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OFFICE OF THE
SECRETARIAT

BY ELECTRONIC TRANSMISSION

Submission No. 11-75
October 14, 2011

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 Settlement Premiums -Rule 4.29**
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 Rule 4.29 regarding the establishment of option settlement premiums. Currently, the Rule provides for the establishment of premiums after consideration of the weighted average price of all trades, bids/offers, option intrinsic values, implied volatilities and spread differentials between strikes, as well as any other market information known by the Exchange.

The operation and purpose of the amendments are twofold: first, obsolete references to the now defunct Settlement Price Committee and to the Clearing Organization as having a role in setting option settlement premiums have been deleted, as all such premiums are established by the Exchange and its personnel. Second, the amendments codify that the transaction and price data considered in setting settlement premiums will be derived exclusively from the electronic trading platform unless there is insufficient data for a particular strike. The Exchange believes that the increase in electronic options trading and the trend continuing in that direction makes the use of electronic data appropriate for this purpose. In addition, using electronic data provides more transparency to market participants than data from floor-based transactions, which may be followed by a more limited group. In the event that there is not sufficient electronic trade data but there is sufficient floor based transaction data for a particular strike, the Exchange would

EXHIBIT A

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

Rule 4.29. Settlement Premiums

~~(a) If, after the close of trading in Exchange Options Contracts, the Clearing Organization determines a Settlement Premium for any Strike Price of any Option Month, the Settlement Premium so determined by the Clearing Organization shall be published by the Exchange as the Settlement Premium for such Strike Price.~~

~~(b) With respect to Exchange Options Contracts for which the Clearing Organization has not determined a Settlement Premium, the following settlement procedures will apply:~~

~~(i) Promptly after the close of trading in each Exchange Option Contract, the Settlement Price Committee or designated Exchange staff shall establish the Settlement Premium for each Striking Price of each Option Month of each Option listed for trading that has open interest. A Settlement Premium may be established for any Strike Price that has no open interest.~~

~~(ii) Each such Settlement Premium shall be established by the Committee or the Exchange staff after consideration of the following criteria:~~

~~(A) the weighted average price of all electronic Trades executed during the closing period, which shall mean the average by volume of all electronic Trades executed during the closing period for all electronic Trades in a single Strike Price rounded to the nearest minimum permissible price fluctuation of such contract;~~

~~(B) bids and offers continuously made during the closing period on the ETS;~~

~~(C) the Option's intrinsic value;~~

~~(D) the implied volatility of the (1) corresponding Call or Put of the same Strike Price, (2) nearest active prices on the ETS of the particular contract, and (3) electronic Trades in that Strike Price executed during the day, including the volume of the electronic Trades, bids and offers used to calculate such implied volatility;~~

~~(E) the differential between the implied volatility of a Strike Price and the implied volatilities for Strike Prices of nearby contract months; and~~

~~(F) any other market information known to the Committee or the Exchange.~~

~~(iii) The Settlement Premiums so established shall then be verified as to their reasonableness by the Exchange's Option Settlement Program. Whenever the Exchange's Option Settlement Program queries a Settlement Premium, the Committee or the designated Exchange staff shall review such Premium and, if no change is made thereto, shall furnish an explanation of the basis on which the Settlement Premium was established. The Exchange shall maintain a record of any such explanation.~~

~~(iv) Notwithstanding the authority of the Settlement Price Committee as specified above, the Exchange can override any Premium established by the Settlement Price Committee and, if no Settlement Premium is established by the Settlement Price Committee in any case, it shall be established by designated Exchange staff pursuant to such procedures as may be in effect from time to time. The Exchange shall document the reasons for overriding any Settlement Premium established by the Settlement Price Committee and shall maintain a written record thereof.~~

~~(e) Any Settlement Premium established under this Rule shall not affect the validity of a Trade or cause a Floor Broker to be held on a resting order.~~