



BY ELECTRONIC TRANSMISSION

Submission No. 19-149
March 26, 2019

Mr. Christopher J. Kirkpatrick
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 Margin Rule 5.03 - Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.6

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, and Commission Regulation 40.6(a), ICE Futures U.S., Inc. ("IFUS" or "Exchange") submits by certification certain amendments to the Exchange's Margin Rule 5.03 as set forth in Exhibit A.

The Exchange requires FCMs to collect margin on open positions carried in their customers' accounts in amounts specified by the Exchange for each commodity contract listed by the Exchange. The margin requirements can be satisfied by the deposit of collateral of a type permitted by Rule 5.03 and subject to the haircuts to market value specified in the rule. The Exchange is amending the haircuts applicable to equity securities and electronic warehouse receipts to apply the haircuts specified by the SEC (in the case of equity securities) and the CFTC (in the case of warehouse receipts) in calculating firm regulatory capital, rather than specifying the actual percentage haircuts.

In particular, paragraph (j)(vii) of the Exchange Rule currently specifies that securities should be valued at 75% of market value whereas the amendments specify that such securities must be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Regulation 240.15c3-1. Likewise, paragraph (j)(vi) currently specifies that the value of electronic warehouse receipts can be no more than 70% of their value based on the settlement price of the nearby contract month, whereas the amendments specify that such receipts must

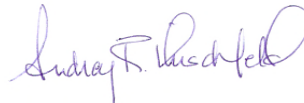
be valued at an amount not to exceed the market value less a deduction in the same amount as the inventory haircut specified in CFTC Regulation 1.17(c)(5)(ii). This approach will ensure that changes made by the SEC and CFTC regarding the haircuts applicable to these instruments in calculating broker-dealer and FCM capital will automatically become applicable to the valuation of such instruments when held as collateral on futures positions, without the need to further amend the Exchange Rule. Separately, the Exchange has amended paragraph (j)(viii) to clarify that letters of credit must be in a form acceptable to, rather than specified by, the Exchange.

The Exchange is not aware of any substantive opposing views to the amendments and certifies that the amendments to Rule 5.03, which will become effective on the tenth business day following the day of receipt of this filing by the Commission, comply with the requirements of the Act and the rules and regulations promulgated thereunder. Specifically, the amendments comply with Core Principle 11 by requiring that the market value of collateral held by FCMs as margin on futures positions is properly calculated, thereby supporting the financial integrity of the carrying FCMs.

The Exchange further certifies that a copy of this filing has been posted on the Exchange's website, which may be accessed at (<https://www.theice.com/futures-us/regulation#rule-filings>).

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Audrey R. Hirschfeld".

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

EXHIBIT A

Rule 5.03. Margin

(a) Member Firms shall calculate the amount of Original Margin required to be collected from each Person for which it carries an account holding Exchange Futures and/or Options Contracts using the ICE[®] Risk Model margining system unless otherwise determined by the Board. Original and Maintenance Margin requirements for any account that is subject to cross margining pursuant to the terms of a Cross Margining Program under Clearing Organization Rule 502B shall be calculated in accordance with the terms of such Cross Margining Program and collected by the Carrying Firm in accordance with this Chapter 5.

* * * *

(j) Margin for Exchange Futures and Options Contracts may be deposited or credited in any one (1) or more of the following forms, subject to such terms and conditions as may be established by each Member Firm:

(i) United States currency, checks payable in United States currency; or any currency freely convertible to United States currency; if foreign currency is deposited its U.S. Dollar equivalent calculated at the current rate of exchange must satisfy the Customer's Margin obligation; the Clearing Member's record of calculation shall be kept and shall be open for inspection in accordance with section 1.31 of the regulation of the CFTC;

(ii) Securities issued by the United States Treasury Department; valued at an amount not to exceed market value less applicable haircuts as required by SEC Regulation 240.15c3-1 and acceptable to the Clearing Organization;

(iii) Available Equity;

(iv) Net unrealized market appreciation;

(v) Liquidation of Futures Contracts or closing Transactions for Options carried in the account;

(vi) (A) Electronic warehouse receipts ("EWRs") for Coffee "C", Cocoa, Cotton and Frozen Concentrated Orange Juice certified for delivery in Exchange licensed warehouses and which identify the Carrying Member as the title holder, and (B) vault receipts that are eligible for delivery in satisfaction of Exchange Contracts in gold and silver, each such EWR and vault receipt to be valued at an amount not to exceed the market value of the commodities represented by the EWR or vault receipt, less a deduction in the same amount as the inventory haircut specified in CFTC Regulation 1.17(c)(5)(ii) at no more than 70% of their value based upon the Settlement Price of the nearby contract for the Commodity (determined in accordance with such procedures as may from time to time be established by the Exchange);

(vii) Fully paid equity securities not issued by the Clearing Member's Customer or the Customer's Affiliates which are listed for trading on the New York Stock Exchange, Inc. or Nasdaq; Such equity securities should be free from liens and encumbrances, represent no more than 5% of the issued and outstanding shares of any one issuer and have a market value of at least ten dollars (\$10) per share and shall be valued at an amount not to exceed market value less applicable haircuts as set forth in SEC Regulation 240.15c3-1 [are valued at 75% of the market value];

(viii) Irrevocable letter of credit in favor of the Clearing Member carrying the account or in favor of the Clearing Member carrying the account and an exchange's clearing house ("PLOC") ~~[- all letters of credit shall be issued]~~ in such form as may be ~~[prescribed by]~~ acceptable to the Exchange and issued

by a depository which has been approved by the Exchange for issuance and confirmation of letters of credit in favor of ~~the~~ Clearing Members; Clearing Members may not accept from their Customers letters of credit issued by said Customer, an Affiliated Firm of the Customer, or an Affiliated Firm of the Clearing Member;

(ix) Credit in the Customer's account arising from a 'secured loan' by the Clearing Member as such term is defined under CFTC Regulation 1.17;

(x) Money market mutual funds allowable under CFTC Regulation 1.25 to be valued at an amount not to exceed market value less applicable haircuts as required by SEC Regulation 240.15c3-1 and acceptable to the Clearing Organization; and

(xi) "Permitted investments" specified in CFTC Regulation 1.25, as amended from time to time, provided however that any such instruments shall be valued at an amount not to exceed market value less applicable haircuts as required by SEC Regulation 240.15c3-1.