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**BY ELECTRONIC TRANSMISSION**

Submission No. **22-03**  
**October 12, 2022**

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 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) and 40.6(a), ICE Swap Trade, LLC (“IST” or “SEF”) submits by written certification the terms and conditions for one new cash-settled contract (the “Energy Contract”). The Energy Contract will be listed as a permitted contract for trading on October 14, 2022 (based on an acknowledged filing date of October 12, 2022). 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 October 14, 2022, 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               |
|-------|------|-----------------------------|
| 13148 | PCA  | Paraxylene CFR Taiwan/China |

**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 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 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.

**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

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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.



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 13148. ~~Reserved~~ Paraxylene CFR Taiwan/China

**Contract Description:** A monthly cash settled swap based on the Platts daily assessment price for Paraxylene CFR Taiwan/China.

**Contract Symbol:** PCA

**Contract Size:** 100 metric tonnes

**Unit of Trading:** Any multiple of 100 metric tonnes

**Currency:** US Dollars and cents

**Trading Price Quotation:** One tenth of cent (\$0.001) per metric tonne

**Last Trading Day:** Trading shall cease on the 15th calendar day of the calendar month prior to the contract month. If the 15th calendar day is not a business day, then trading shall cease on the next preceding business day.

**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 mean of the high and low quotations appearing in the "Platts Asian Petrochemicalscan" weekly report under the heading "Aromatics (\$/mt)" subheading "CFR Taiwan" for "PX" for each business day (as specified below) in the determination period.

**Contract Series:** Up to 2 consecutive monthly contracts, or as otherwise determined by the Exchange.

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

**Business Days:** Publication days for Platts Asian Petrochemicalscan

**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. Paraxylene CFR Taiwan/China

Platts is the leading benchmark provider in the Asian physical paraxylene market of which its paraxylene CFR Taiwan/China assessment is used as a pricing basis for spot and long-term contracts across Asia and other regions.

Platts' PX CFR Taiwan/China marker is widely accepted as the primary spot assessment and is referenced in Asia and other regions. Platts' unique transparent Market on Close process sees buyers, sellers, traders and producers submit price information via the eWindow communication tool in order to transact PX spot cargoes of 5,000 metric tons ('MT').

PX term contracts in Asia are based on a formula that uses the Platts CFR Taiwan/China marker, along with smaller contributing factors such as the Asian Contract Price or ACP, which is negotiated on a monthly basis by market participants.

### II. Underlying Cash Market For Paraxylene CFR Taiwan/China

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/Ingm methodology.pdf>

### III. Cash Market Analysis for Paraxylene CFR Taiwan/China

China is the biggest buyer of PX globally, importing roughly 27 million mt in 2020 through 2021. In the last 3 years, China's domestic PX and PTA capacity has grown rapidly, with domestic PX capacity around 33 million mt/year rising to roughly 83 million mt a year by Q3, 2022. By the end of 2022, a total of 5.6 million mt/year of increased volume is slated to enter the market.

From 2019 through 2020, there were 22 active market participants in the Platts PX Market on Close process and 269 physical cargoes (1.345 million mt) were traded in 2020. In 2022, the PX MOC has gained increased importance and has added participants. A total of 235 physical cargoes, or 1.175 million mt, have been traded year to date in 2022. Asian exchange PX contracts settled against Platts' PX CFR Taiwan/China daily spot assessment and the traded volumes have increased exponentially. The increasing activity directly correlates to the physical price represented by the Platts PX CFR Taiwan/China marker. From the initial offering in 2019 to 2020, volume increased by 62% on the year to 5.81 million mt in 2020. Traded volumes followed this trend in 2021-22. In 2021, the PX derivatives volume reached 6.86 million mt, up 18% on the year. Additionally, year to date in 2022, the volume has increased another 2.9 million mt.