



BY ELECTRONIC TRANSMISSION

Submission No. 23-105
June 22, 2023

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: Amendment to Rue. 9.42 (Cocoa Options - Last Trading Day) - Submission Pursuant to Section 5c(C)(1) of the Act and Regulation 40.6(a)

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”) and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), ICE Futures U.S., Inc. (“IFUS” or “Exchange”) hereby self-certifies the amendments to Exchange Rule 9.42 set forth in Exhibit A. As described below, the amendments change the Last Trading Day (“LTD”) for an expiring Cocoa option contract to shorten the time period between such LTD and First Notice Day (“FND”) for the expiring futures contract.

In March 2022, the Exchange implemented amendments to the Cocoa futures contract rules that moved the FND for expiring futures contracts one week later (see ICE Futures U.S. Submission No. 21-49). As a result, the number of full trading days between the options LTD¹ and the FND for the underlying futures contract increased by one week. Since the change was implemented, market participants have opined that the time period between the option LTD and futures FND is longer than is needed to allow the market to digest the impact of exercises and assignments on open interest in the underlying future, and that it could have the unintended impact of diminishing the effectiveness of the option as a hedging instrument for the underlying future due to the larger number of days between the LTD of the option and the futures FND.

To address this issue, the Exchange is amending IFUS Rule 9.42 to provide that the LTD for an expiring Cocoa option contract shall be the second Friday of the prior calendar month (one week later), unless there are less than four trading days between that Friday and the FND of the underlying future, in which case the LTD shall be the fifth Business Day prior to the FND of the underlying future. This amendment will not be made effective for any cocoa option contract month currently listed by the Exchange. The amendment will become effective for new option contract months listed by the Exchange commencing with the July 2025 Cocoa option month.

¹ The LTD for an expiring option month is currently the first Friday of the calendar month preceding such option month.



Certifications

The Exchange certifies that the amendments to Rule 9.42, comply with the requirements of the Act and the rules and regulations promulgated thereunder. Specifically, the amendments comply with the following core principles:

Core Principle 3 (Contracts not Readily Subject to Manipulation)

The Exchange believes that by amending Rule 9.42 to shorten the time period between Cocoa option expiration and FND for Cocoa futures will increase the effectiveness of cocoa options as a hedging instrument for the underlying Cocoa futures contract. This helps ensure the utility and proper functioning of the contract. Further, we note that the amendments will not become effective for any contract months currently listed by the Exchange.

Core Principle 1 (Compliance with Rules)

The Exchange will continue to establish, monitor, and enforce compliance with all rules and procedures, including amended Rule 9.42.

Core Principle 7 (Availability of information)

This submission and the amended Rule will be posted on the Exchange's Website.

The Exchange is not aware of any opposing views with regard to the amendments to Rule 9.42 and further certifies that, concurrent with this filing, a copy of this submission was posted on the Exchange's website at <https://www.theice.com/futures-us/regulation#rule-filings>

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

Sincerely,

A handwritten signature in black ink, appearing to read "Jason V. Fusco", written in a cursive style.

Jason V. Fusco
Assistant General Counsel

Enc.



EXHIBIT A

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

Rule 9.42. Last Trading Day

(a) The Last Trading Day shall be, for any Regular or Serial Option Month, the [~~first (1st)~~] second (2nd) Friday of the calendar month preceding such Regular or Serial Option Month; provided, however, that:

(a) for each expiration there will be a minimum of four (4) trading days between the Last Trading Day of the expiring Option and the first (1st) notice day of the expiring future; and

(b) in the event that

(i) the Exchange is closed on any such Friday then:

(i)1 if the determination that the Exchange would be closed was made more than one (1) week prior thereto, the term "Last Trading Day" shall mean the trading day preceding such Friday; and

(i)2 if such determination was made at any other time, the term "Last Trading Day" shall mean the first (1st) trading day after such Friday; and/or

(ii) there is less than four (4) trading days between any such Friday and the first (1st) notice day of the expiring future, the term "Last Trading Day" shall mean the fifth (5th) Business Day preceding the first (1st) notice day of the expiring future.