Electronic Trading Rule 27.20 allows a market participant to take the opposite side of a customer order provided that the customer order is exposed to the market on the electronic trading system for a defined period of time. The rule currently requires a market participant to expose futures orders for five (5) seconds and options orders for fifteen (15) seconds. The proposed amendment provides that a market participant will be required to expose a customer order for Russell Options and for Energy Options for a period of 5 seconds. The Exchange believes that this shorter time is appropriate given the depth and liquidity of the Energy markets.

<u>Amendments to Rule 27.21 and 27.22</u>

Amendments to Exchange Rules 27.21 and 27.22 require cross trades of Energy futures and options contracts, whether initiated by an individual with common control over two or more accounts with different beneficial ownership or through permissible pre-execution communications, to be entered onto the ETS via a Crossing Order.

<u>Appendix I of Chapter 27</u>

Appendix I of Chapter 27 sets forth the Exchange's Error Policy. The amendments to the Error Policy provide for the treatment of Energy Contract errors as follows:

<u>Section 1.3</u>

The amendment states explicitly that off-exchange transactions such as block and EFP trades are not subject to the Policy. The proposed amendment codifies current Exchange practice.

Section 2.B and 2.D

The amendments provide that, when applicable, the Exchange may set Reasonability Level for products. Reasonability Levels will not be set for many of the new Energy Products which are illiquid.

Section 2.C

The amendment deletes as redundant language specifying the treatment of Market Orders in the platform; these provisions remain in the Trading Rules.

Section 2.E

The amendment changes the guideline timeframe for market users to request review of a trade to 8 minutes, from the current 5. The 8 minute timeframe is more appropriate based upon experience to date.

Section 2.J

The amendment deletes an obsolete references to options with a zero NCR; there are no zero NCR options under the current schedule of NCR levels.

Section 2.K

The amendment is necessary to make provisions for both calendar and inter-product spread trades under the policy; inter-product spread trades will be supported for the Energy products.

Section 2.M

The amendment deletes a non-binding guideline timeframe for completion of the Exchange's review of error trades under the policy. The Exchange believes that deletion of this timeline is appropriate based upon experience to date and will endeavor to complete review of such trades expeditiously.

NCR Levels

The amendments include proposed NCR levels for each of the new Energy futures and options contracts, and delete as redundant language following the NCR levels that restates the use of NCRs, RLs and Anchor Prices in the policy.

Appendix II of Chapter 27

The Exchange Messaging Policy ("the Policy") is set forth in Appendix II of Chapter 27. It addresses inefficient and excessive messaging and sets out certain messaging thresholds which it expects Firms with direct access not to exceed as excessive messaging can slow the performance of the ETS and increase bandwidth and other operational requirements. It is designed to discourage inefficient and excessive messaging without compromising market liquidity. As such, the Policy only applies to liquid futures contracts, specifically those which have an average daily volume greater than 10,000 contracts.

The amendment to Appendix II adds the Henry Hub Futures Contract to the Policy. Staff anticipates that this contract will meet the average daily volume requirement.

IPL and Market Halt Review Procedures

New Commission Regulation 38.255, which has a compliance date of October 17, 2012, requires designated contract markets such as the Exchange to "establish and maintain risk control mechanisms to prevent and reduce the potential risk of price distortions and market disruptions, including, but not limited to, market restrictions that pause or halt trading in market conditions prescribed by the designated contract market." ICE has developed a number of market protection measures in an effort to address aberrant and rapid price movements. This includes implementing No Cancellation Ranges (NCRs) for each product as well as Interval Price Limits (IPLs) in highly liquid and mature markets. For Henry Hub, the Exchange is instituting the an IPL Amount of $0.10 every day except for Thursday. The IPL Amount will be 0.12 on Thursdays. The IPL recalculation time will be 3 seconds and the IPL hold time will be 5 seconds.

However, for less liquid markets, where price volatility is common, these protection measures are less effective. Accordingly, ICE has developed a market halt review process which acts as a protection feature on the electronic platform that works to reduce the likelihood of an egregious intra and/or interday price spike or aberrant market move.

Certifications

The Exchange certifies that the rules and amendments comply with the requirements of the CEA and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market Core Principles and has determined that the amendments comply with Core Principle 4 (Prevention of Market Disruption) and Core Principle 9 (Execution of Transactions). The amendments to Rule 27.11 and 27.20 support trading in a competitive, centralized market with transparent execution of transactions and the addition of Henry Hub to the Exchange's Messaging Policy is designed to prevent market disruptions caused by excessive messaging.

All of the amendments and the new Market Halt Review Procedures shall become effective with the start of trading on trade date October 15, 2012. No substantive opposing views were expressed by members or others with respect to the rules or the amendments. The Exchange further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website at (https://www.theice.com/notices/RegulatoryFilings.shtml).

If you have any questions or need further information, please contact me at 212-748-4021 (jason.fusco@theice.com).

Sincerely,

Jason V. Fusco

Jason V. Fusco
Assistant General Counsel
ICE Futures U.S, Inc.

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

EXHIBIT A

Rule 18.00 Scope

The rules in this Chapter govern the trading of Energy Futures Contracts and Energy Options. The Clearing Organization for all Energy Contracts shall be ICE Clear Europe Limited. The procedures for trading, clearing, cash settlement, physical delivery and exercise, and any other matters not specifically covered herein shall be governed by the Rules of the Exchange and the Clearing Organization Rules.

Rule 18.01 Definitions

As used in this Chapter 18, the following terms shall have the following meanings:

~~**Argus International LPG**~~

~~The Term "Argus International LPG" shall mean the Argus International LPG report, or any successor publication, published by Argus Media Limited or its successor.~~

~~"Argus®" is a trademark of Argus Media Limited. All intellectual property rights in the Argus indices referred to herein belong to Argus Media. The mark "Argus" and the Argus indexes referred to herein are used under license. Argus Media accepts no liability to third parties arising from or in connection with any use of the Argus indices by licensees.~~

~~**Average Price Option** or **APO**~~

~~The term "Average Price Option" or "APO" shall mean an Exchange Option whose value is determined by a mathematical average of prices over a specific period of time.~~

~~**OPIS**~~

~~The Term "OPIS" shall mean the Oil Price Information Service, or any successor publication, published by Oil Price Information Service, a division of UCG, or its successor.~~

~~"OPIS" is a trademark of OPIS used under license by IntercontinentalExchange, Inc.~~

~~**Platts European Marketscan**~~

~~The Term "Platts European Marketscan" shall mean Platts European Marketscan, or any successor publication, published by The McGraw-Hill Companies Inc. or its successor.~~

~~"Platts®" is a trademark of The McGraw-Hill Companies, Inc. and has been licensed for use by IntercontinentalExchange, Inc. Platts does not sponsor, endorse, sell or promote the Energy Contracts specified in this chapter and Platts makes no recommendations concerning the advisability of investing in any Energy Contracts.~~

Rule 27.11. Acceptable Orders

(a) [~~An ETS order shall be in one of t~~]The following order types are supported by the ETS and shall be available in such futures and options contracts as determined by the Exchange from time to time (listed in alphabetical order):

(i) "Calendar Spread orders" – Calendar Spread orders are orders to purchase one (1) or more Exchange Futures Contracts and sell an equal number of Exchange Futures Contracts in the same Commodity at a stated price difference. Calendar Spread orders may either trade against other matching Calendar Spread orders or may be traded against outright contracts. When traded against outright contracts, the outright contract prices are always used for each of the legs of the Calendar Spread order. When traded against another Calendar Spread order, the prices of the legs of such Transactions will be generated by a Calendar Spread algorithm determined by the Exchange and the prices of the legs of such Transactions may exceed the daily price limit for the respective product.

(A) For ETS Calendar Spread orders for Cocoa, Coffee "C"®, Cotton No. 2®, FCOJ, Sugar No. 11®, Sugar No. 16, Corn, Wheat, Soybeans, Soybean Meal, [~~and~~] Soybean Oil and Energy Contracts, a buy order is defined as purchasing the near month and selling the far month, and a sell order is defined as a selling the near month and purchasing the far month.

* * *

(ii)" Intercommodity Spread Orders" – Intercommodity Spread orders are orders to purchase one (1) or more Exchange Futures Contracts and sell an equal number of Exchange Futures Contracts in a different Commodity at a stated price difference. Intercommodity Spread orders may only trade against other matching Intercommodity spread orders and the prices of the legs, which may exceed the daily price limit for the respective product, will be generated by an algorithm determined by the Exchange. An order to buy an Intercommodity Spread is defined as purchasing the first named commodity and selling the second named commodity, and an order to sell an Intercommodity Spread is defined as a selling the first named commodity and purchasing the second named commodity.

* * *

([~~ii~~]iv) "Market orders" – Market orders are executed at the best price or prices available in the order book at the time the order is received by ETS until the order has been filled in its entirety. However, a market order in the Exchange's Agricultural and [~~Commodity Index~~] Henry Hub products will not trade outside of the Reasonability Limits and a market order in the Exchange's Financial and Stock Index products will not trade outside of 200% of the No Cancellation Range ("NCR") and any residual volume from an incomplete market order is canceled. Market orders are rejected if the market is not open.

([~~i~~]v) “Options Spread orders” – Options Spread orders are orders to effect one (1) Exchange Options Contract in conjunction with one (1) or more other Exchange Options Contracts(s) in the same commodity or to effect a Combination Transaction.

*   *   *

(vi) “Stop Orders” – Acceptable Types

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(vii) “Trade At Index Close orders” – Trade At Index Close (“TIC”) orders are orders to buy or sell a stated quantity of an index-based futures contract at the end of the day Spot Index Value for the index upon which the futures contract is based, or up to a maximum number of minimum price fluctuations above or below the Spot Index Value. TIC orders may be submitted only for those Commodity Contracts and delivery months, during such time periods and for such maximum number of minimum price fluctuations above or below the Spot Index Value, as specified by the Exchange from time to time.

*   *   *

(viii) Trade at Morning Marker Price orders – Trade At Morning Marker Price (“TAMM”) orders are orders to buy or sell a stated quantity at:

([~~viii~~]ix) “Trade At Settlement orders” – Trade At Settlement (“TAS”) orders are orders to buy or sell a stated quantity at:

(A) the Trading Session’s Settlement Price or up to one hundred (100) minimum price fluctuations above or below the Trading Session’s Settlement Price for Energy Futures Contracts or up to five (5) minimum price fluctuations above or below the Trading Session’s Settlement Price for all other Exchange Futures Contracts; or

(B) if a Calendar Spread, at the spread differential between the Trading Session’s Settlement Prices of the two (2) delivery months up to one hundred (100) minimum price fluctuations above or below the spread differential between the Trading Session’s Settlement Price of the two delivery months for Calendar Spreads involving Energy Futures Contracts or five (5) minimum price fluctuations above or below the spread differential between the Trading Session’s Settlement Prices of the two (2) delivery months for all other Calendar Spreads; provided, however, that if either or both delivery months settles at a price that is limit up or limit down, then the price of the second leg of the Calendar Spread shall be determined by the Exchange on the basis of observed prices of Transactions involving such Calendar Spread executed during the settlement period or, in the absence of trades in such Calendar Spread during the settlement period by using the procedures used to determine Daily Settlement prices as provided in Rule 4.28.

TAS orders may be submitted only for those Commodity Contracts and delivery months and during such time periods as specified by the Exchange from time to time. TAS orders may result in transactions priced outside the daily price limits.

Rule 27.20. Trading Against Customer Orders

(a) During an ETS Trading Session, a Registered Operator shall not knowingly enter into, or cause to be entered into, a Transaction in which the Registered Operator takes the opposite side of a Customer order for the Registered Operator's own account, an account the Registered Operator either controls or has an interest in, an account of an Associated Broker, an account controlled by an Associated Broker or his employer's proprietary account unless the Customer Order has been entered immediately upon receipt and has first been exposed on ETS for a minimum of five (5) seconds with respect to futures orders and all Russell and Energy Options orders, and for a minimum of fifteen (15) seconds with respect to all other Options orders, prior to the entry of the proprietary futures or Options order. Any Transaction that is consummated without the knowledge of the Registered Operator shall not be considered to have violated this Rule.

Rule 27.21. Cross Trades

* * *

(b) For all products other than Energy contracts, Futures orders on opposite sides of the market for different beneficial accounts that are simultaneously placed by a Person with discretion over both accounts may be entered by the Registered Operator provided that one (1) order is exposed on ETS for a minimum of five (5) seconds.

(c) For all products other than Energy contracts, a futures order allowing for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order received by the same intermediary only if the second order has been entered immediately upon receipt and has been exposed on ETS for a minimum of five (5) seconds.

(d) In the case of futures orders for Energy Contracts and for all Exchange Options Contracts which are listed on ETS, orders on opposite sides of the market that are simultaneously placed for different beneficial accounts by a Person with discretion over both accounts must have a Crossing Order ("CO") which contains both the buy and sell orders entered into ETS.

(e) In the case of Energy futures and all Exchange Options Contracts which are listed on ETS, an order that allows for price and/or time discretion, if not entered immediately upon receipt, may be knowingly entered opposite a second order received by the same intermediary only after a CO which contains both the buy and sell orders is entered into ETS.

Rule 27.22. Pre-Execution Communications

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(b) A market participant may engage in pre-execution communications with regard to Transactions executed on ETS where a market participant wishes to be assured that another market participant will take the opposite side of an order under the following circumstances:

*　*　*

(iii) In the case of futures orders <u>for all contracts other than Energy contracts</u> , subsequent to the pre-execution communication, the order of the market participant who initiated the pre-execution communication (the “first order”) must be entered into ETS and the other market participant’s order (the “second order”) may not be entered into ETS until a period of five (5) seconds has elapsed from the time of entry of the first order; provided however, that, if only one side of the futures Transaction is for a Customer, the Customer’s order must be the first order submitted to ETS;

(iv) In the case of <u>futures orders for Energy contracts and for all</u> Option orders, a Transaction cannot be executed following a pre-execution communication unless a Crossing Order (“CO”) which contains both the buy and sell orders is entered into ETS. Once the terms of a CO have been agreed, the parties may not delay entry of the CO and may not enter a Request for Quote (“RFQ”) until the CO is transacted.

[REMAINDER OF RULE UNCHANGED]

APPENDIX I

ERROR TRADE POLICY

*   *   *

3. Off-Exchange Transactions submitted to the Exchange through ICEBlock for clearing purposes will not be subject to this Error Trade Policy. Rather, those trades may be adjusted or cancelled by the submitting broker or by the Exchange upon mutual agreement of and per the instructions of the two counterparties.

2. Main Components of Policy

*   *   *

B. The Exchange, when applicable, may set and [~~sets and may~~] vary price Reasonability Limits within the system for each Contract beyond which the ETS will not execute limit orders. These limits necessarily are flexible to take account of prevailing market conditions. The ETS incorporates price Reasonability Limits to prevent 'fat finger' type errors that cap the amount the price may change in one trading sequence from the anchor price. These limits are set by the Exchange and may be varied without notice according to market conditions. Beyond these limits, the ETS will not execute orders unless the market moves to bring them within the Reasonability Limit.

*   *   *

C. There is a defined No Cancellation Range for each Contract; or a defined Calendar Spread Spot-Limit Order Range for each calendar spread Contract. Trades executed within this price range will not, under normal circumstances, be cancelled or price adjusted. A component of market integrity is the assurance that once executed, except in exceptional circumstances, a trade will stand and not be subject to cancellation or price adjustment. Any trades that do not have an adverse effect on the market should not be able to be cancelled or price adjusted, even if executed in error.

[~~Market orders in agricultural and Commodity Index products will not be executed outside of the Reasonability Limit, and market orders in Financial and Stock Index products will not be executed outside of 200% of the No Cancellation Range.~~]

[REMAINDER OF SECTION UNCHANGED]

D. When applicable, t[~~T~~]rades executed within the price Reasonability Limits but outside of the defined No Cancellation Range may be reported to or considered by the Exchange as an error.

E. Market users have [~~five (5)~~] eight (8) minutes from the time of the original trade in which to allege a trade as having been executed in error.

*   *   *

J. If the Exchange determines that the premium of an option trade is not representative of the market value for that option as determined by the Exchange at the time of execution, then the premium of such option trade may be adjusted to the value of the option at the time the trade under review occurred, plus or minus the No Cancellation Range. [~~In the case of an option with a No Cancellation Range of zero (0), the option trade may be adjusted to the value of the option at the time of the trade plus or minus a value determined by the Exchange.~~] The Exchange, at its discretion, may allow the trades to stand or cancel the premium rather than adjusting the premium, and may consider timely input from the parties to an alleged error trade in making such a determination. The decision of the Exchange is final.

K. If the Exchange determines that the price differential of a [~~calendar~~] spread is not representative of the market for that [~~calendar~~] spread at the time of execution, then the differential of such [~~calendar~~] spread may be adjusted to the price differential for that [~~calendar~~] spread at the time the trade under review occurred, plus or minus the Calendar Spread Stop-Limit Order Range for that [~~calendar~~] spread<u>, or the spread/differential No Cancellation Ranges for Energy products</u>. The Exchange, at its discretion, may allow the trades to stand or cancel the trades rather than adjusting the price differential.

* * *

M. The Exchange will make every attempt to ensure that a decision on whether an alleged error trade will have its price adjusted, will stand or be cancelled will be communicated to the market as soon as reasonably possible after the time of the original trade. [~~The Exchange will endeavor to complete this process 15 minutes after the time of the original trade.~~]

* * *

4. No Cancellation Range[1]

ICE Futures U.S. – Energy Division No Cancellation Ranges

(Maximum Number of Ticks from Market Value expressed as Price Difference)

Financial Gas	**Day**	**Spread**	**Month**	**Spread**	**Season**	**Spread**	**Calendar**	**Spread**
Henry Hub	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Basis, Swing and Index	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Options	20% of Premium FMV up to 0.05				Min/Max Range =		0.01/0.05	
Financial Power	**BalDay/ NextDay/ BalWeek**	**Spread**	**Weekly & Balmo**	**Spread**	**Month & Season**	**Spread**	**Quarter & Calendar**	**Spread**
All contracts	5.00	5.00	2.00	2.00	1.00	1.00	0.60	0.60
Post LMP Publish	0.05	0.05						
Options	20% of Premium FMV up to 5.00				Min/Max Range =		1.00/5.00	

Heat Rate Spread	**Month**	**Quarters**	**Calendar**
All contracts	0.30	0.30	0.30

Physical Environmental	**Month**	**Option**	**Min/Max Range**
RGGI	0.10	20% of Premium FMV up to 0.10	0.05/0.10
CAR-CRT, CFI-US & REC-NJ	0.25	20% of Premium FMV up to 0.25	0.05/0.25
CCA & SFI	0.50	20% of Premium FMV up to 0.50	0.05/0.50
CT & MA REC	1.00	N/A	N/A
CSAPR SO2 & NOX	10.00	20% of Premium FMV up to 10.00	0.50/10.00

* * *

[1] No Cancellation Ranges are subject to change

	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 **	3 x NCR	3 x NCR	3 x NCR	3 x NCR	3 x NCR	3 x NCR		3 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.*								
***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.								

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.

No Cancellation Range (“NCR”) for the Cash-Settled Grain option contracts:

The NCR shall be equal to 20% of the fair value of the option, up to a maximum of 25% of the NCR of the Underlying Futures Contract. Based on the current NCR levels for the Underlying Futures Contracts, the maximum option NCR levels are currently:

Corn, Wheat and Soybeans: 2.5 cents per bushel

Soybean Oil:	.2 cents per pound
Soybean Meal:	2 dollars per ton

No Cancellation Range ("NCR") and Reasonability Level ("RL") for the Cash-Settled Grain option contracts:

The NCR shall be equal to 20% of the fair value of the option, up to a maximum of 25% of the NCR of the underlying future contract. Based on the current NCR levels for the underlying futures the maximum option NCR levels are currently:

Corn, Wheat and Soybeans:	2.5 cents per bushel
Soybean Oil:	.2 cents per pound
Soybean Meal:	2 dollars per ton

The RL shall be equal to the greater of the delta of the option times NCR of the underlying future or 20% of the fair value of the option, up to a maximum RL equal to the NCR of the underlying future and with a minimum RL equal to:

Corn, Wheat and Soybeans:	1 cent per bushel
Soybean Oil:	.05 cents per pound
Soybean Meal:	equal to .5 dollars per ton

[~~Reasonability Limits~~

~~The ETS maintains Reasonability Limits to prevent 'fat finger' type errors. These are hard limits above or below an Exchange set anchor price. Offers above and bids below the Reasonability Limit are accepted but are not tradable unless the market moves to bring them within the Reasonability Limit. Orders with bids above the Reasonability Limit or offers below the Reasonability Limit will not be accepted, unless such orders are capable of being executed opposite previously entered resting orders at more favorable prices within the Reasonability Limit. (see Section 2B above.)~~

~~Each option order submitted to the electronic trading platform will be evaluated against a Reasonability Limit for the specific strike price, put and call. A Reasonability Limit range will be established around the theoretical premium value for each option call or put. The theoretical premium value will be calculated using the Black - Scholes model and will dynamically update throughout the day. The Reasonability Limit range will allow for entry of bids or offers within a certain percentage of the option's current theoretical premium value. This Option Reasonability Percentage is the percentage above/below the calculated option theoretical premium used to establish the Reasonability Limits. This percentage is determined by the Exchange and is subject to change without notice. For Options with little theoretical value (deep out-of-the money), a minimum premium price established by the Exchange will be used. If the theoretical price of the Option plus the Option Reasonability Percentage is less than the minimum premium, the minimum premium will be used.~~

~~The Reasonability Limits for each Exchange Commodity Contract are flexible, to take account of prevailing market conditions, and may be changed in the discretion of the Exchange on an intraday basis, without advance notice, to take account of such conditions.~~

~~No Cancellation Range~~

~~The Exchange determines parameters above or below an Exchange set Anchor Price for each Contract within which a trade alleged as an error trade may not be cancelled. Such parameters are known as a No Cancellation Range.~~

~~Trades within the No Cancellation Range will not, under most circumstances, be cancelled by the Exchange, whether as a result of error or otherwise, in order that market users can have confidence that traded levels will stand.~~

~~Anchor Price~~

~~The Anchor Price is set by the Exchange and is based on the front contract month, however, 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 previous night's settlement price, the opening call price or the last traded price. The Anchor Price of the second contract month and successive months onward is achieved by applying spread differentials against the front month Anchor Price.~~]

The Exchange reserves the right to consider all alleged error trade situations on their individual merits and may therefore amend these policies in light of the circumstances of each case.

APPENDIX II

EXCHANGE MESSAGING POLICY

Introduction

The level of computer-generated order-flow on the Exchange has progressively increased since the Exchange's business became fully electronic. In some circumstances, inefficient and excessive messaging can slow the performance of the ETS and increase bandwidth and other operational requirements for Members. In order to address this concern, the Exchange implemented the Exchange Messaging Policy ("the Policy").

The Policy is designed to discourage inefficient and excessive messaging without compromising market liquidity and sets out certain messaging thresholds which it expects Firms with direct access not to exceed. Most trading activity for Firms with direct access operates well within the thresholds set out in this Policy. The Exchange will levy charges on those Firms with direct access whose system usage per Firm as configured on the ICE Platform exceeds certain thresholds.

Scope of Policy

This Policy applies to such Exchange contracts as shall be designated from time-to-time ("the Designated Contracts"). The initial Designated Contracts are Cocoa, Cotton No. 2®, Coffee "C"®, Sugar No. 11®, the Russell 2000 Index ~~and the~~ U.S. Dollar Index® and the Henry Hub futures contracts. The Policy will apply to those Firms with direct access who enter more than 100,000 messages in any Designated Contract market on a particular trading day. For the purposes of the Policy, each order submission, revision, hold, cancel/replace and/or consummation constitutes a message.

Weighted Volume Ratio

The Weighted Volume Ratio ("WVR") is defined as the total number of messages sent to the ETS multiplied by a price-based weighting scale divided by the total number of lots traded. The result is a figure for weighted messages per executed contract.

Each message is weighted as set out below.

	Price-based weighting multiplier		Description
Price difference from best bid or offer	Outrights	Spreads	
None (best bid or offer)	0	0	If the price is the best bid or offer, it will not be counted

At market bid or offer	0	0	If the price equals the best bid or best offer, it will not be counted
1 tick off market	0.5	0.25	If the price is within one minimum price fluctuation ("tick") of the best bid or best offer it will count as one half of a message for an outright market and one quarter of a message for a spread market
2 ticks off market	1.0	0.5	If the price is within two (2) ticks of the best bid or best offer it will count as one (1) message for an outright market and half (0.5) a message for a spread market
3 to 5 ticks off market	2.0	1.0	If the price is between three (3) and five (5) ticks from the best bid or best offer it will count as two (2) messages for an outright market and one (1) message for a spread market
More than 5 ticks off market	3.0	2.0	If the price is more than five (5) ticks from the best bid or best offer it will count as three (3) messages for an outright market and two (2) messages for a spread market

WVR Thresholds

Firms with direct access who exceed a WVR of 100:1 in a Designated Contract on a particular trading day will receive an electronic notification.

Firms with direct access who exceed a WVR of 100:1 in any Designated Contract or spread market for seven (7) or more electronic trading days in any calendar month will be subject to a one thousand dollar ($1,000) surcharge for that calendar month.

Firms with direct access who meet or exceed a WVR of 500:1 in any Designated Contract or spread market on any electronic trading day will be subject to a two thousand dollar ($2,000) surcharge per day for every day that the WVR of 500:1 has been met or exceeded.

Firms with direct access may obtain information regarding their messaging at the ICE website, www.theice.com.

Firms with direct access who are enrolled in any official Exchange Market Maker Program will be monitored under the guidelines set forth in this Messaging Policy; however, such Market Makers may be exempted from the surcharges listed below with such exemption to be determined on a case-by-case basis according to specific circumstances, which include but are not limited to, the liquidity of the particular market and the volume and number of trades by such Market Maker in the particular market.

Restriction or suspension of access

In addition to the surcharges, the Exchange retains the right to restrict or suspend access to Exchange markets listed on the ETS should the Exchange determine that the message usage associated with any Firm with direct access becomes capable of impairing the orderly conduct of business. Such determination will be made by the Exchange in its absolute discretion and may be made at any time and, if necessary, any consequent restriction or suspension may be implemented immediately and without notice.

Market Halt Review Procedure

The market halt review acts as a protection feature on the electronic platform that works to reduce the likelihood of an egregious intra and/or interday price spike or aberrant market move. The information below details the methodologies, as well as the specific parameters that will trigger a market halt review.

(1) **Intraday Price Movement Alert:** An alert will be triggered when a market price moves + / - a pre-determined amount within a designated time period (in seconds).

(2) **Interday Price Movement Alert**: an alert will be triggered when a market price moves + / - a pre-determined amount from the prior day's settlement price. This alert will be in effect for the entire trading session for each respective product.

MARKET HALT REVIEW LIMITS			
	Intraday Alert	***Alert Period (in Seconds)***	***Interday Alert (Prior Settle +/-)***
Natural Gas			
Basis, Swing and Index	**0.10**	**5**	**0.25**
Financial Power			
Monthlies	**10.00**	**30**	**20.00**
Dailies	**50.00**	**30**	**100.00**
Physical Environmental			
RGGI	**0.50**	**30**	**1.00**
CAR-CRT, CFI-US & REC-NJ	**1.50**	**30**	**3.00**
CCA & SFI	***2.50***	***30***	***5.00***
CT & MA REC	**5.00**	**30**	**10.00**
CSAPR SO2 & NOX	**100.00**	**30**	**200.00**

At this time, the market halt reviews will only be implemented in the front three contract months, however, when an alert is triggered, the hold/review process detailed below will apply to all contract months. The parameters may be adjusted over time based upon market conditions.

Review Process

Upon an alert being triggered, an on-screen a notification will be provided in real-time. Market Supervision and Systems Operation will also be notified via email and Red Spectrum alarm, respectively. Market Supervision will then review the market move and attempt to determine market value at the time of the price movement in question by reviewing trade, order, and market data and/or by consulting independent third-party price sources.

Depending upon the nature of the market involved and the trading conditions at the time of the alert, market value may be defined as a specific price or a narrow price range. Bid, offer, and trade data for the market in question at the time of the alert will be the primary consideration in determining market value. However, if necessary, other relevant considerations may include:

a. Bid, offer, and trade data for closely related products, hubs, and strips;
b. Time period between relevant bids, offers, and trades;
c. Current market conditions, including levels of activity and volatility;
d. Release of economic data or other relevant news just before or after the trade in question; and
e. Any other factor that ICE, in its sole discretion, may deem relevant.

If the price movement is determined to have been the result of a bona fide transaction(s) or supported market move, no additional analysis will be warranted. However, if Market Supervision deems it essential to halt trading due to the inability to maintain a fair and orderly market, the market will temporarily be closed and all orders (in that market) will be put on hold. A notification will then be distributed to all market participants, within that market, detailing the reason for the halt and information regarding the timing of the next pre-open period.