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BY ELECTRONIC TRANSMISSION

Submission No. 13-88
September 30, 2013

Ms. Melissa Jurgens
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 Licensing Rule 7.02(c), Cocoa Rule 9.18(c) and Coffee Appendix II –
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6**

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. (“Exchange”) hereby submits amendments to the above-referenced rules, as specified in Exhibit A. The amendments to Cocoa Rule 9.18(c) and Coffee Appendix II expand the Exchange’s conflict of interest rules relating to the eligibility of individuals to be appointed by the Exchange to grade cocoa and coffee for delivery. The Exchange currently maintains a data base of information about each licensed grader which is derived from information submitted by graders in connection with their original license applications. This information is reviewed by the Exchange each time a grader is selected to grade cocoa or coffee, to ensure that a grader is not assigned to sample product as to which he may have an interest, for example, by virtue of being affiliated with the owner of the product. The amendments enumerate specific relationships that would be deemed to constitute a conflict of interest and thereby preclude a person from performing grading. These include direct or indirect relationships which the grader, or any immediate family member of the grader, has with the owner of the commodity, the warehouse in which the commodity is stored, and any firm that holds or controls a position in the expiring delivery month on or after the date that is five business days prior to the first notice day of such delivery month.

Specific questions designed to ascertain the existence of the enumerated relationships have been added to the license application process for graders, along with a question calling for disclosure of any other, unspecified personal or business relationship which may pose a conflict

of interest. Procedurally, graders will be requested to update their responses to these questions before accepting any assignment as a grader, to ensure that the data on which the Exchange bases its selection of a grader is current and accurate.

In conjunction with these enhanced rules and procedures, the Exchange has determined to amend Licensing Rule 7.02(c) to permit employees of cocoa warehouse operators to be individually licensed as cocoa graders. This step is being taken to address the diminishing pool of qualified licensed cocoa graders, which has gradually declined as the number of commercial participants in the cocoa industry has decreased. Because the conflict of interest procedures also serve to limit the pool of eligible graders in a particular case, the Exchange is seeking to increase the overall pool by permitting warehouse employees to be licensed. This approach, along with the heightened rules and procedures surrounding conflicts of interest, was unanimously endorsed by the Exchange's Board of Cocoa Graders as well as the Warehouse and License Committee.

The amendments will become effective on October 14, 2013, thereby making warehouse employees eligible to take the requisite grader exams when they are next offered by the Exchange, at the end of October. The Exchange has reviewed the designated contract market core principles and has determined that the amendments impact DCM core principle 3 (Contracts Not Readily Subject to Manipulation). Specifically, the amendments ensure the integrity of the physical delivery process for cocoa and coffee by increasing the pool of qualified graders and thereby avoiding the potential for delays that could affect delivery obligations under Exchange contracts. As such, the amendments foster the underlying economic purposes served by the contracts.

The Exchange certifies that the amendments comply with the requirements of the Commodity Exchange Act and the rules and regulations promulgated thereunder. A copy of this submission has been posted on the Exchange's website concurrent with its filing and may be accessed at (<https://www.theice.com/notices/RegulatoryFilings.shtml>). The Exchange is not aware of any opposing views.

If you have any questions or need further information, please contact me at 212-748-4083 or at audrey.hirschfeld@theice.com.

Sincerely,



Audrey R. Hirschfeld
SVP and General Counsel
ICE Futures U.S., Inc.

Enc.

cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

(In the text of the amendment below, additions are underlined and deletions are overstruck)

Rule 7.02. Individual Licensees

* * *

(c) An applicant for a license as a cocoa grader must have a minimum of three (3) years of experience in the cocoa industry. Any independent licensed sampler or licensed cocoa warehouse personnel shall be eligible as a licensed cocoa grader.

Rule 9.18. Grading Cocoa for Exchange Delivery

(a) All Cocoa to be delivered in Exchange-Segregated Lots must be certified as deliverable with respect to Growth, Description, Condition, Count, Waste and Grade in accordance with the provisions of this Rule.

* *

(c) The Growth, Description, Condition, Count, Waste and Grade of Cocoa to be delivered on an Exchange Futures Contract must be established by duly licensed graders in accordance with the following:

* *

(ii) The cocoa will be graded by a panel of three (3) licensed graders in accordance with such procedures as from time to time may be promulgated by the Board of Cocoa Graders.

(1) The graders shall be selected by the Exchange from the entire list of licensed graders, and the Exchange, in a practical and equitable manner, shall rotate the service of graders.

(2) The graders selected shall have no ~~direct~~ interest, beneficial or prejudicial, in the cocoa to be graded. No licensed grader may grade cocoa if such grader or an immediate family member: (i) directly or indirectly has an ownership interest in, or is a partner or employee of, a Firm which has an ownership interest in the cocoa submitted for grading; (ii) commencing five business days prior to first notice day of the expiring cocoa delivery month, directly or indirectly holds or controls a position in such delivery month or is a partner or employee of a Firm which holds or controls a position in such delivery month; (iii) directly or indirectly has an ownership interest in, or is an employee of, the warehouse operator where the cocoa submitted for grading is stored; or (iv) has any other business or personal relationship that poses a conflict of interest with respect to the grading of cocoa under Exchange Futures Contracts.

(3) All grading of cocoa, except as may be provided in Rules 9.19 and 9.20, shall be conducted in the City of New York.

[remainder of rule unchanged]

APPENDIX II

Procedures for Grading Coffee and Issuance of Certificates of Grade

* * *

(n) Impartiality.

(1) Graders must be impartial and unbiased. They shall not be told the identity of the samples they are grading, but shall be informed of all duplicate Chops.

(2) No grader may grade coffee if he has an ~~direct~~ interest in the coffee to be graded . No licensed grader may grade coffee if the grader or an immediate family member: (i) directly or indirectly has an ownership interest in, or is a partner or employee of, a Firm which has an ownership interest in the coffee submitted for grading; (ii) commencing five business days prior to first notice day of the expiring coffee delivery month, directly or indirectly holds or controls a position in such delivery month or is a partner or employee of a Firm which holds or controls a position in such delivery month; (iii) directly or indirectly has an ownership interest in, or is an employee of, the warehouse operator where the coffee submitted for grading is stored; or (iv) has any other business or personal relationship that poses a conflict of interest with respect to the grading of coffee under Exchange Futures Contracts.