

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

Submission No. 13-99  
October 22, 2013

Ms. Melissa Jurgens  
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: New Natural Gas Futures Contracts and Related Amendments**  
**Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.2 and 40.6(a)**

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act (the “Act”), as amended, and Commission Regulations 40.2 and 40.6(a), ICE Futures U.S., Inc. (“Exchange”) submits, by written certification, new Rule 18.A.156 and amendments Resolutions 1 and 2 of Chapter 18, Appendix II of Chapter 27 and the Exchange’s Block Trade Procedures, which are codified in the Exchange’s Block trade FAQ, as set forth in Exhibit A. The amendments provide for the listing of the US EIA Financial Weekly Index futures contract, which will be listed on November 11, 2013.

The U.S. Energy Information Administration (“EIA”) publishes a Weekly Underground Natural Gas Storage Inventory Report (“WNGSR”), which provides a weekly estimate of the number of billion cubic feet (“BCF”) of natural gas volumes held in underground storage facilities across the United States. The U.S. EIA Financial Weekly Index future is a cash settled contract based on the change in the number of BCF published in the WNGSR. The WNGSR is posted on the EIA website (<http://ir.eia.gov/ngs/ngs.html>) at 10:30 a.m. every Thursday, except for certain Federal holidays, and reports working gas volumes held in storage as of 9 a.m. Friday of the previous week.

The contract size is equal to \$10,000 multiplied by the number of BCF change in the WNGSR and is quoted in 1 BCF increments with a minimum price fluctuation of \$10,000. The listing cycle is up to five weeks or as otherwise published by the Exchange and trading hours are from 7:50PM to 6:05PM the next day. The interval price level (“IPL”) Amount will be set at 75 BCF, the IPL Recalculation Time will be set at 3 seconds and the IPL Hold Period is set at 5 seconds. The no cancellation range for the contract is 5 BCF.

The position limit for the EIA Financial Weekly Index Future is set at 10,300 contracts, or 25% of the deliverable supply. A detailed Cash Market and Deliverable Supply Analysis is attached hereto as Exhibit B. Based upon the potentially large size of the contract, the Exchange is setting the minimum block size at 2 lots, as the Exchange anticipates that this is the level that contract will not be filed in its entirety without major price concessions.

The new rules and rule amendments will become effective with the listing of the new natural gas contract on November 11, 2013. The Exchange is not aware of any substantive opposing views to the new natural gas contract. The Exchange certifies that the rule amendments comply with the requirements of the Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the

designated contract market core principles ("Core Principles") as set forth in the Act and has determined that the listing of the contract complies with the following relevant Core Principles:

**COMPLIANCE WITH RULES**

The terms and conditions of the new natural gas contract are set forth in new Rule 18.A.156 and amendments to Resolution 1 and 2 of Chapter 18 and Appendix II of Chapter 27 will be enforced by the Exchange. In addition, trading of the new contract is subject to all relevant Exchange rules which are enforced by the Market Regulation Department

**CONTRACTS NOT READILY SUBJECT TO MANIPULATION**

The new contract is not readily subject to manipulation as it is based on established and liquid underlying cash market. Final settlement of the contract is based upon an inventory report published by the U.S. EIA. In addition, trading of the new contracts will be monitored by the Market Regulation Department.

**POSITION LIMITS OR ACCOUNTABILITY**

Positions for the new contract will be subject to position limits set by the Exchange. As described above, the position limit is based upon the deliverable supply in the cash market. A detailed Cash Market and Deliverable Supply Analysis is attached hereto as Exhibit B.

**FINANCIAL INTEGRITY OF CONTRACTS**

The new natural gas contract will be cleared by ICE Clear Europe, a registered derivatives clearing organization subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website and may be accessed at (<https://www.theice.com/notices/RegulatoryFilings.shtml>).

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

Sincerely,



Jason V. Fusco  
Assistant General Counsel  
Market Regulation

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

**EXHIBIT A**

**Resolution No. 1-Minimum Price Fluctuation Table**

The following minimum price fluctuations shall be applicable to Energy Contracts.

<b>Rule Number</b>	<b>Product</b>	<b>Minimum Price Screen</b>	<b>Fluctuation Blocks and other trades outside the central limit order book</b>
18.A.156	US EIA Financial Weekly Index	1 BCF	1BCF

**18.A.156 US EIA Financial Weekly Index**

**Contract Description:** Cleared market for the change in 1 Billion Cubic Feet (BCF) of the Natural Gas Financial Weekly Gas Storage Inventory Number as reported by U.S. Energy Information Administration (EIA) Weekly Natural Gas Report

**Contract Symbol:** EII

**Settlement Method:** Cash settlement

**Contract Size:** \$10,000

**Currency:** USD

**Minimum Price Fluctuation:** The price quotation convention shall be 1 BCF per \$10,000; minimum price fluctuation may vary by trade type. Please see table in Resolution 1 to this Chapter 18.

**Listing Cycle:** Up to 5 weeks of the EIA Weekly Gas Storage Inventory Number, or as otherwise determined by the Exchange.

**Last Trading Day:** Trading shall cease at 10:28 am EPT the day of the EIA Storage Number.

**Final Settlement:** Reference Price A

**Reference Price A:** NATURAL GAS-WEEKLY NATURAL GAS STORAGE REPORT-U.S. ENERGY INFORMATION ADMINISTRATION

a) **Description:** "NATURAL GAS-WEEKLY NATURAL GAS STORAGE REPORT-U.S. ENERGY INFORMATION ADMINISTRATION" shall mean that the price for a Pricing Date will be that day's Specified Price of natural gas for the Delivery Date, stated in billion cubic feet (BCF), published on the EIA website: <http://ir.eia.gov/ngs/ngs.html>.

b) **Pricing Date:** First publication date of the Contract Period.

c) **Specified Price:** The implied flow estimate, excluding reclassifications in BCF as estimated by the EIA using both a 12-month moving average of working gas volumes and the latest weekly data for the previous week ending on Friday. The standard release time is 10:30 am EPT on Thursdays, with the following exceptions listed on their website. <http://ir.eia.gov/ngs/schedule.html>

d) **Pricing Calendar:** EIA Weekly Natural Gas Report

e) **Delivery Date:** Week ending on the Friday prior to the Contract Period.

**Final Payment Date:** One Clearing House Business Day after the Last Trading Day

**Resolution No. 2 – Position Limit/Accountability Table**

<b>Rule</b>	<b>Contract Name</b>	<b>Commodity Code</b>	<b>Contract Size</b>	<b>Unit of Trading</b>	<b>Spot Month Limit</b>	<b>Single Month Accountability Level</b>	<b>All Month Accountability Level</b>	<b>Aggregate 1 (Positive Correlation)</b>	<b>Aggregate 2 (Negative Correlation)</b>	<b>Exchange Reportable Level</b>
18.A.156	US EIA Financial Weekly Index	EII	10,000	USD	10,300			EII		25

**APPENDIX I**  
**ERROR TRADE POLICY**

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**ICE Futures U.S. – Energy Division No Cancellation Ranges**  
**(Maximum Number of Ticks from Market Value expressed as Price Difference)**

<b>Financial Gas</b>	<b>Day</b>	<b>Spread</b>	<b>Month</b>	<b>Spread</b>	<b>Season</b>	<b>Spread</b>	<b>Calendar</b>	<b>Spread</b>
Henry Hub	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Non-Henry Fixed Price	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Index			0.02	0.02	0.02	0.02	0.02	0.02
Index Bidweek (Prompt Month Only)			0.04	0.04	0.04	0.04	0.04	0.04
EIA Financial Weekly Index	5 BCF	5 BCF	5 BCF	5 BCF	5 BCF	5 BCF	5 BCF	5 BCF
Basis	20% of Basis/Spread FMV up to 0.05				Min/Max Range = 0.02/0.05			
Options	20% of Premium FMV up to 0.05				Min/Max Range = 0.005/0.05			
<b>Natural Gas Liquid</b>	<b>Day</b>	<b>Spread</b>	<b>Quarter</b>	<b>Spread</b>	<b>Calendar</b>	<b>Spread</b>		
TMX C5 1B	0.5	0.1	0.2	0.08	0.1	0.08		
<b>Financial Power</b>	<b>BalDay/ NextDay/ BalWeek</b>	<b>Spread</b>	<b>Weekly &amp; Balmo</b>	<b>Spread</b>	<b>Month &amp; Season</b>	<b>Spread</b>	<b>Quarter &amp; Calendar</b>	<b>Spread</b>
PJM WHRT, Indiana RT, Nepoch DA	5.00	5.00	2.00	2.00	0.60	0.60	0.40	0.40
All other contracts	5.00	5.00	2.00	2.00	1.00	1.00	0.60	0.60
Post Daily LMP Publish	0.05	0.05						
Daily Load Forecast	5,000 MW							
Options	20% of Premium FMV up to 5.00				Min/Max Range = 0.50/5.00			
<b>Heat Rate Spread</b>			<b>Month</b>	<b>Quarters</b>			<b>Calendar</b>	
Heat Rate			0.30	0.30			0.30	
DART			0.60	0.40			0.40	
<b>US Environmental</b>			<b>Month</b>	<b>Option</b>			<b>Min/Max Range</b>	
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	20% of Premium FMV up to 1.00			0.05/1.00	
CSAPR SO2 & NOX			10.00	20% of Premium FMV up to 10.00			0.50/10.00	
RIN			0.05	20% of Premium FMV up to 0.05			0.01/0.05	
NJ SREC			5.00	20% of Premium FMV up to 5.00			0.50/5.00	
TX REC			0.25	20% of Premium FMV up to 0.25			0.05/0.25	
CAIR NOX			5.00	20% of Premium FMV up to 5.00			0.50/5.00	

**ICE FUTURES U.S.  
BLOCK TRADE – FAQs**

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**2. *What are the eligible contracts and the minimum threshold quantities for a block trade?***

Table 1 below lists the eligible non-currency futures contracts and minimum quantity requirements for block trades. Table 2 below list the eligible currency future contracts and minimum quantity requirements for block trades. Table 3 below lists the minimum block quantity requirements for Energy futures and options contracts.

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Market Type	Contract Name	Contract Symbol	Contract Size	Unit	Minimum Qty
GAS	US EIA Financial Weekly Index	EII	10,000	USD	<b>2</b>

## EXHIBIT B

### DELIVERABLE SUPPLY ANALYSIS

#### US EIA Financial Weekly Index

##### **I. Futures Contract Overview**

The U.S. EIA Financial Weekly Index Future is cash settled based on the change in the Natural Gas Weekly Gas Storage Inventory number measured in BCF. The contract size is equal to 1 BCF per \$10,000 and trades in U.S. dollars and cents. The U.S. Energy Information Administration (“EIA”) Weekly Underground Natural Gas Storage Inventory Report (“WNGSR”) provides weekly estimates of natural gas volumes held in underground storage facilities across the United States. The WNGSR is posted on the EIA website (<http://ir.eia.gov/ngs/ngs.html>) at 10:30 a.m. every Thursday, except for certain Federal holidays, and reports working gas volumes held in storage as of 9 a.m. Friday of the previous week.

##### **II. Cash Market Overview**

According to the U.S. Energy Information Administration (“EIA”), approximately 25% of the energy used in the U.S. in 2011 came from natural gas.<sup>1</sup> Natural gas has an abundant supply in the U.S. and highly liquid physical and financial markets that are regulated at both the federal and state level. The Environmental Protection Agency regulates aspects natural gas mining, the Federal Energy Regulatory Commission (“FERC”) regulates the interstate transmission and sale of natural gas, state level governments or agencies regulate intrastate commerce, and the Commodity Trading Futures Commission regulates the majority of natural gas financial markets. Price reporting agencies publish physical transaction price and publish indexes daily, which results in a highly transparent price of physical natural gas, which is unique amongst commodities.

Commercial energy companies, such as Exxon Mobile, Chesapeake Energy and BP, extract natural gas from wells drilled across North America and process it (clean it of impurities) so it can be transported from production areas to consumption areas across a series of interstate and intrastate pipelines. Typically, natural gas producers sell to pipeline owners and operators, who sell to local distribution companies, who then sell to the end users and consumers. Natural gas extraction and production occurs every day but the demand fluctuates by season. To meet the seasonal demand needs, natural gas is stored during summer months and withdrawn to meet increased demand during the winter months. Like all other commodities, natural gas is the same basic product at all U.S. locations and be injected into a pipeline in one geographic area to fulfill a delivery obligation in a different geographic area.

There are over 40 different natural gas market centers, or hubs, across the U.S. where thousands of market participants can buy and sell natural gas 24 hours a day, 7 days a week. The majority of physical natural gas transactions occur the last week of every month during what is called bid week. This is when consumers of natural gas make purchases to take delivery during the entire following month and producers sell the majority of their production. Consumers and producers also transact for daily delivery during a month to meet their balancing needs.

Participation in the physical natural gas cash market is robust and made up of a diverse group of fully integrated natural gas companies, producers, natural gas pipeline companies, gas and electric utilities, storage operators, and marketers. Most market participants simultaneously engage in transportation, trading, storage, and other activities at multiple hubs in the U.S. where all physical natural gas hubs are intertwined and linked together by the interstate and intrastate pipeline system. Market participants report the price and volume of gas for each transaction to price reporting agencies who publish the data daily.

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<sup>1</sup> [http://www.eia.gov/energyexplained/index.cfm?page=natural\\_gas\\_use](http://www.eia.gov/energyexplained/index.cfm?page=natural_gas_use)



Market participants hedge the risk associated with participating in the physical natural gas market with a variety of financial derivative products.

### **III. Position Limits**

In its analysis of deliverable supply, ICE used historic WNGSR report data from August 1, 2010 to August 31, 2013. During the three year period reviewed, the maximum working gas in storage in the U.S. was 3,929 BCF and the average was 2,884 BCF. The average price for natural gas during this timeframe, based on the final settlements of the NYMEX Natural Gas contract, was \$3.517 per MMBTU. Unlike other ICE natural gas contracts which trade in units of 2,500 MMBTU, the unit and price of the EIA Financial Weekly Index Future is \$10,000. Therefore, ICE estimated the actual dollar value of natural gas held in underground storage in determining the deliverable supply for the EIA Financial Weekly Index Future. The market value based on the NYMEX Natural Gas settlement price of each week's storage volume ranged from \$5 billion to \$16.4 billion from August 2010 to August 2013. The change in market value based on the same NYMEX Natural Gas settlement price from week to week ranged from \$3.4 million to \$3.8 billion from August 2010 to August 2013. To set deliverable supply for the EIA Financial Weekly Index Future, ICE used the average market value of the change in natural gas in storage (\$412 million) divided by the unit of trading (\$10,000) to estimate a deliverable supply of 41,200 contracts. The position limit for the EIA Financial Weekly Index Future is set at 10,300 contracts, or 25% of the deliverable supply.