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BY ELECTRONIC TRANSMISSION

Submission No. **19-03**
May 14, 2019

Ms. Melissa Jurgens
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW Washington, DC 20581

Re: Listing of Commodity Swaps and Related Rule Amendments- Submission Pursuant to Section 5c(c)(1) of the Act and Regulations 40.2(a)

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “CEA”) and the Commodity Futures Trading Commission (the “Commission”) Regulations 40.2(a), ICE Swap Trade, LLC (“IST” or “SEF”) submits by written certification the terms and conditions for three (3) new cash-settled Marine Fuel contracts (the “Energy Contracts”). The Energy Contracts will be listed as a permitted contract for trading on May 16, 2019 (based on an acknowledged filing date of May 14, 2019). The Energy Contracts are monthly cash settled swaps.

The contract terms and conditions are set forth in Chapter 13 of the ICE Swap Trade Rulebook (“Rules”) and in related amendments to existing Rules, as specified in **Exhibit A**. The underlying cash market analysis for the three (3) new Energy Contracts is contained in **Exhibit B**. A copy of the revised Rulebook marked to show changes against the Rulebook submitted to the Commission with an effective date of May 16, 2019, is attached as **Exhibit C**, and a clean copy of the revised Rulebook is attached as **Exhibit D**. The SEF is listing three (3) Energy Contracts as noted in the table below:

Rule	Code	Contract Name
1384	MF3	Marine Fuel 0.5% FOB Rotterdam Barges Swap
1390	MF4	Marine Fuel 0.5% FOB Singapore Swap
1394	MF5	Marine Fuel 0.5% FOB Rotterdam Barges vs Fuel Oil 3.5% FOB Rotterdam Barges Swap

Certifications

IST certifies that the rules and amendments related to the listing of the Energy Contracts comply with the requirements of the CEA and the rules and regulations promulgated by the Commission thereunder. IST has reviewed the Core Principles and has determined that the listing of the Energy Contracts impacts the following relevant Core Principles:

COMPLIANCE WITH RULES (Principle 2): The terms and conditions of the Energy Contracts are set forth in Chapter 13 of the Rules, which will be enforced by IST. Trading of the Energy Contract is subject to all relevant IST rules which are enforced by the Market Regulation Department.

SWAPS NOT READILY SUSCEPTIBLE TO MANIPULATION (Principle 3): In accordance with the guidelines set forth in Appendix C to Part 38 of the CEA, the Energy Contracts should not be readily subject to manipulation as they are based on liquid cash markets and widely accepted benchmarks as demonstrated in the analysis included in Exhibit C. The contract size, listing cycle, quotation basis, final settlement and minimum price fluctuation for the Energy Contracts are common amongst related contracts listed by other SEFs and DCMs. In addition, the Energy Contracts will be subject to market surveillance by IST Market Regulation staff to detect attempted manipulation.

Platts, the administrator of the referenced indices, has established comprehensive rules governing assessment prices and price reporting structures that is publically available, transparent, and widely accepted and understood by market participants. The prices included in all of Platts' indices are subjected to a rigorous series of quality control processes. Platts publishes benchmark price assessments for oil markets and its price reporting is well known in the industry as fair and accurate. The oil indexes Platts publishes are based on original reporting that is collected by Platts from actual buyers and sellers. Platts also employs a comprehensive compliance review of submissions and its methodologies to ensure the published prices accurately reflect physical deals. Platts' rules, index descriptions and pricing methodology for oil is publically available on its website¹.

MONITOR OF TRADING AND TRADE PROCESSING (Principle 4): All contracts listed for trading by IST are subject to prohibitions against abusive trading practices as set forth in Chapter 5 of the IST Rulebook. The Market Regulation staff actively monitors all IST markets to detect abusive practices.

ABILITY TO OBTAIN INFORMATION (Principle 5): IST has rules and procedures in place that allow for the collection of non-routine data from Participants and Customers. In addition, IST has agreements in place with other regulatory, data repository and reporting services.

TIMELY PUBLICATION OF TRADING INFORMATION (Principle 9): IST will publish on its website and distribute through quote vendors contract trading volume, open interest levels, and daily price information in accordance with Part 16. IST will also adhere to the reporting requirements as detailed in Part 43 and 45² of the Commission's Rules. Prior to the commencement of trading, the terms and conditions for the Energy Contracts will be available on IST's website. In addition, IST will publish on a daily basis the settlement prices, volume, open interest and the opening and closing ranges for actively traded contracts.

RECORDKEEPING AND REPORTING (Principle 10): IST has rules and procedures in place to require Participants and Customers to maintain records of their trading and provide for the recording and storage of the requisite trade information sufficient for the Market Regulation Department to detect and prosecute

¹ <http://www.platts.com/methodology-specifications/oil>

² 17 CFR Part 43 Real-Time Public Reporting of Swap Transaction Data and 17 CFR Part 45 Swap Data Recordkeeping and Reporting Requirements.



customer and market abuses.

DISCIPLINARY PROCEDURES (Principle 13): Pursuant to Chapters 8 of the IST Rulebook, the Market Regulation Department has the authority to sanction, suspend or expel members and market participants that violate SEF rules.

DISPUTE RESOLUTION (Principle 14): Participants may arbitrate claims arising from trading of IST's contracts in accordance with Chapter 9 of the IST Rulebook. Such arbitration is mandatory for claims by customers against SEF Participants and for claims by SEF Participants against each other. Non-Participants with claims arising from trading of IST's contracts may also opt for SEF arbitration.

IST not aware of any substantive opposing views expressed with respect to the rules and the amendments. IST further certifies that concurrent with this filing, a copy of this submission was posted on its website, which may be accessed at: (<https://www.theice.com/swap-trade/regulation>).

If you have any questions or need further information, please contact the undersigned at (212) 323-8512 or (Cathy.OConnor@theice.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "Cathy O'Connor".

Cathy O'Connor
Chief Compliance Officer

cc: Division of Market Oversight

EXHIBIT A

Rule 1384. **RESERVED** Marine Fuel 0.5% FOB Rotterdam Barge Swap

Description: A monthly cash settled swap based on the Platts daily assessment price for 0.5% FOB Rotterdam Barges Marine Fuel.

Contract Symbol: MF3

Contract Size: 1,000 metric tonnes

Unit of Trading: Any multiple of 1,000 metric tonnes

Currency: US Dollars and cents

Trading Price Quotation: One cent (\$0.01) per metric tonne

Last Trading Day: Last Trading Day of the contract month

Final Settlement Price: In respect of final settlement, the Floating Price will be a price in USD and cents per metric tonne based on the average of the "\$/mt" quotations appearing in the "Platts European Marketscan" under the heading "Marine Fuel" for "0.5% FOB Rotterdam barge" for each business day (as specified below) in the determination period.

Roll Adjust Provision: N/A

Contract Series: Up to 60 consecutive months, or as otherwise determined by the SEF

Final Payment Dates: Five (5) New York Business Days after each settlement date via wire transfer of Federal funds

Business days: Publication days for Platts European Marketscan

Other Terms: To be confirmed directly between the parties in their full form of contract. The terms reflected in such contracts shall be controlling.



Rule 1390. ~~RESERVED~~ Marine Fuel 0.5% FOB Singapore Swap

Description: A monthly cash settled swap based on the Platts daily assessment price for 0.5% FOB Singapore Marine Fuel.

Contract Symbol: MF4

Contract Size: 1,000 metric tonnes

Unit of Trading: Any multiple of 1,000 metric tonnes

Currency: US Dollars and cents

Trading Price Quotation: One cent (\$0.01) per metric tonne

Last Trading Day: Last Trading Day of the contract month

Final Settlement Price: In respect of final settlement, the Floating Price will be a price in USD and cents per metric tonne based on the average of the "\$/mt" quotations appearing in the "Platts Asia-Pacific/Arab Gulf Marketscan" under the heading "Marine Fuel" for "0.5% FOB Singapore cargo" for each business day (as specified below) in the determination period.

Roll Adjust Provision: N/A

Contract Series: Up to 60 consecutive months, or as otherwise determined by the SEF

Final Payment Dates: Fourteen (14) Calendar Days after each settlement date via wire transfer or Federal funds.

Business days: Publication days for Platts Asia-Pacific/Arab Gulf Marketscan

Other Terms: To be confirmed directly between the parties in their full form of contract. The terms reflected in such contracts shall be controlling.



Rule 1394. ~~RESERVED~~ Marine Fuel 0.5% FOB Rotterdam Barges vs Fuel Oil 3.5% FOB Rotterdam Barges Swap

Description: A monthly cash settled swap based on the difference between the Platts daily assessment price for 0.5% FOB Rotterdam Barges Marine Fuel and the Platts daily assessment price for 3.5% FOB Rotterdam Barges Fuel Oil.

Contract Symbol: MF5

Contract Size: 1,000 metric tonnes

Unit of Trading: Any multiple of 1,000 metric tonnes

Currency: US Dollars and cents

Trading Price Quotation: One cent (\$0.01) per metric tonne

Last Trading Day: Last Trading Day of the contract month

Final Settlement Price: In respect of final settlement, the Floating Price will be a price in USD and cents per metric tonne based on the average of the "\$/mt" quotations appearing in the "Platts European Marketscan" under the heading "Marine Fuel" for "0.5% FOB Rotterdam barge" and the average of "Mid" quotations appearing in the "Platts European Marketscan" under the heading "Northwest Europe barges" subheading "FOB Rotterdam" for "Fuel Oil 3.5%" for each business day (as specified below) in the determination period.

Roll Adjust Provision: N/A

Contract Series: Up to 60 consecutive months, or as otherwise determined by the SEF Final

Final Payment Dates: Five (5) New York Business Days after each settlement date via wire transfer of Federal funds

Business days: Publication days for Platts European Marketscan

Other Terms: To be confirmed directly between the parties in their full form of contract. The terms reflected in such contracts shall be controlling.

EXHIBIT B

I. Marine Fuel Overview

The Marine Fuel 0.5% contracts are being developed in response to significant market demand in advance of the International Maritime Organization's (IMO) regulation limiting sulphur emissions from shipping bunker fuel beginning in January 2020. The regulation means that ships will only be able to use fuel oil with a maximum sulphur content of 0.5% mass/mass (m/m) outside designated emission control areas.

The agreement by the IMO to limit the sulphur content in marine fuels (aka 'bunker' fuel) was made in 2016 to reduce particulate emissions, such as sulphur dioxide, from bunker fuel used by the shipping sector. Currently, ships are able to run on 3.5% sulphur fuel oil and demand for this fuel is around 4 million barrels per day. This is around half of global demand for high sulphur fuel oil.

In other words, the impending regulation change will have a significant impact on the oil market globally. One of the most affected parts of the industry will be the refining sector. Certain refineries that do not have upgrading (to convert fuel oil into other products such as middle distillates) or hydrotreating (to reduce the sulphur content of fuel oil) capacity have always been able to sell high sulphur fuel oil, produced from simple crude oil distillation, into the bunker fuel market. This will have a knock on effect on the type of crude oil refined and crude high/low sulphur differential prices also. Different grades of crude oil contain different quantities of sulphur. From 2020 there may well be a drop in demand for high sulphur crudes, especially in areas where refineries do not have adequate desulphurisation capacity. For refineries that are more complex, with desulphurisation facilities, this process may become constrained and there will be competition among the refined products for space in these refining units.

As the market is evaluating the impact of the IMO regulation it is evident that market participants are looking for reliable hedging tools, in advance of January 2020, to navigate some of the uncertainty ahead. Shipping companies, refiners, trading groups and oil majors all hedge bunker fuel far into the future. ICE Futures Europe ("IFEU" or "the Exchange") data, on November 30, 2018, shows that the Fuel Oil 3.5% FOB Rotterdam Barges Future has open interest out to Dec 2021; some of this has been in place since the start of 2018. The Fuel Oil 3.5% FOB Rotterdam Barges vs Brent 1st Line Future has open interest out to December 2022.

After a prolonged period of gathering feedback, the market favoured Platts as the price reporting agency that derivative contracts should final settle against. IFEU liaised closely with Platts and monitored their progress in launching relevant assessments. After their own consultation processes, Platts announced on March 26, 2018, that they would launch Marine Fuel 0.5% assessments on January 2, 2019 in key locations including northwest Europe (Rotterdam), Singapore and the US Gulf Coast (NB: all contracts with US pricing are admitted to trading on ICE Futures US).

In anticipation of these assessments going live, market participants requested that ICE Swap Trade ("IST" or "the SEF") launch swaps contracts final settling against the Platts assessments. The three contracts admitted here are the first of a succession of Marine Fuel 0.5% related contracts. It is expected that within future launches by the SEF, that there will be additional related contracts, such as differentials between Marine Fuel 0.5% in different locations or against crude oils such as Brent or Dubai.

The SEF is confident Platts' assessments of Marine Fuel 0.5% will accurately reflect the market and provide a valuable spot price tool for market participants. Platts' methodology is well established and familiar to the SEF, as

described above and demonstrated by the number of existing swap contracts already listed against Platts' Fuel Oil assessments.

II. Underlying Cash Market For Listed Swaps

The Platts Market on Close Assessment process (MOC) is the tool used by Platts to determine and assess the physical market. The Methodology and Specifications Guide for crude oil assessments is contained here: https://www.spglobal.com/platts/plattscontent/_assets/_files/en/our-methodology/methodology-specifications/europe-africa-refined-products-methodology.pdf

The details on the Marine Fuel 0.5% are contained on page 31.

There is limited trading interest in the derivative contract at the moment as the active spot physical trading hasn't picked up yet. But trading interest is expected to rise soon with the industry participants look to hedge their physical exposure and take forward positions.

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Marine Fuel Oil 0.5% FOB Rotterdam Barges Swap

Will final settle against Platts' assessment that reflect barges between 2,000 and 5,000 metric tonnes loading Marine Fuel 0.5% 3-15 days ahead. The methodology and price discovery process will be the same as the existing and well established Fuel Oil 3.5% FOB Rotterdam Barges assessment. Platts will assess the market based on bids, offers and transactions and in periods of low liquidity will monitor price movements in the Fuel Oil 3.5% FOB Rotterdam Barge market as well as Brent crude oil.

The existing Marine Fuel 0.5% FOB Rotterdam Barges (Platts) Future at ICE Futures Europe had 180 lots of open interest at the end of April 2019.

Marine Fuel 0.5% FOB Singapore Swap

Will final settle against Platts assessment that reflects FOB Singapore Marine Fuel 0.5% cargoes, between 20,000 and 40,000 metric tonnes, loading 20-40 days ahead. These parameters, other than the Fuel Oil grade, are the same as existing Platts FOB Singapore Fuel Oil assessments.

The existing Marine Fuel 0.5% FOB Singapore (Platts) Future at ICE Futures Europe had 4 lots of open interest at the end of April 2019.

Marine Fuel 0.5% FOB Rotterdam Barges vs Fuel Oil 3.5% FOB Rotterdam Barges Swap

Barges will be a particularly relevant market as participants establish the value of the Marine Fuel 0.5% in the early stages as well as use the differential as a hedging tool to move position from high sulphur to 0.5% sulphur fuel nearer the regulation implementation date. The Fuel Oil 3.5% FOB Rotterdam Barge assessment is a central benchmark value of the fuel oil market. It is highly liquid and Platts record numerous barge trades for their assessment. During November 2018, Platts reported on 314 trades, with 465 outstanding bids and 409 outstanding offers during their Market on Close process where twelve different companies took part. Platts' assessment is based on 3.5% Fuel Oil barges between 2,000 and 5,000 metric tonnes being loaded 3-15 days ahead.



The existing Marine Fuel 0.5% FOB Rotterdam Barges (Platts) vs 3.5% FOB Rotterdam Barges (Platts) Future at ICE Futures Europe had 612 lots of open interest at the end of April 2019.