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**BY ELECTRONIC TRANSMISSION**

Submission No. **23-04**  
**August 10, 2023**

Secretary of the Commission  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> 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) and 40.6(a)**

Dear Secretary:

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) and 40.6(a), ICE Swap Trade, LLC (“IST” or “SEF”) submits by written certification the terms and conditions for one (1) new cash-settled contract (the “Energy Contract”). The Energy Contract will be listed as a permitted contract for trading on August 14, 2023 (based on an acknowledged filing date of August 10, 2023). The Energy Contract is a monthly cash-settled swap.

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 new Energy Contract 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 August 14, 2023, is attached as **Exhibit C**, and a clean copy of the revised Rulebook is attached as **Exhibit D**. The SEF is listing the Energy Contracts as noted in the table below:

Rule	Code	Contract Name
13176	MHA	Marine Fuel 0.5% FOB Med Cargoes vs Marine Fuel 0.5% FOB Rotterdam Barges Swap Balmo

**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 Contracts 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 Contract should not be readily subject to manipulation as it is based on a liquid cash market and widely accepted benchmark as demonstrated in the analysis included in **Exhibit B**. 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 publicly 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 liquefied natural gas markets and its price reporting is well known in the industry as fair and accurate. The liquefied natural gas 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 liquefied natural gas is publicly available on its website<sup>1</sup>.

**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 45<sup>2</sup> 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 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.

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<sup>1</sup> <https://www.spglobal.com/platts/plattscontent/assets/files/en/our-methodology/methodology-specifications/lngmethodology.pdf>

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



**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 (913) 323-8500 or [Robert.Laorno@theice.com](mailto:Robert.Laorno@theice.com).

Sincerely,

A handwritten signature in black ink, appearing to read "R. Laorno", with a stylized flourish at the end.

Robert J. Laorno  
Chief Compliance Officer

cc: Division of Market Oversight

## Exhibit A

### **Rule 13176. ~~Reserved~~ Marine Fuel 0.5% FOB Med Cargoes vs Marine Fuel 0.5% FOB Rotterdam Barges Swap Balmo**

**Contract Description:** A balance of the month cash settled swap based on the difference between the Platts daily assessment price for 0.5% FOB Med Cargoes Marine Fuel and the Platts daily assessment price for 0.5% FOB Rotterdam Barges Marine Fuel

**Contract Symbol:** MHA

**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 Med Cargoes" and the average of "\$/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.

**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 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. **FOB Mediterranean Fuel 0.5% Cargoes vs FOB Rotterdam Fuel Oil 0.5% Barges**

This contract is a monthly balance of a previously launched 2023 ICE contract.

The underlying cash markets that underpin the 0.5% Mediterranean/North derivative contracts is the assessment of physical Marine 0.5% FOB Mediterranean Cargoes and 0.5% FOB Rotterdam Barges.

The FOB Mediterranean Marine Fuel 0.5% cargo assessment is established using a freight differential to the CIF Mediterranean assessment, using a flat rate based on a basket of typical tanker routes, multiplied by the daily Worldscale assessment for the 30,000 Metric Tonnes (“mt”) CrossMediterranean route assessed in Platts Dirty Tankerwire.

### II. **Underling Cash Market for Marine Fuel 0.5% FOB Mediterranean Cargoes vs Marine Fuel 0.5% FOB Rotterdam Barges Balmo Swap**

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 petroleum assessments is contained here: [https://secure.ice/?https://www.spglobal.com/platts/plattscontent/\\_assets/files/en/our-methodology/methodology-specifications/europe-africa-refined-products-methodology.pdf](https://secure.ice/?https://www.spglobal.com/platts/plattscontent/_assets/files/en/our-methodology/methodology-specifications/europe-africa-refined-products-methodology.pdf) The details on FOB Mediterranean Marine Fuel 0.5% cargoes and FOB Rotterdam Marine Fuel 0.5% Barges can be found on page 20.

### III. **Cash Market Analysis for Marine Fuel 0.5% FOB Mediterranean Cargoes vs Marine Fuel 0.5% FOB Rotterdam Barges Balmo Swap**

Since ICE launched the underlying contract in March 2023, the market immediately saw trades and order by a handful of established market participants. Further, this contract’s Future equivalent was launched in June 2023 and has seen an average of 10 orders per month since then.

The relationship between the Mediterranean and NWE market when it comes to cargo arbitrages creates a dynamic between prices in both regions. As a result, participants monitor both assessments to create secure trading vehicles to help stabilize prices in both markets. Platts has received overwhelming feedback from market participants in the 3.5% fuel version of these products with a desire to participate in the 0.5% fuel market as well.

The underlying products both have experienced active markets. Between September 2022 through March 2023, the FOB Mediterranean Fuel Oil 0.5% averaged 21 orders a month while the FOB Rotterdam Fuel Oil 0.5% averaged nearly 500 orders per month. A similar product, FOB Mediterranean 3.5% vs FOB Rotterdam 3.5% averaged 30 orders per month during this same period.