



Atlanta Calgary Chicago Houston London New York Singapore

55 East 52nd Street
New York, NY 10055

BY ELECTRONIC TRANSMISSION

Submission No. 20-18
February 21, 2020

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 the Cotton No. 2[®] - Deliverer's and Receiver's Guide (EWR Transfer Fees) - Submission Pursuant to Commodity Futures Trading Commission Regulation 40.4(b)(5)

Non-Material Agricultural Rule Change

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 40.4(b)(5) and 40.6(a), ICE Futures U.S., Inc. ("IFUS" or "Exchange") hereby self-certifies the amendment to the Cotton No. 2 Deliverer's and Receiver's Guide ("Guide") set forth in Exhibit A. The amendment makes the Receiver of cotton delivered against an Exchange futures contract responsible for the fee to transfer an electronic warehouse receipt ("EWR") to such Receiver.

The Cotton No. 2 futures contract is settled by physical delivery. After the futures contract expires, the Deliverer (holder of the short futures position) is obligated to transfer to the Receiver (holder of the long futures position) an EWR for certificated cotton that is stored in a licensed warehouse. In order to ensure good delivery, the EWR is temporarily transferred to the Exchange by the Deliverer and the payment for the cotton is temporarily transferred to the Exchange by the Receiver. After confirming receipt of a valid EWR and full payment, the Exchange will then transfer the EWR to the Receiver and payment to the Deliverer, completing the process.

EWR, Inc., the sole third-party service provider, charges a fee of \$0.02 per bale to transfer an EWR. The fee, which is approximately \$2.00 per Exchange lot (100 bales x \$0.02), is assessed to the entity that initiates the title transfer. In the Exchange delivery process described above, the fee is paid once by the Deliverer when the Deliverer transfers the EWR to the Exchange and a second time by the Exchange when the Exchange transfers the title to the Receiver of the cotton.

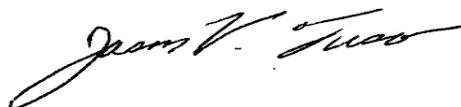
While not codified, it has been the longstanding practice of the Exchange to recoup the transfer fees it pays to EWR, Inc. Costs are currently allocated to both the Deliverer and the Receiver, capped at a maximum charge of \$20 per day (equal to 10 lots per day). Any charges exceeding the \$20/day cap are not recovered by the Exchange. The amendment to the Guide will make the Receiver solely responsible for all transfer fees charged to the Exchange by EWR, Inc. The Deliverer will no longer be responsible for the transfer fee and the \$20/day cap is being eliminated.

The Exchange believes that the amendment is a non-material change because it is *de minimis*, representing less than 0.007% of the total purchase price of cotton on the Exchange (using the settlement price of 68.58 for the March 2020 futures contract on February 12, 2020 the purchase price for 1 lot would be \$34,390). In addition, there would be zero impact on most market participants as the fee is currently paid by Receivers up to a maximum of \$20 per day and the vast majority of cotton deliveries fall below the daily cap.

The Exchange does not believe there will be opposing views and certifies that the amendment to the Guide, which will become effective on May 1, 2020, complies with the requirements of the Act and the rules and regulations promulgated thereunder. In particular, the amendments comply with Core Principles 3 (Contracts not Readily Subject to Manipulation) and 7 (Availability of General Information). As stated above, transfer fees are *de minimis* in terms of the overall cost to purchase cotton and will not impact the price of the Exchange's Cotton No. 2 futures contract. The new fee will be posted in the Cotton No. 2 Deliverer's and Receiver's Guide and the Exchange will also issue a notice announcing the fee change. The Exchange further certifies that concurrent with this filing a copy of this submission was 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 212-748-4021 or at jason.fusco@theice.com.

Sincerely,



Jason V. Fusco
Assistant General Counsel
Market Regulation

Enc.

cc: Division of Market Oversight

EXHIBIT A

COTTON NO. 2

DELIVERER'S AND RECEIVER'S GUIDE

EWRS (Electronic Warehouse Receipts):

An electronic receipt is a group of information (i.e. record) stored in a secure computer system. In order to participate in the delivery process a Clearing Member should have EWR Inc. software, EWR Inc. holder ID and access to ICE Clear U.S.'s eCOPS USDLV system. Stopper must enter their chosen options on delivery in eCOPS USDLV by 4:00 p.m. on notice day. As a stopper you have three (3) options:

1. You will accept delivery of EWRs from the Clearing Organization. (ICE Clear U.S.) to the holder ID entered on eCOPS.
2. You wish the Clearing Organization to hold your EWRs as you plan to redeliver the contract(s) this delivery period.
3. You will take delivery directly from the Deliverer. (This must be done by mutual consent between the Deliverer and the Receiver.)

The Receiver (Stopper) will be responsible for charges paid by the Exchange to transfer EWRs to the Receiver (Stopper) as published in EWR Inc.'s annual Cotton Electronic Receipts Tariff and Conditions (currently \$0.02 per bale).

Invoicing (EWRs):

By 12:00 p.m. on the day immediately preceding delivery day the total invoice dollar amount owed by each Stopper must be entered in eCOPS. The requirements to deliver the complete invoice as outlined in Rule 10.24 remain unchanged.

**

Exchange Fees:

Request for Inspection and Certification	\$2.00 per bale
Transfer between licensed warehouses (point)	\$1.00 per bale (same or different delivery point)

[REMAINDER OF RULE UNCHANGED]