

COMMENT

Heitman, Donald H.

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From: Raisler, Kenneth [Raislerk@sullcrom.com]
Sent: Wednesday, March 31, 2004 2:25 PM
To: Heitman, Donald H.
Subject: RE: ICE response to proposed 2(h)(3) rule amendments

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In response to your e-mail and our earlier meeting, ICE has the following proposals:

(1) a proposal on information access for ECMs that would be consistent with the Commission's concerns and would place appropriate limits on the amount of data reported.

ICE proposes the following:

Provide all bids/offers/trades (no counterparty identities; exclude block trades) on a weekly basis in electronic format to CFTC for each financial gas and power market (excluding spot as defined by same day and next day trades and exclude options) in which ICE averages at least 3 trades per day over a recent period of time. ICE examined the Jan-Feb 2004 period and would include these markets (avg trades/day in parentheses):

1. Natural Gas Basis Swaps (LD1 for Inside FERC) - Northwest Pipeline Corp. - Rocky Mountains (3.3)
2. Natural Gas Swing Swap, (Fixed Price for Gas Daily) - Henry Hub - Tailgate, Louisiana (45.8)
3. Natural Gas Swap (Fixed Price for LD1) - Henry Hub - Tailgate, Louisiana (849.6)
4. Power Swap - On Peak - NEPool Mass Hub (Day-Ahead LMP) (3.3)
5. Power Swap - On Peak - NYISO Zone A (11.2)
6. Power Swap - On Peak - NYISO Zone G (4.3)
7. Power Swap - On Peak - PJM Western Hub (Real Time LMP) (13.1)

ICE would revisit the list of markets that should be included once a quarter.

(2) a suggestion concerning the second prong of the price discovery test ("the market's prices ... are consulted by the industry on a more than occasional basis for pricing cash market transactions"):

ICE proposes that the existing second prong be replaced with the following:

"The market's prices are routinely disseminated in a widely distributed industry publication and such prices are routinely relied upon by industry participants as a material consideration in pricing cash market transactions."

ICE is happy to discuss these proposals at your convenience.

-----Original Message-----

From: Heitman, Donald H. [mailto:dheitman@CFTC.gov]
Sent: Tuesday, March 23, 2004 9:54 AM
To: Raisler, Kenneth
Subject: ICE response to proposed 2(h)(3) rule amendments

Ken,

This is to follow up on the March 9, 2004 meeting between representatives of ICE and DMO staff. At the conclusion of the meeting, you suggested that ICE would get back to us with: (1) a proposal on

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information access for ECMs that would be consistent with the Commission's concerns and would place appropriate limits on the amount of data reported (so as to provide meaningful information without drowning the Commission in useless data); and
(2) a suggestion concerning the second prong of the price discovery test ("the market's prices ... are consulted by the industry on a more than occasional basis for pricing cash market transactions").

I have been asked to inquire as to when we might expect your response concerning these two issues.

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